

RANDGOLD RESOURCES LTD

Form 20-F

March 30, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

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

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

OR

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

OR

.. **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

For the transition period from to

Commission file number: 000-49888

RANDGOLD RESOURCES LIMITED

(Exact name of Registrant as specified in its charter)

Not Applicable

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(Translation of Registrant's name into English)

JERSEY, CHANNEL ISLANDS
(Jurisdiction of incorporation or organization)

3rd Floor Unity Chambers, 28 Halkett Street, St. Helier, Jersey JE2 4WJ, Channel Islands
(Address of principal executive offices)

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

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value US \$0.05 per Share*	Nasdaq Global Select Market
American Depositary Shares each represented by one Ordinary Share	

* Not for trading, but only in connection with the listing of American Depositary Shares on the Nasdaq Global Select Market pursuant to the requirements of the Securities and Exchange Commission.

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

None
(Title of Class)

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

None
(Title of Class)

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

As of December 31, 2011, the Registrant had outstanding 91,723,870 ordinary shares, par value \$0.05 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If the report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
(Do not check if a smaller reporting company)

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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GLOSSARY OF MINING TECHNICAL TERMS

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

Alteration:	The chemical change in a rock due to hydrothermal and other fluids.
Archaean:	A geological eon before 2.5 Ga.
Arsenopyrite:	An iron arsenic sulfide mineral.
Birimian:	Geological time era, about 2.1 billion years ago.
Carbonate:	A mineral salt typically found in quartz veins and as a product of hydrothermal alteration of sedimentary rock.
Chalcopyrite:	A copper iron sulfide mineral.
Clastic:	Rocks built up of fragments of pre-existing rocks which have been produced by the processes of weathering and erosion.
Cut-off grade:	The lowest grade of material that can be mined and processed considering all applicable costs, without incurring a loss or gaining a profit.
Development:	Activities required to prepare for mining activities and maintain a planned production level.
Diamond Drilling (DDH):	A drilling method.
Dilution:	Mixing of ore grade material with non-ore grade/waste material in the mining process.
Discordant:	Structurally unconformable.
Disseminated:	A term used to describe fine particles of ore or other minerals dispersed through the enclosing rock.
Dyke:	A sheet-like body of igneous rock which is discordant to bedding or foliation.
EEP:	Exclusive exploration permit.
Electromagnetic:	A geophysical tool used to test the electrical properties of rock to aid exploration.
EP:	Exploration permit.
Exploration:	Activities associated with ascertaining the existence, location, extent or quality of mineralized material, including economic and technical evaluations of mineralized material.
Fault:	A fracture or a zone of fractures within a body of rock.
Feasibility Study:	A comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.
Feldspar:	An alumino-silicate mineral.
Felsic:	A light colored igneous rock composed of quartz, feldspar and muscovite.
Foliation:	A term used to describe planar arrangements of minerals or mineral bands within rocks.
Footwall:	The underlying side of a fault, orebody or stope.
g/t:	Gram of gold per metric tonne.
Gabbro:	A dark granular igneous rock composed essentially of labradorite and augite.
Gneiss:	A coarse-grained, foliated rock produced by metamorphism.
Gold reserves:	

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The gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tonnes and head grade).

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Gold sales:	Represents the sales of gold at spot and the gains/losses on hedge contracts which have been delivered into at the designated maturity date. It excludes gains/losses which have been rolled forward to match future sales. This adjustment is considered appropriate because no cash is received/paid in respect of such contracts.
Grade:	The quantity of metal per unit mass of ore expressed as a percentage or, for gold, as grams of gold per tonne of ore.
Granite:	A light colored granular igneous rock composed of quartz and feldspar.
Greenstone:	A field term used to describe any weakly metamorphosed rock.
Greywacke:	A dark gray, coarse grained, indurated sedimentary rock consisting essentially of quartz, feldspar, and fragments of other rock types.
Head grade:	The grade of the ore as delivered to the metallurgical plant.
Hydrothermal:	Pertaining to the action of hot aqueous solutions on rocks.
Igneous:	A rock or mineral that solidified from molten or partially molten material.
In situ:	In place or within unbroken rock or still in the ground.
Kibalian:	A geological time era.
Lower proterozoic:	Era of geological time between 2.5 billion and 1.8 billion years before the present.
Mafic:	A term used to describe an igneous rock that has a large percentage of iron magnesium minerals.
Measures:	Conversion factors from metric units to US units are provided below:

Metric Unit		US Equivalent
1 tonne	= 1 t	1.10231 tons
1 gram	= 1 g	0.03215 ounces
1 gram per ton	= 1 g/t	0.02917 ounces per ton
1 kilogram per ton	= 1 kg/t	29.16642 ounces per ton
1 kilometer	= 1 km	0.621371 miles
1 meter	= 1 m	3.28084 feet
1 centimeter	= 1 cm	0.3937 inches
1 millimeter	= 1 mm	0.03937 inches
1 square kilometer	= 1 sq km	0.3861 square miles

Metamorphism:	A change in the structure or constitution of a rock due to natural agencies, such as pressure and heat.
Mill delivered tonnes:	A quantity, expressed in tonnes, of ore delivered to the metallurgical plant.
Milling/mill:	The comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.
Mineable:	That portion of a mineralized deposit for which extraction is technically and economically feasible.
Mineralization:	The presence of a target mineral in a mass of host rock.
Mineralized material:	A mineralized body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals to warrant further exploration. A deposit of mineralized material does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.
Moz:	Million troy ounces.
Mt:	Million metric tonnes.
Open pit:	Mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.

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- Orebody:** A continuous, well-defined mass of material containing sufficient minerals of economic value to make extraction economically feasible.
- Ounce:** One troy ounce, which equals 31.1035 grams.

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Oxide Ore:	Soft, weathered rock that is oxidized.
Prefeasibility Study:	A comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined and includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic, social and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.
Probable reserves:	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.
Prospect:	An area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.
Proven reserves:	Reserves for which quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
Pyrite:	A brassy-colored mineral of iron sulfide (compound of iron and sulfur).
Quartz:	A mineral compound of silicon and oxygen.
Quartzite:	Metamorphic rock with interlocking quartz grains displaying a mosaic texture.
Quartz-tourmaline:	A rock unit created by alteration due to the addition of silica and boron.
Refining:	The final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.
Regolith:	Weathered products of fresh rock, such as soil, alluvium, colluvium, sands, and hardened oxidized materials.
Rehabilitation:	The process of restoring mined land to a condition approximating its original state.
Reserve:	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
Reverse circulation (RC) drilling:	A drilling method.
Rotary Air Blast (RAB) drilling:	A drilling method.
RP:	Reconnaissance Permit.
Sampling:	Taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).
Satellite deposit:	A smaller subsidiary deposit proximal to a main deposit.
Scoping study:	A conceptual study and the preliminary evaluation of the mining project. The principal parameters for a scoping study are mostly assumed and/or factored. Accordingly, the level of accuracy is low. A conceptual study is useful as a tool to determine if subsequent engineering studies are warranted. However, it is not valid for economic decision making nor is it sufficient for reserve reporting.
Sedimentary:	Pertaining to or containing sediment. Used in reference to rocks which are derived from weathering and are deposited by natural agents, such as air, water and ice.
Shear zone:	An elongated area of structural deformation.
Silica:	A naturally occurring dioxide of silicon.
Stockpile:	A store of unprocessed ore.
Strike length:	The direction and length of a geological plane.

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Stripping:	The process of removing overburden to expose ore.
Strip ratio:	Ratio of waste material to ore material in an open pit mine.
Sulfide:	A mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite or iron sulfide. Also a zone in which sulfide minerals occur.
Tailings:	Finely ground rock from which valuable minerals have been extracted by milling.
Tonnage:	Quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.
Tonne:	One tonne is equal to 1,000 kilograms (also known as a metric ton).
Total cash costs:	Total cash costs, as defined in the Gold Institute standard, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, transfers to and from deferred stripping where relevant and royalties.
Trend:	The arrangement of a group of ore deposits or a geological feature or zone of similar grade occurring in a linear pattern.
Ultramafica:	An igneous rock with a very low silica content and rich in iron magnesium minerals.
Volcaniclastic:	Where volcanic derived material has been transported and reworked through mechanical processes.
Volcanisedimentary:	Where volcanic and sedimentary material have been transported and reworked through mechanical processes.
Waste:	Rock mined with an insufficient gold content to justify processing.
Weathered:	Rock broken down by erosion.

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

We are incorporated under the laws of Jersey, Channel Islands with the majority of our operations located in West and Central Africa. Our books of account are maintained in US dollars and our annual and interim financial statements are prepared on a historical cost basis, except as otherwise required under International Financial Reporting Standards as issued by International Accounting Standards Board (IFRS), and in accordance with IFRS. IFRS differs in significant respects from generally accepted accounting principles in the United States, or US GAAP. This Annual Report includes our audited consolidated financial statements prepared in accordance with IFRS. The financial information included in this Annual Report has been prepared in accordance with IFRS and, except where otherwise indicated, is presented in US dollars. For a definition of cash costs, please see Item 3. Key Information A. Selected Financial Data .

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

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

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The following selected historical consolidated financial data have been derived from, and should be read in conjunction with, the more detailed information and financial statements, including our audited consolidated financial statements for the years ended December 31, 2011, 2010 and 2009 and as at December 31, 2011 and 2010, which appear elsewhere in this Annual Report. The historical consolidated financial data as at December 31, 2009, 2008 and 2007, and for the years ended December 31, 2008 and 2007 have been derived from our audited consolidated financial statements not included in this Annual Report.

The financial data have been prepared in accordance with IFRS, unless otherwise noted.

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
\$000:					
STATEMENT OF COMPREHENSIVE INCOME DATA:					
Amounts in accordance with IFRS					
Revenues	1,127,086	484,553	432,780	338,572	282,805
Profit from operations#	487,716	136,141	113,764	75,937	63,539
Net profit attributable to owners of the parent	377,084	103,501	69,400	41,569	42,041
Basic earnings per share (\$)	4.13	1.14	0.86	0.54	0.60
Fully diluted earnings per share (\$)	4.09	1.13	0.84	0.54	0.60
Weighted average number of shares used in computation of basic earnings per share	91,337,712	90,645,366	81,022,790	76,300,116	69,588,983
Weighted average number of shares used in computation of fully diluted earnings per share	92,276,517	91,926,912	82,161,851	77,540,198	70,271,915
Dividends declared per share	0.40	0.20	0.17	0.13	0.12
Other data					
Total cash costs (\$ per ounce sold)	716	699	512	468	356

Profit from operations is calculated as profit before income tax under IFRS, excluding net finance income/(loss). Profit from operations all arises from continuing operations.

	At December 31, 2011	At December 31, 2010	At December 31, 2009	At December 31, 2008	At December 31, 2007
\$000:					
STATEMENT OF FINANCIAL POSITION AMOUNTS:					
Amounts in accordance with IFRS					
Total assets	2,532,707	1,994,340	1,820,168	821,442	780,719
Long-term loans			234	1,284	2,773
Share capital	4,587	4,555	4,506	3,827	3,809
Share premium	1,386,939	1,362,320	1,317,771	455,974	450,814
Retained earnings	752,433	393,570	305,415	245,982	213,567
Other reserves	40,531	31,596	18,793	(31,387)	(69,391)
Equity attributable to the owners of the parent	2,184,490	1,792,041	1,646,485	674,396	598,799
Non-GAAP Measures					

We have identified certain measures that we believe will assist understanding of the performance of the business. As the measures are not defined under IFRS, they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures or performance, but management has included them as these are considered to be important comparables and key measures used within the business for assessing performance. These measures are further explained below. Total cash cost and total cash cost per ounce are non-GAAP measures. We have calculated total cash costs and total cash costs per ounce using

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guidance issued by the Gold Institute. The Gold Institute was a non-profit industry association comprised of leading gold producers, refiners, bullion suppliers and manufacturers. This institute has now been incorporated into the National Mining Association. The guidance was first issued in 1996 and revised in November 1999. Total cash costs, as defined in the Gold Institute's guidance, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, transfers to and from deferred stripping where relevant, and royalties.

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Total cash costs per ounce are calculated by dividing total cash costs, as determined using the Gold Institute guidance, by gold ounces sold for the periods presented. We have calculated total cash costs and total cash costs per ounce on a consistent basis for all periods presented. Total cash costs and total cash costs per ounce should not be considered by investors as an alternative to net profit attributable to shareholders, as an alternative to other IFRS measures or an indicator of our performance. The data does not have a meaning prescribed by IFRS and therefore amounts presented may not be comparable to data presented by gold producers who do not follow the guidance provided by the Gold Institute. In particular depreciation and amortization would be included in a measure of total costs of producing gold under IFRS, but are not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs and total cash 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 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 cash costs as the company's operations mature, and a benchmark of performance to allow for comparison against other companies. Within this Annual Report our discussion and analysis is focused on the total cash cost measure as defined by the Gold Institute.

Gold sales referred to in the production results tables for each mine refer to gold sales by the mine, which in the case of Loulo, includes a limited amount of gold sales to group companies. The consolidated IFRS measured revenue in the financial statements is \$1.127 billion (2010: \$484.553 million). The aggregate of the gold sales by mine is \$1.131 billion (2010: \$487.669 million) with the difference representing elimination of inter-company sales revenue.

The following table lists the costs of producing gold, determined in accordance with IFRS, and reconciles this GAAP measure to total cash costs as defined by the Gold Institute's guidance, as a non-GAAP measure, for each of the periods set forth below:

\$000:

Costs	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Mine production costs	374,992	247,850	196,318	186,377	136,312
Depreciation and amortization	82,060	28,127	28,502	21,333	20,987
Other mining and processing costs	70,303	20,598	19,073	13,675	13,638
Transport and refinery costs	2,641	1,653	1,594	2,053	1,595
Royalties	53,841	27,680	25,410	19,730	18,307
Elimination of inter-company sales	7,690	7,414	1,047		
Movement in production inventory and ore stockpiles	5,047	(16,152)	5,741	(21,865)	(11,534)
Total cost of producing gold determined in accordance with IFRS	596,574	317,170	277,685	221,303	179,305
Less: Non-cash costs included in total cost of producing gold:					
Depreciation and amortization	(82,060)	(28,127)	(28,502)	(21,333)	(20,987)
Total cash costs using the Gold Institute's guidance	514,514	289,043	249,183	199,970	158,318
Ounces sold*	718,762	413,262	486,324	427,713	444,597
Total production costs per ounce under IFRS (\$ per ounce)	830	767	571	517	403
Total cash costs per ounce (\$ per ounce)	716	699	512	468	356

* 40% share of Morila and 100% share of Loulo, Tongon and Goukoto

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

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

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and uncertainties not presently known to us, or that we currently see as immaterial, which may also harm our business. If any of the risks or uncertainties described below or any such additional risks and uncertainties actually occur, our business, results of operations and financial condition could be materially and adversely affected. In this case, the trading price of our ordinary shares and American Depositary Shares, or ADS, could decline and you might lose all or part of your investment.

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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 revenue 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 investment purposes, industrial uses and for use in jewelry;

international or regional political and economic trends;

the strength of the US dollar, the currency in which gold prices generally are quoted, and of other currencies;

market expectations regarding inflation rates;

interest rates;

speculative activities;

actual or expected purchases and sales of gold bullion holdings by central banks, the International Monetary Fund, 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 approximate annual high, low and average of the afternoon London Bullion Market fixing price of gold in US dollars for the past ten years.

Year	Price Per Ounce (\$)		
	High	Low	Average
2002	349	278	310
2003	416	320	363
2004	454	375	409
2005	537	411	444
2006	725	525	604
2007	841	608	695
2008	1,011	712	871
2009	1,213	810	972
2010	1,421	1,058	1,224
2011	1,895	1,319	1,571

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2012 (through February)	1,763	1,699	1,652
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If gold prices should fall below and remain below our cost of production for any sustained period we may experience losses, and if gold prices should fall below our cash costs of production we may be forced to re-plan and mine higher grade ore which will negatively impact on our reserves and life of mine (LOM) plans. Low gold prices for an extended period could result in us having 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 from 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 \$716 in the year ended December 31, 2011, \$699 in the year ended December 31, 2010 and \$512 in the year ended December 31, 2009. We expect that Morila s cash costs per ounce will rise as the life of the mine advances as a result of expected declining grade, which will adversely affect our profitability in the absence of any mitigating factors. The high grades expected from the underground mining at Loulo will, in the absence of any other increases, have a positive impact on unit costs.

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.

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The ore reserve estimates contained in this Annual Report are estimates of the mill delivered quantity and grade of gold in our deposits and stockpiles. They represent the amount of gold that we believe can be mined, processed and sold at prices sufficient to recover our estimated total cash 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;

depletion from past mining;

mining method and associated dilution and ore loss factors;

gold price; and

operating costs.

Because our ore reserve estimates are calculated based on current estimates of future 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 material adverse effect on our business, financial condition and results of operations.

We are subject to various political and economic uncertainties associated with operating in Mali, that could significantly affect our mines in Mali and our results of operations and financial condition.

We are subject to risks associated with operating gold mines in Mali. In 2011, gold produced in Mali represented approximately 64% of our consolidated group gold production. On March 21, 2012, Mali was subject to an attempted coup d'état that resulted in the suspension of the constitution, the partial closing of the borders and the general disruption of business activities in the country. At this time, the political situation in Mali is not clear, and government ministries and regulatory bodies are not functioning normally. Some foreign countries have announced that they have suspended financial aid to Mali. Other countries, including the regional body Economic Community of West African States (Ecowas), have threatened the imposition of sanctions against Mali, including the closing of borders and freezing of assets in the regional central bank, if civilian rule is not resumed in Mali in the near term. The supply of consumables to our mines in Mali has been intermittent as a result of the political situation. Although we have continued to produce gold during this political crisis, there can be no assurance that the political situation will not disrupt our ability to continue gold production, or our ability to sell and ship our gold from our mines in Mali. Furthermore, there can be no assurance that the Malian political crisis will not have a material adverse effect on our operations and financial condition.

We are subject to various political and economic uncertainties associated with operating in Côte d'Ivoire, that could significantly affect the success of the Tongon mine.

We have been subject to risks associated with operating the Tongon mine in Côte d'Ivoire. Côte d'Ivoire has experienced several years of political chaos, including an attempted coup d'état. A dispute over the recent Côte d'Ivoire presidential election in November 2010 resulted in the establishment of two rival governments. The Electoral Commission declared Mr. A. Ouattara as the winner. However, the incumbent president, Mr. Gbagbo challenged the results and refused to give up office. International sanctions were imposed on Mr. Gbagbo and those individuals and institutions supporting him. Included in the list of entities against whom sanctions were imposed were the Ports of Abidjan and San Pedro, the two key shipping ports of Côte d'Ivoire, and the SIR, the Ivorian Petroleum refinery. As a result of the sanctions we had to re-arrange our

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logistics for our Tongon mine and shipped all materials for Tongon through the Port of Dakar in Senegal. While the Tongon mine continued to operate throughout the crisis, at times we were unable to ship and sell our Tongon gold production, which resulted in timing discrepancy between our gold produced and the recognition of revenue from gold sales. However, the political impasse was resolved during 2011 and Mr. A. Ouattara was sworn in as the President of Côte d'Ivoire and the previous incumbent detained. While all our gold production was subsequently sold and the country reverted to normality, there is no assurance that similar events may not occur in the future which would have a material adverse effect on our gold production and financial results. In 2011, the European Union lifted sanctions on the Ports of Abidjan and San Pedro, and the SIR. Our normal supply routes have re-opened and we are sourcing our goods directly through the ports. However, though the post-election turmoil has settled, our operations and financial conditions could be impacted by future political and economic instabilities.

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Any appreciation of the currencies in which we incur costs against the US dollar could adversely affect our results of operations and financial condition.

While our revenue is derived from the sale of gold in US dollars, a significant portion of our input costs are incurred in currencies other than the dollar, primarily Euro, Communauté Financière Africaine franc, South African Rand, and the Congolese franc. Accordingly, any appreciation in such other currencies could adversely affect our results of operations.

The profitability of our operations and the cash flows generated by these operations are significantly affected by the fluctuations in the price, cost and supply of fuel and other inputs, and we would be adversely affected by future increases in the prices of fuel and other inputs.

Fuel, power and consumables, including diesel, steel, chemical reagents, explosives and tires, form a relatively large part of our operating costs. The cost of these consumables is impacted to varying degrees, by fluctuations in the price of oil, exchange rates and availability of supplies. Such fluctuations have a significant impact upon our operating costs and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for mining projects, new and existing, and could even render certain projects non-viable.

Fuel is the primary input utilized in our mining operations, and our results are significantly affected by the price and availability of fuel, which are in turn affected by a number of factors beyond our control. Fuel prices are volatile. During 2010, the average price of our landed fuel was higher than 2009, and it has been rising in 2011. In the year ended December 31, 2011, the cost of fuel and other power generation costs comprised 25 % of our operating costs and the annual price increase of our landed fuel was 22%.

Historically, fuel costs have been subject to wide price fluctuations based on geopolitical factors and supply and demand. While we do not currently anticipate a significant reduction in fuel availability, factors beyond our control make it impossible to predict the future availability of fuel. Recent political unrest in certain oil producing countries has led to an increase in the cost of fuel. If there are additional outbreaks of hostilities or other conflicts in oil producing areas or elsewhere, or a reduction in refining capacity (due to weather events, for example), or governmental limits on the production or sale of fuel, or restrictions on the transport of fuel, there could be reductions in the supply of fuel and significant increases in the cost of fuel.

We are not parties to any agreements that protect us against price increases or guarantee the availability of fuel. Major reductions in the availability of fuel or significant increases in its cost, or a continuation of current high prices for a significant period of time, would have a material adverse impact on us.

Our business may be adversely affected if the State of Mali fails to repay Value Added Tax, or TVA, owing to Morila and Loulo.

Our mining companies operating in Mali are exonerated by their Establishment Conventions from paying TVA for the three years following first commercial production. After that, TVA is payable and reimbursable. TVA is only reclaimable insofar as it is expended in the production of income. A key aspect in TVA recovery is managing the completion of the State of Mali's audit of the taxpayer's payments, at which time the State of Mali recognizes a liability.

By December 2007, Morila had successfully concluded a reimbursement protocol with the State of Mali for all TVA reimbursements it was owed up to June 2005. Morila was unable to conclude a second protocol subsequent to December 2007, however, and pursuant to its establishment convention, began offsetting TVA reimbursements it was owed against corporate and other taxes payable by Morila to the State of Mali. As a result of the offsets, Morila had recouped all its outstanding TVA as at December 31, 2010, as the State of Mali repaid all outstanding amounts by this date. As of December 31, 2011, TVA owed by the State of Mali amounted to \$3.9 million (or 40%). While all the TVA at Morila is currently being refunded on a regular basis, we cannot guarantee that they will continue to reimburse the TVA going forward.

During 2010 and 2011 Loulo has offset TVA reimbursements it was owed against corporate and other taxes payable by Loulo to the State of Mali. At December 30, 2010, TVA owed by the State of Mali to Loulo stood at \$11.6 million. This amount has increased to \$19 million at December 31, 2011.

Included in the TVA owing amounts are amounts which had been extracted from the Morila and Loulo bank accounts and TVA refunds pertaining to disputed tax assessments. As at December 31, 2011 these amounted to \$5.6 million (or 40%) owing to Morila and \$7.63 million owing to Loulo. Subsequent to year end, and in relation to the disputed tax assessments, the State of Mali has offset a further \$17.1 million from TVA refunds which was supposed to be paid to Loulo.

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Our business may be adversely affected if we fail to resolve disputed tax claims with the State of Mali.

As at December 31, 2011, the group had received claims for various taxes from the State of Mali totaling \$64.3 million, in respect of the Loulo and Morila mines. Having taken professional advice, the group considers the claims to be wholly without merit or foundation and is strongly defending its position, including following the appropriate legal process for such disputes in Mali. Both companies have legally binding mining conventions which guarantee fiscal stability, govern the taxes applicable for the companies and allow for international arbitration in the event that a dispute cannot be resolved in the country. Management continues to engage with the Malian authorities at the highest level to resolve this issue and believes this is achievable given the group's experience in dealing with the State on similar issues, however, it may be necessary to arbitrate to resolve the disputes.

If for any reason these disputed tax claims become due and payable the results of Morila and Loulo's operations and financial position would be adversely affected, as would their ability to pay dividends to their shareholders. Accordingly, our business, cash flows and financial condition will be adversely affected if anticipated dividends are not paid.

Certain factors may affect our ability to support the carrying value of our property, plant and equipment, and other assets on our consolidated statement of financial position.

We review and test the carrying amount of our assets on an annual basis when events or changes in circumstances suggest that the net book value may not be recoverable. If there are indications that impairment may have occurred, we prepare estimates of expected future discounted cash flows for each group of assets. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) for purposes of assessing impairment. Expected future cash flows are inherently uncertain, and could materially change over time. Such cash flows are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditures.

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

We have from time to time used derivative instruments to protect the selling price of some of our anticipated gold production. The intended effect of our derivative transactions was to lock in a fixed sale price for some of our future gold production to provide some protection against a subsequent fall in gold prices. Although we have currently ceased using derivative instruments to protect us against low gold prices at our operations, we may in the future determine to implement the use of derivatives in connection with a portion of our anticipated gold production.

Derivative transactions can result in a reduction in revenue if the instrument price is less than the market price at the time the hedged sales are recognized. Moreover, our decision to enter into a given instrument would be based upon market assumptions. If these assumptions are not ultimately met, significant losses or lost opportunities for significant gains may result. In all, the use of these instruments may result in significant losses which will 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 underground project at Loulo, developing two mines at Yalea and Gara, is subject to all of the risks associated with project development and underground mining.

Development of the underground mine at Yalea commenced in December 2006 and first ore was mined in April 2008. This planned mine, and the subsequent Gara underground mine, represents our entry into the business of underground mining, and the commencement of underground mining in Mali by any mining company. In connection with the development of the underground mines, we must build the necessary infrastructure, the costs of which are substantial. The underground mines may experience unexpected problems and delays during their development and construction. Delays in the commencement of gold production could occur and the development costs could be larger than expected, which could affect our results of operations and profitability.

Since the commencement of the underground operations at Yalea, in working with a mining contractor, we have experienced a number of challenges which have led to delays and slower build up of production. These challenges included the availability of the underground fleet, the ability to drill and blast up holes and the contractor's poor safety record.

Following these setbacks experienced during 2009, we terminated the underground mining contract with the contractor and have assumed responsibility for underground mining at Loulo. At the beginning of 2010, we appointed a new contractor to develop the

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Gara underground mine, and subsequently extended their contract at the end of 2010 to include the additional development of the Yalea underground mine. The development and operation of the underground mine has been negatively impacted by these issues and resulting delays, and we cannot assure you that such issues are fully resolved or that we will not have future delays.

The business of underground mining by its nature involves significant risks and hazards. In particular, as the development commences the operation could be subject to:

rockbursts;

seismic events;

underground fires;

cave-ins or falls of ground;

discharges of gases or toxic chemicals;

flooding;

accidents; and

other conditions resulting from drilling, blasting and the removal of material from an underground mine.

We are at risk of experiencing any and all of these hazards. The occurrence of any of these hazards could delay the development of the mine, production, increase cash operating costs and result in additional financial liability for us.

Our success may depend on our social and environmental performance.

Our ability to operate successfully in communities will likely depend on our ability to develop, operate and close mines in a manner that is consistent with the health, safety and well-being of our employees, the protection of the environment, and the creation of long term economic and social opportunities in the communities in which we operate. Mining companies are increasingly required to consider fair mining rent distribution and provide benefits to the communities and countries in which they operate, and are subject to extensive environmental, health and safety laws and regulations. As a result of public concern about the real or perceived detrimental effects of economic globalization and global climate impacts, businesses generally and large multinational corporations in natural resources industries, in particular, face increasing public scrutiny of their activities. These businesses are under pressure to demonstrate that, as they seek to generate satisfactory returns on investment to shareholders, other stakeholders, including employees, governments, communities surrounding operations and the countries in which they operate, benefit and will continue to benefit from their commercial activities. Such pressures tend to be particularly focused on companies whose activities relate to non-renewable resources and are perceived to have a high impact on their social and physical environment. The potential consequences of these pressures include reputational damage and legal suits.

Certain non-governmental organizations oppose globalization and resource development and are often vocal critics of the mining industry and its practices. Adverse publicity by such non-governmental agencies could have an adverse effect on our reputation and financial condition and could have an impact on the communities within which we operate.

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In addition, our ability to successfully obtain key permits and approvals to explore for, develop and operate mines and to successfully operate in communities around the world will likely depend on our ability to develop, operate and close mines in a manner that is consistent with the creation of social and economic benefits in the surrounding communities, which may or may not be required by law. Mining operations should be designed to minimize the impact on such communities and the environment, for example, by modifying mining plans and operations or by relocating those affected to an agreed location. The cost of these measures could increase capital and operating costs and therefore could have an adverse impact upon our financial conditions and operations. We seek to promote improvements in health and safety, environmental performance and community relations. However, our ability to operate could be adversely impacted by accidents or events detrimental (or perceived to be detrimental) to the health, safety and well-being of our employees, the environment or the communities in which we operate.

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In July 2009, the Loulo mine experienced some disruption, caused by a small group of disaffected people unable to secure long term employment at the mine. The disruption resulted in some damage to the tailings pipeline as well as to some accommodation units and other property. All operations were suspended for 36 hours, following which all mining and processing operations were restored and operating back at normal capacity. We cannot assure you that similar events will not happen in the future, or that such events will not adversely affect our results of operations and properties.

In November 2011 and March 2012, the Tongon mine experienced temporary work stoppages during the course of negotiating a mine level agreement with a newly established union. We continue to negotiate the terms of the agreement with representatives of the union. We cannot assure you that similar work stoppages will not happen in the future, or that such events will not adversely affect our results of operations.

Actual cash costs of production, production results and economic returns may differ significantly from those anticipated by our feasibility studies and scoping studies for new development projects.

It typically takes a number of years from initial feasibility studies of a mining project until development is completed and, during that time, the economic feasibility of production may change. The economic feasibility of development projects is based on many factors, including the accuracy of estimated reserves, metallurgical recoveries, capital and operating costs and future gold prices. The capital expenditures and time required to develop new mines or other projects are considerable, and changes in costs or construction schedules can affect project economics. Thus it is possible that actual costs and economic returns may differ materially from our estimates.

In addition, there are a number of uncertainties inherent in the development and construction of any new mine, including:

the availability and timing of necessary environmental and governmental permits;

the timing and cost necessary to construct mining and processing facilities, which can be considerable;

the availability and cost of skilled labor, power, water and other materials;

the accessibility of transportation and other infrastructure, particularly in remote locations; and

the availability of funds to finance construction and development activities.

Mining at Goukoto commenced in January 2011 and processing commenced in June 2011 with ore being hauled by truck to Loulo where it is processed in terms of a toll treatment agreement entered into between Somilo and Goukoto. Kibali completed an optimized feasibility during the year and the first of two of the 14 villages were relocated to the new model village of Kokiza. Development of the Massawa project has been slowed down as we have advanced Goukoto and Kibali, and we have revised the target commencement date of the project to 2016 in order to provide us with us with time to develop a power solution for the treatment of its metallurgically complex ore and to continue exploring. We cannot provide any assurance that the Kibali and Massawa projects will ultimately result in new commercial mining operations, or that our new commercial mining operations will be successful.

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. These countries and other emerging markets in which we may conduct operations have, from time to time, experienced economic or political instability. It is difficult to predict the future political, social and economic direction of the countries in which we operate, and the impact government decisions may have on our business. Any political or economic instability in the countries in which we currently operate could have a material and adverse effect on our business and results of operations.

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The countries of Mali, Senegal, Burkina Faso, Democratic Republic of the Congo (DRC) and Côte d Ivoire have, since independence, experienced some form of political upheaval with varying forms of changes of government taking place.

Goods are supplied to our operations in Mali through Ghana and Senegal, which routings have, to date, functioned satisfactorily. Our operations at Morila have been adversely affected by the higher transportation costs for diesel that now has to be delivered via Senegal. 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.

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The mining laws of Mali, Côte d'Ivoire, Senegal, Burkina Faso, and DRC 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. Legislation in certain countries currently provides for the relevant government to acquire a free ownership interest in any mining project. 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.

We are subject to various political and economic uncertainties associated with operating in the Democratic Republic of the Congo, and the success of the Kibali project will depend in large part on our ability to overcome significant challenges.

We are subject to risks associated with operating the Kibali project in the DRC. The Kibali project is located in the north-east region of the DRC and is subject to various levels of political, economic and other risks and uncertainties associated with operating in the DRC. Some of these risks include political and economic instability, high rates of inflation, severely limited infrastructure, lack of law enforcement, labor unrest, and war and civil conflict. In addition, the Kibali project is subject to the risks inherent in operating in any foreign jurisdiction including changes in government policy, restrictions on foreign exchange, changes in taxation policies, and renegotiation or nullification of existing concessions, licenses, permits and contracts.

The DRC is an impoverished country with physical and institutional infrastructure that is in a debilitated condition. It is in transition from a largely state-controlled economy to one based on free market principles, and from a non-democratic political system with a centralized ethnic power base to one based on more democratic principles. There can be no assurance that these changes will be effected or that the achievement of these objectives will not have material adverse consequences for the Kibali project. In November 2011, the DRC held a general presidential election and in December 2011, incumbent President Joseph Kabila was declared the winner of that election. There has been international and local criticism of the election and episodes of protests, some of which were accompanied by acts of violence.

Any changes in mining or investment policies or shifts in political attitude in the DRC may adversely affect operations and/or profitability of the Kibali project. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. These changes may impact the profitability and viability of the Kibali project.

Furthermore, the Kibali project is located in a remote area of the DRC, which lacks basic infrastructure, including adequate roads and other transport, sources of power, water, housing, food and transport. In order to develop any of the mineral interests, facilities and material necessary to support operations in the remote locations in which they are situated must be established. The remoteness of the mineral interests would affect the potential viability of mining operations, as we would also need to establish substantially greater sources of power, water, physical plant, roads and other transport infrastructure than are currently present in the area. More specifically, we must obtain necessary licenses from the government to construct and operate hydropower stations, which will necessarily involve reconfiguring, refurbishing and maintaining existing stations. Our ability to produce sufficient power for the Kibali will be adversely affected to the extent such licenses cannot be obtained, or we are unable to comply with the conditions of such licenses.

Moreover, the north-east region of the DRC has undergone civil unrest and instability that could have an impact on political, social or economic conditions in the DRC generally. Stability must be maintained in order for us to build and operate a mine at the Kibali project site. The impact of unrest and instability on political, social or economic conditions in the DRC could result in the impairment of the exploration, development and operations at the Kibali project.

The communities near the Kibali project need to be resettled in an orderly and peaceful manner to allow the development and operation of a mine at the site. The first phase of houses have been built and the resettlement program has commenced, which has been implemented following agreement with the local authorities and communities affected by the project. During the year, the Resettlement Action Plan (RAP) progressed on schedule, with the first two of the 14 villages successfully relocating to the model village of Kokiza. Any failure to complete the settlement plan successfully will materially and adversely affect our ability to build and operate a mine at the Kibali project site.

We face risks related to the development of the Kibali mine, as a new mining operation, that may adversely affect our operations and profitability.

New mining operations could experience unexpected problems and delays during development, construction, commissioning and/or commencement of production. The global demand for mining and processing equipment may result in long lead times for the supply of such equipment. The actual costs to build a mine may vary substantially from the original cost estimates as a result of any of

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a variety of factors. Operating cost and capital expenditure estimates could fluctuate considerably as a result of changes in the prices of commodities consumed and mining equipment used in the construction and operation of mining projects. Operations could be disrupted, resulting in additional costs and liabilities, if the mining contractors at the Kibali mine have financial difficulties or if a dispute arises in negotiating a mining contract, or if there is a delay in replacing an existing contractor. Increases in contract mining rates, in the absence of associated productivity increases, will also have an adverse impact on our results of operations and financial condition.

The SEC has proposed rules that may affect mining operations in the DRC.

The Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) has directed the SEC to adopt rules regarding disclosure on potential conflict minerals that are necessary to the functionality or production of a product manufactured by a company that files reports with the SEC, and the SEC has issued proposed rules in response to their requirement. Conflict minerals include columbite-tantalite, cassiterite, gold, wolframite or their derivatives or any other mineral or its derivatives determined by the Secretary of State to be financing conflict in the DRC or a bordering country. Under the rules as proposed by the SEC, reporting companies must disclose the origin of and certain other information concerning the conflict minerals. The mining of minerals is deemed to be considered the manufacturing of such minerals.

If the proposed rules are adopted in their present form, we will be required to disclose in our annual report on Form 20-F that our minerals originated in the DRC and will need to furnish a conflict minerals report which includes a due diligence report and a certified independent private sector audit that is to be made publicly available on our website. The report will need to disclose whether or not we and the audit have determined that the conflict minerals are conflict free, meaning that they did not benefit or finance armed groups in the DRC. The report must include the due diligence measures that we took regarding the source and chain of custody of the minerals.

As the final rules have not been implemented, both the content of the final rules and their effects remain uncertain. Compliance with the new rules may be demanding on both financial resources and personnel. The requirement that all SEC reporting companies disclose whether their products include conflict minerals, and if so, information concerning the origin of the conflict minerals, might cause reporting companies to take steps, or require their suppliers to take steps, to assure that minerals originating in the DRC are not included in minerals supplied to them for use in their products. It is possible that the rules, as currently proposed could adversely affect our ability to sell gold mined in the DRC.

Under our joint venture agreements with AngloGold Ashanti Limited, or AngloGold Ashanti, we operate Morila and the Kibali project through a joint venture agreement and joint venture committee, and any disputes with AngloGold Ashanti over the management of Morila or the Kibali project could adversely affect our business.

We jointly control Morila SA, the owner of the Morila mine, and Kibali Goldmines SPRL, the owner of the Kibali project, with AngloGold Ashanti under joint venture agreements. We are responsible for the day-to-day operations of Morila and the Kibali project, subject to the overall management control of the Morila SA and Kibali Goldmines SPRL boards, respectively. Substantially all major management decisions, including approval of a budget for Morila and the Kibali project, must be approved by the Morila SA and Kibali Goldmines SPRL boards, respectively. We and AngloGold Ashanti retain equal representation on the boards, with neither party holding a deciding vote. If a dispute arises between us and AngloGold Ashanti with respect to the management of Morila SA or Kibali Goldmines SPRL, and we are unable to amicably resolve the dispute, we may have to participate in arbitration or other proceeding to resolve the dispute, which could materially and adversely affect our business.

The Kibali project development plan was approved by our board in January 2012 and will be presented for approval to AngloGold Ashanti at the earliest opportunity. In the interim, the Kibali board has approved the next three months' budget of approximately \$80 million, to continue the project's momentum. There can be no assurance that the Kibali project will ultimately receive all the required approvals of all stakeholders or that disputes between the joint venture partners will not disrupt the development of the project.

Our mines and projects face many risks related to their present or future operations that may impact cash flows and profitability.

Our mines and projects are subject to all of the operating hazards and risks normally incident to exploring for developing and operating mineral properties and mines, such as:

encountering unusual or unexpected formations;

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environmental pollution;

mechanical breakdowns;

safety-related stoppages;

work stoppages or other disruptions in labor force;

electrical power and fuel supply interruptions;

unanticipated ground conditions; and

personal injury and flooding.

During 2011, Tongon's operations were negatively impacted by flooding as a result of the rainy season and by problems encountered during the change-over from diesel generated power to Côte d'Ivoire's national grid. Also, in November 2011, the Tongon mine suffered a major failure of the barring gear at its No 1 mill. As a result, management also shut down Tongon's No 2 mill as well in the interests of personal safety and to protect the No 2 mill from a similar failure. In November 2011 and March 2012, the Tongon mine experienced temporary work stoppages during the course of negotiating a mine level agreement with a newly established union.

During 2011, Goukoto's operations were disrupted by flooding following unusually heavy rains. In July 2009, the Loulo mine experienced some disruption, caused by a small group of disaffected people unable to secure long term employment at the mine. The disruption resulted in some damage to the tailings pipeline as well as to some accommodation units and other property. All operations were suspended for 36 hours, following which all mining and processing operations were restored and operating back at normal capacity.

We cannot assure you that similar operational issues will not happen in the future, or that such events will not adversely affect our results of operations.

The use of mining contractors at certain of our operations may expose it to delays or suspensions in mining activities.

Mining contractors are used at Tongon, Loulo, Goukoto and Morila to mine and deliver ore to processing plants. These mining contractors rely on third-party vendors to supply them with required mining equipment, many of which have been adversely affected by the global economic slowdown. Consequently, at these mines, we do not own all of the mining equipment and may face disruption of operations and incur costs and liabilities in the event that any of the mining contractors at these mines, or any of the vendors that supply them, has financial difficulties, or should there be a dispute in renegotiating a mining contract, or a delay in replacing an existing contractor.

Since the commencement of the underground operations at Yalea, in working with a mining contractor, we experienced a number of challenges which have led to delays and slower build up of production. These challenges included the availability of the underground fleet, the ability to drill and blast up holes and the contractor's poor safety record. Following these setbacks experienced during 2009, we terminated the underground mining contract with the contractor and have assumed responsibility for underground mining at Loulo. At the beginning of 2010, we appointed a new contractor to develop the Gara underground mine, and subsequently extended their contract at the end of 2010 to include the development of the Yalea underground mine. The development and operation of the underground mine has been negatively impacted by these issues and resulting delays, and we cannot assure you that such issues are fully resolved or that we will not have future delays.

Mining operations and projects are vulnerable to supply chain disruption and our operations could be adversely affected by shortages of, as well as lead times to deliver fuel, strategic spares, critical consumables, mining equipment or metallurgical plant.

Our operations could be adversely affected by both shortages and long lead times to deliver fuel, strategic spares, critical consumables, mining equipment and metallurgical plant. We have limited influence over suppliers and manufacturers of these items. In certain cases there are a

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limited number of suppliers for fuel, certain strategic spares, critical consumables, mining equipment or metallurgical plant who command superior bargaining power relative to us. We could at times face limited supply or increased lead time in the delivery of such items. We cannot assure you that such limited supply or increased lead time in the delivery of items will not happen in the future, or that such events will not adversely affect our results of operations.

We may be required to seek funding from the global credit and capital markets to develop our properties, and the recent weaknesses in those markets could adversely affect our ability to obtain financing and capital resources.

We require substantial funding to develop our properties, and may be required to seek funding from the credit and capital markets to finance these activities. Our ability to obtain outside financing will depend upon the price of gold and the market'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.

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The credit and capital markets experienced serious deterioration in 2008, including the failure of significant and established financial institutions in the US and abroad, which continued throughout 2009, 2010 and 2011 and may continue in 2012 and beyond, all of which will have an impact on the availability and terms of credit and capital in the near term. The deteriorating financial condition of certain government authorities has significantly increased the potential for sovereign defaults in a number of jurisdictions, including within the European Union. If uncertainties in these markets continue, or these markets deteriorate further, it could have a material adverse effect on our ability to raise capital. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on our business, financial condition and results of operations. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates may affect our growth and profitability.

Most of our cash deposited with banks is not insured and would be subject to the risk of bank failure. The failure of any bank in which we deposit our funds could reduce the amount of cash we have available for operations and additional investments in our business.

Inflation may have a material adverse effect on our operations.

Some of our operations are located in countries that have and may continue to experience high rates of inflation during certain periods. It is possible that significantly higher future inflation in countries in which we operate may result in increased future operational costs in local currencies. This could have a material adverse effect upon our operations and financial conditions.

Regulations and pending legislation governing issues involving climate change could result in increased operating costs which could have a material adverse effect on our business.

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to various climate change interest groups and the potential impact of climate change. Legislation and increased regulation regarding climate change could impose significant costs on us, our venture partners and our suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Given the emotion, political significance and uncertainty around the impacts of climate change and how it should be dealt with, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. The potential physical impacts of climate change on our operations are highly uncertain, and would be particular to the geographic circumstances in areas in which we operate. These may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. These impacts may adversely impact the cost, production and financial performance of our operations.

Some of our operations are carried out in geographical areas which lack adequate infrastructure.

Mining, processing, development and exploration activities depend, in some part, on adequate infrastructure. Reliable roads, power sources and water supply are important factors which affect our operating costs. A lack of infrastructure or varying weather phenomena, sabotage, terrorism or other interferences in the maintenance or provision of such infrastructure could affect our operations and financial conditions.

We may not pay dividends to shareholders in the near future.

We have proposed the payment of our sixth dividend to ordinary shareholders, subject to approval by our shareholders at our AGM in May 2012. It is our policy to pay dividends if profits and funds are available for that purpose. Whether or not funds are available depends on a variety of factors, including capital expenditures. We cannot guarantee that dividends will be paid in the future.

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, developing 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.

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

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

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

We are incorporated in Jersey, Channel Islands and a majority of our directors and senior executives are not residents of the United States. Virtually all of our assets and the assets of those persons are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon those persons or us. Furthermore, the United States and Jersey currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, it may not be possible for you to enforce a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon United States Federal securities laws against those persons or us.

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

that 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;

that the judgment is final and conclusive it cannot be altered by the courts which pronounced it;

that 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;

that the judgment has not been prescribed;

that the courts of the foreign country have jurisdiction in the circumstances of the case;

that the judgment was not obtained by fraud; and

that the recognition and enforcement of the judgment is not contrary to public policy in Jersey, including observance of the rules of natural justice which require that documents in the United States proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal.

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

We are subject to significant corporate regulation as a public company and failure to comply with all applicable regulations could subject us to liability or negatively affect our share price.

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As a publicly traded company, we are subject to a significant body of regulation. While we have developed and instituted a corporate compliance program based on what we believe are the current best practices in corporate governance and continue to update this program in response to newly implemented or changing regulatory requirements, we cannot provide absolute assurance that we are or will be in compliance with all potentially applicable corporate regulations. For example, we cannot provide assurance that in the future our management will not find a material weakness in connection with its annual review of our internal control over financial reporting pursuant to Section 404 of the US Sarbanes-Oxley Act of 2002. If we fail to comply with any of these regulations, we could be subject to a range of regulatory actions, fines or other sanctions or litigation. If we must disclose any material weakness in our internal control over financial reporting, our share price could decline.

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In addition, we are subject to the US Foreign Corrupt Practices Act and the recently enacted UK Bribery Act, which generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. The compliance mechanisms and monitoring programs that we have in place may not adequately prevent or detect possible violations under applicable anti-bribery and corruption legislation. Failure to comply with such legislation could expose us to civil and criminal sanction, including fines, prosecution, potential debarment from public procurement and reputational damage, all of which could have a material adverse effect on our financial results and could cause our share price to decline.

Risks Relating to Our Industry

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

We must continually seek to replace our ore reserves depleted by production to maintain production levels over the long term. Ore reserves can be replaced by expanding known ore bodies or exploring for new deposits. 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.

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

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

If management determines that capitalized costs associated with any of our gold interests are not likely to be recovered, we would recognize an impairment provision against the amounts capitalized for that interest. All of these factors may result in losses in relation to amounts spent which are found not to be 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 may be adversely affected by competition from other exploration companies.

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.

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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 provide for estimated environmental rehabilitation costs when the related environmental disturbance takes place. Estimates of rehabilitation costs 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 results of operations and financial condition.

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.

Our operations in West Africa are highly unionized, and strikes are legal in the countries in which we operate. Therefore, our operations are at risk of having work interrupted for indefinite periods due to industrial action, such as strikes by employee collectives. Should long disruptions take place on our operations, the results from our operations and their financial condition could be materially and adversely affected.

AIDS and tropical disease outbreaks pose risks to us in terms of productivity and costs.

The incidence of AIDS in the DRC, Mali, Côte d'Ivoire and Senegal, which has been forecast 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 in the countries in which we operate and among our workforce could become significant. Significant increases in the incidence of AIDS infection and AIDS-related diseases among members of our workforce in the future could adversely impact our operations and financial condition.

Malaria and other tropical diseases pose significant health risks at all of our operations in West Africa where such diseases may assume epidemic proportions. Malaria is a major cause of death and also gives rise to absenteeism in adult men. Consequently, if uncontrolled, the disease could adversely impact our operations and financial condition.

Item 4. Information on the Company

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Randgold Resources Limited was incorporated under the laws of Jersey, Channel Islands in August 1995, to engage in the exploration and development of gold deposits in Sub-Saharan Africa. Our principal executive offices are located at 3rd Floor Unity Chambers, 28 Halkett Street, St. Helier, Jersey, JE2 4WJ Channel Islands and our telephone number is (011 44) 1534 735-333. Our agent in the United States is CT Corporation System, 111 Eighth Avenue, New York, New York 10011.

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

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

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We have an 80% controlling interest in Société des Mines de Loulo SA, or Somilo, through a series of transactions culminating in April 2001. The Loulo mine commenced operations in October 2005 and mines the Gara (formerly Loulo 0) and Yalea deposits. We discovered the Yalea deposit in 1997.

We have an 80% controlling interest in Société des Mines de Goukoto SA, or Goukoto. The Goukoto mine commenced mining in January 2011 and processing by way of a toll treatment agreement with Loulo, in June 2011.

We have an 89% controlling interest in Société des Mines de Tongon SA, or Tongon. The Tongon mine commenced operations in April 2010.

We conduct our mining operations through:

a 50% joint venture interest in Morila Limited (which in turn owns an 80% interest in the Morila mine);

an 80% interest in Somilo;

an 80% interest in Goukoto; and

an 89% interest in Tongon.

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

In February 2004, we announced that we would develop a new mine at Loulo in western Mali. Construction continued through 2005 and the new open pit mine went into production in October 2005. In addition, our board agreed to proceed with the development of the underground mine and, after the award of the development contract, work commenced with the construction of the boxcut at the Yalea mine in August 2006. We accessed first ore at Yalea in April 2008 with full production beginning in 2010. We commenced development of Loulo's second underground mine, Gara, and started mining in 2011.

In April 2004, Resolute Mining Limited, or Resolute, acquired the Syama mine from us. Resolute has subsequently paid us \$6 million in cash and has assumed liabilities of \$7 million, of which \$4 million owing to ourselves has been settled. The agreement entered into in June 2004 between the parties provides for the payment of a production royalty by Resolute to us relating to Syama's production equal to \$10 per ounce on the first million ounces produced by Syama and \$5 per ounce on the next three million ounces produced by Syama. This royalty payment is capped at \$25 million. We received our first royalties in 2009. During 2011, quarterly royalty payments were received from Resolute throughout the year.

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

On November 1, 2005, we completed a public offering of 8,125,000 of our ordinary shares, including ADSs, resulting in gross proceeds to us of \$109.7 million. The new shares were allocated to institutional shareholders in the United Kingdom, the United States, Canada and the rest of the world.

On December 6, 2007, we completed a public offering of 6,821,000 of our ordinary shares, including ADSs, resulting in gross proceeds to us of \$240 million. A portion of the proceeds from the offering were used for the development of the Tongon project, and any remaining proceeds were used for organic and corporate opportunities.

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During 2007, we completed a feasibility study which allowed our board to approve the development of the new mine at Tongon. Construction of the mine started at the end of 2008 and its first gold was produced in November 2010.

On August 4, 2009, we completed a public offering of 5,750,000 of our ordinary shares, including ADSs, resulting in gross proceeds to us of \$341.8 million. The proceeds from the offering were used to fund the feasibility studies for the Goukoto and Massawa projects, to develop the Goukoto and Kibali projects, and for other organic and corporate opportunities.

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On October 15, 2009, we completed the acquisition of 50% of Moto Goldmines Limited (Moto Goldmines), in conjunction with AngloGold Ashanti, which resulted in a 50:50 joint venture control of the Kibali project in the DRC. On December 22, 2009 we completed a further acquisition of a 20% interest, on behalf of the joint venture, from Société des Mines d Or de Kilo-Moto (Sokimo), the parastatal mining company of the DRC, resulting in an effective interest in the Kibali project of 45%.

During November 2009, we completed the sale of our Kiaka gold project to Volta Resources Inc., for CAD\$4 million in cash and 20 million Volta Resources Inc. shares. During 2010, we sold 15.5 million Volta Resources Inc. shares for a net profit of \$19.3 million. We have received CAD\$4 million in full by the end of 2011.

Following the completion of the feasibility study in 2010, the construction of the Goukoto mine commenced in late 2010 and toll treatment of the Goukoto ore at the Loulo plant commenced in June 2011.

Principal Capital Expenditures

Capital expenditures incurred for the year ended December 31, 2011 totaled \$448.5 million compared to \$410.8 million for the year ended December 31, 2010, and \$196.7 million for the year ended December 31, 2009. As of December 31, 2011, our capital commitments amounted to \$109.7 million, principally for the Kibali project. The capital expenditures will be financed out of internal funds. The capital cost for our share of the Kibali project is expected to amount to approximately \$700 million for the next three years. The capital cost for both Loulo underground mines, and other infrastructure, is expected to amount to approximately \$540 million for the next three years. The capital cost for the Tongon mine is expected to amount to approximately \$25 million for the next three years. The capital cost for Goukoto is expected to amount to approximately \$40 million for the next three years.

Recent Developments

Mining at Goukoto commenced in January 2011 and processing commenced in June 2011 at the Loulo plant, in terms of a toll treatment agreement entered into between the two mines. A total of 949,000 tonnes of ore at a grade of 5.1 g/t was processed during the year.

An updated Kibali feasibility study was completed in 2011 which pointed to a much larger operation than originally envisaged, with five open pits, one underground mine, a 6 million tonne per annum processing plant and four hydropower stations, backed up by a thermal power station. First gold production is scheduled for the end of 2013. The final development plan has been signed off by our board and has now been presented to the investment committee of the board of our joint venture partner, AngloGold Ashanti. In the meantime, the Kibali joint venture board has approved a budget of \$80 million over the next three months to maintain the project's impressive momentum. The Relocation Action Plan (RAP) progressed on schedule with the first of two of 14 villages being successfully relocated. At the same time, grade control drilling on the main KCD pit started, in advance of the mining activities which are scheduled to begin in the second quarter of 2012.

In March 2012, we signed an establishment convention with the State of Mali for the Goukoto project, which is now owned by a separate company, Société des Mines de Goukoto S.A.

B. BUSINESS OVERVIEW

OVERVIEW

We engage in gold mining, exploration and related activities. Our activities are focused on West and Central Africa, some of the most promising areas for gold discovery in the world. In Mali, we have an 80% controlling interest in the Loulo mine through Somilo SA. The Loulo mine is currently mining from one large open pit, several smaller satellite pits and two underground mines. We also have an 80% controlling interest in the Goukoto mine through Société des Mines de Goukoto S.A. We own 50% of Morila Limited, which in turn owns 80% of Morila SA, the owner of the Morila mine in Mali. In addition, we own an effective 89% controlling interest in the Tongon mine located in the neighboring country of Côte d Ivoire, which was commissioned in November 2010. We also own an effective 83.25% controlling interest in the Massawa project in Senegal where we completed a prefeasibility study in December 2009. In 2009, we acquired a 45% interest in the Kibali project, which is located in the DRC. We also have exploration permits and

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licenses covering substantial areas in Burkina Faso, Côte d'Ivoire, DRC, Mali, and Senegal. At December 31, 2011, we declared proven and probable reserves of 16.28 million ounces attributable to our percentage ownership interests in Loulo, Morila, Tongon, Goukoto, Massawa and Kibali.

Our strategy is to create value for all our stakeholders by finding, developing and operating profitable gold mines. We seek to discover significant 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. We also routinely review opportunities to acquire development projects and existing mining operations and companies.

Loulo

In February 2004, we announced that we would develop a new mine at Loulo in western Mali. In 2005, we commenced open pit mining operations at the Gara and Yalea pits. In 2010, an application was made to split the Loulo and Goukoto permits. In 2011, its sixth year of production, the Loulo mine produced 208,424 ounces of gold at a total cash cost of \$1,009 per ounce. In 2011 mining ceased in the Gara open pit. We currently anticipate that mining at Loulo will continue through 2029.

We commenced development of the Yalea underground mine in August 2006, where first ore was accessed in April 2008. We commenced development of Loulo's second underground mine, Gara, in 2010 with first ore being intersected during the second quarter of 2011 and stoping began in November 2011. During 2011, ore from Goukoto was processed through the Loulo processing plant following the conclusion of a toll-treatment agreement concluded between the two mines. The commencement of the toll-treatment of ore from Goukoto resulted in a reduction of ore processing with respect to the Loulo mine.

The focus of exploration at Loulo is to continue to explore and discover additional orebodies within the Loulo permit.

Goukoto

Goukoto is located approximately 25 kilometers south of Loulo's plant. Following the completion of the feasibility study in 2010, construction of the mine commenced in late 2010.

In January 2011, mining commenced at Goukoto. In June 2011, the Loulo plant started to treat Goukoto ore. A total of 949,000 tonnes of ore at a grade of 5.1g/t was processed during the year and 137,755 ounces were produced at a total cash cost of \$536 per ounce.

The focus of exploration at Goukoto is to continue to explore and discover additional orebodies within the Goukoto permit.

We estimate that the Loulo-Goukoto complex will produce approximately 500,000 ounces in 2012.

Morila

In 1996, we discovered the Morila deposit, which we financed and developed and was our major gold producing asset through 2009. Since production began in October 2000, Morila has produced more than 6 million ounces of gold at a total average cash cost of \$239 per ounce. Morila's total production for 2011 was 248,635 ounces at a cash cost of \$782 per ounce. Consistent with the mine plan, Morila ceased pit mining in April 2009 and is currently processing lower grade stockpiles. During 2010 a study of the reprocessing of the Morila Tailings Storage Facility (TSF) was completed and in 2011 a full feasibility study on the viability of treating the TSF material, marginal ore and mineralized waste stockpiles was completed and approved by our board in January 2012. We now expect the operation to continue up to 2021.

Tongon

The Tongon project is located within the Nielle exploitation permit in the north of Côte d'Ivoire, 55 kilometers south of the border with Mali.

We commenced construction of the Tongon gold mine at the end of 2008, and commissioned the first stream in the fourth quarter of 2010, with first gold production being recorded. We completed and commissioned the second stream including secondary and tertiary crushing circuit and the sulfide circuit of the processing plant in 2011. In 2011, we produced 250,390 ounces at a total cash cost of \$557 per ounce. Gold production is estimated at 285,000 ounces in 2012. The Tongon mine has an initial mine life of 10 years but has the potential to extend this with nearby discoveries and satellite pits.

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The focus of exploration at Tongon is to evaluate near-mine targets with a 15 kilometer radius and Greenfield programs beyond the near-mine 15 kilometer radius.

Kibali

Our interest in the Kibali project was acquired following the acquisition of Moto Goldmines, in conjunction with AngloGold Ashanti, and the further acquisition of a 20% interest from Sokimo on behalf of the joint venture. The Kibali project is located approximately 560 kilometers northeast of the city of Kisangani and 180 kilometers west of the Ugandan border town of Arua in the northeast of the DRC.

The program to complete the initial investment phase to establish gold production at Kibali is estimated to take two years, with first gold expected at the end of 2013.

The exploration team completed the analysis of the Karagba Chauffeur Durba (KCD) deposit, resulting in a new geological model. Continuity of mineralization was confirmed between the Sessengue and KCD deposits and remains open down plunge. In 2011, drilling confirmed the continuity of mineralization a further 450 meters down plunge from the limits of the current block model.

Massawa

Our Massawa project consists of a greenfields exploration find located in eastern Senegal during 2008. The Massawa target was first identified in 2007 and is located approximately 60 kilometers west of the Malian border. A successful scoping study was completed for Massawa in the first quarter of 2009 which met all of our investment criteria and we advanced the project to prefeasibility. The prefeasibility study was completed at the end of 2009 which highlighted the complex nature of the ore, which requires pressure oxidation of the sulfides to liberate the gold. During 2010 significantly more work was conducted in this regard to improve the geochemical and metallurgical understanding of the ore. All studies point towards the Massawa deposit requiring high levels of energy to recover the gold and a decision was therefore taken during the year to delay the finalization of the feasibility study and to focus instead on two key aspects of enhancing the project's economics, namely, the refractory nature of the ore and the power consumption and costs.

The exploration team has focused its efforts in 2011 on the evaluation of a large number of satellite targets to discover additional non-refractory mineralization that could add value to the project.

Exploration

We have an extensive portfolio of exploration projects in both West and Central Africa. In 2011, we concentrated our exploration activities on defining the satellite ounces in proximity to the Loulo plant site. The combined geological open pit potential from all satellite deposits has been calculated at 2 million ounces at 3g/t. Randgold also completed a preliminary analysis of the mineralized material inventory outside of the current LOM budget some 63.5Mt at 3.46g/t for 7 million ounces. At Goukoto, exploration concentrated on better defining the underground potential in the Jog Zone while over in Senegal exploration has concentrated on the evaluation of satellite deposits to provide 2 million ounces of non-refractory material to supplement the ore feed from Massawa. With the commissioning of the Tongon mine, the exploration focus shifted to the evaluation of satellite targets and the discovery of potential stand-alone targets within the company's extensive permit portfolio countrywide. At Kibali, exploration has significantly advanced the geological understanding of the project. A well-balanced resource triangle has been developed on the back of a robust geological model with targets being progressed at all levels. During 2011 a strategic decision was made to restructure the exploration department to create dedicated brownfields and greenfields exploration teams, ensuring that while the feasibility work and testing of extensions to known deposits continues, the prospectivity of the greater permit area is also being evaluated, thus providing the opportunity for the discovery of further world class gold deposits in the region. Mineralization has been confirmed a further 450 meters down plunge of the main KCD deposit and remains open to the west towards Gorumbwa.

We are exploring in five African countries with a portfolio of 302 targets on 13,892 square kilometers of ground holding. We target profitable gold deposits that have the potential to host mineable gold reserves of three million ounces or more. Our business strategy of organic growth through exploration has been validated by our discovery and development track record, including the Morila mine, Loulo mines, Goukoto mine and Tongon mine, the Kibali project and the Massawa discovery.

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OWNERSHIP OF MINES AND SUBSIDIARIES

Morila is owned by a Malian company, Société des Mines de Morila SA (Morila), which in turn is owned 80% by Morila Limited and 20% by the State of Mali. Morila Limited is jointly owned by ourselves and AngloGold Ashanti Limited and the mine is controlled by a 50:50 joint venture management committee. Responsibility for the day-to-day operations rests with us.

Loulo is owned by a Malian company, Société des Mines de Loulo SA (Somilo), which is owned 80% by ourselves and 20% by the State of Mali.

Goukoto is owned by a Malian company, Société des Mines de Goukoto S.A., which is owned 80% by ourselves and 20% by the State of Mali.

Tongon is owned by an Ivorian company, Société des Mines de Tongon SA, in which we have an 89% interest, the State of Côte d'Ivoire 10% and 1% is held by a local Ivorian company.

The Kibali project is controlled by a 50:50 joint venture, between ourselves and AngloGold Ashanti Limited, which holds an effective 90% interest in Kibali Goldmines SPRL. The remaining 10% of the shares are held by Sokimo, the parastatal mining company of the Democratic Republic of Congo. We thus have an effective 45% interest in the Kibali project. Our interest in this project was acquired following the acquisition of Moto Goldmines Limited, in conjunction with AngloGold Ashanti, and the further acquisition of a 20% interest from Sokimo on behalf of the joint venture.

We hold an effective 83.25% interest in the Massawa project. The government of Senegal retains a 10% carried interest in the project, with the balance held by our Senegalese joint venture partner.

GEOLOGY

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

The Central African gold belts have a long history of gold production, particularly during the colonial era but due to regional instability they have seen little modern exploration. The Kibalian greenstone belts of northeastern DRC are comprised of Archaean Kibalian (Upper and Lower) volcanosedimentary rocks and ironstone-chert horizons metamorphosed to greenschist facies. They are cut by regional-scale north, east, northeast and northwest trending faults and are bounded to the north by the Middle Archaean West Nile granite-gneiss complex and cut to the south by the Upper Congo granitic complex. Our Kibali gold project is located within the Moto greenstone.

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

ORE RESERVES

Only those reserves which qualify as proven and probable reserves for purposes of the SEC's Industry Guide Number 7 are presented. Pit optimization and open pit designs are carried out at a gold price of \$1,000 per ounce, except for the Tongon Northern Zone open pit which was designed on \$900/oz since the profitability drops at higher gold prices. Underground reserves are also based on a gold price of \$1,000 per ounce.

Morila reserves have been calculated by Mr. Stephen Ndede, an officer of the company and competent person. The Loulo and Goukoto open cast mineral reserves were calculated by Mr. Shaun Gillespie, an external consultant and competent person. The Loulo underground mineral reserves were calculated by Mr. Juan Mitchell, an officer of the company and reviewed by Mr. Mark Odell, an independent consultant and competent person. The Tongon open pit Northern Zone mineral reserves were calculated by Mr. Samuel

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Baffoe, an officer of the company under the supervision of Mr. Onno ten Brinke, at the time an officer of the company and competent person. The Tongon open pit Southern Zone mineral reserves were calculated by Mr. Nick Kingaby an external consultant and competent person. The Kibali project open pit mineral reserves were estimated by Mr. Onno ten Brinke and Mr. Nicholas Coomson, both officers of the company and competent persons, while the Kibali project underground mineral reserves were calculated by Mr. Daniel Donald and Mr. Tim Peters, both independent consultants and competent persons. The Massawa open pit mineral reserves were estimated by Mr. Onno ten Brinke, as an independent consultant and reviewed and verified by Mr. Rodney Quick, an officer of the company and competent person. All reserves were verified and approved by Mr. Rodney Quick, our General Manager: Evaluation and competent person.

Total reserves as of December 31, 2011 amounted to 199.25 million tonnes at an average grade of 3.84g/t, for 24.58 million ounces of gold of which 16.28 million ounces are attributable to us.

In calculating proven and probable reserves, current industry standard estimation methods are used. The geological estimates were calculated using classical geostatistical techniques, following geological modeling of the borehole information. The sampling and assaying is done to internationally acceptable standards and routine quality control procedures are in place.

All reserves are based on feasibility or prefeasibility level studies. Factors such as grade distribution of the orebody, planned production rates, forecast working costs, dilution and mining recovery factors, geotechnical parameters and metallurgical factors as well as current forecast gold price are all used to determine a cut-off grade from which a life of mine plan is developed in order to optimize the profitability of the operation.

The following table summarizes the declared reserves at our mines as of December 31, 2011:

Operation/Project++	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 +	1.44	1.71	0.08	6.68	1.14	0.24	8.12	1.24	0.32
Loulo +	2.83	2.58	0.23	38.88	5.00	6.24	41.71	4.83	6.48
Tongon +	0.89	1.68	0.05	32.21	2.63	2.72	33.10	2.60	2.77
Goukoto +	0.77	2.19	0.05	16.19	5.19	2.70	16.96	5.06	2.76
Massawa +				20.73	3.07	2.05	20.73	3.07	2.05
Kibali+				78.62	4.04	10.21	78.62	4.04	10.21
Total	5.93	2.15	0.41	193.31	3.89	24.16	199.25	3.84	24.58

+ Our attributable share of Morila is 40%, Loulo 80%, Goukoto is 80%, Tongon 89%, Massawa 83.25% and Kibali 45%.

++ Our open pit reserves are calculated at a weighted average cut off grade of 1.12g/t.

Our stockpile reserves are calculated at a cut off grade of 0.88g/t at Morila.

Our underground reserves are calculated at a weighted average cut off grade of 2.1g/t at Kibali and Loulo.

At Loulo, a 10% mining dilution at zero grade and an ore loss of 3% has been incorporated into the estimates of reserves and are reported as mill delivered tonnes and head grades. At the Tongon project a dilution of 8% at zero grade and an ore loss of 2% has been modeled. At Goukoto and Massawa a dilution of 10% at zero grade and an ore loss of 3% has been used. At Kibali a dilution of 10% and ore loss of 3% has been used on the open pits while underground dilution varies between 1% and 6.7% depending on stope design and ore loss of 3%. Metallurgical recovery factors have not been applied to the reserve figures since these are the estimates of the material to be delivered to the mill. Operating costs, metallurgical recovery, royalties, dilution and ore loss factors are used to determine the cut off grade at which to report mineral reserves. The average metallurgical recovery factors used are 89% for the Morila mine, 93.5% for the Loulo open pit material and 90.5% for Loulo underground material, 90.8% for the Tongon project, 92% for the Goukoto project, 89% for the Massawa project and 87.3% for Kibali material.

MINING OPERATIONS**Loulo-Goukoto Mine Complex**

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The Loulo and Goukoto mines, known as the Loulo-Goukoto complex, are located in the west of Mali, bordering Senegal, adjacent to the Falémé River. The complex lies within the Kedougou-Kéniéba inlier of Birimian rocks which hosts a number of major gold deposits in Mali, including Gara, Yalea and Goukoto, Sadiola, Segala and Tabakoto as well as Sabodala across the border in Senegal.

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The complex is effectively owned 80% by us and 20% by the State of Mali. In 2010, an application was made to split the Loulou and Goukoto permits, and a separate company was created for Goukoto in December 2010 with the same corporate structure and shareholding as Loulou. A new mining convention, which dictates the fiscal and regulatory environment applicable to the mine, was negotiated with the State of Mali and signed in March 2012. The convention includes an initial two year corporate tax holiday starting from the date of first production, and a further tax holiday, up to a maximum of five years in total, in the event of further investment such as an underground mine. It also includes royalties of 6% of revenues and a 10% priority dividend payment for the State of Mali.

The 2011 year was notable for its achievements, most important of which was the start of production at the new Goukoto mine, from which ore was successfully toll treated through the Loulou plant ahead of schedule in June. At the same time, Loulou advanced the development of the Yalea and Gara underground mines after a full review of the underground mining strategy had been completed by mid-year. Loulou also successfully completed the expansion of the front end of the processing plant, as well as the tailings pipeline upgrade, significantly improving the throughput of the plant and started commissioning of the third mill by year end, as part of the plan to further increase production.

Gold sales totaled \$549.6 million for the year and were positively impacted by the higher gold price received and the increase in ounces produced. Total royalties paid amounted to \$31.6 million and cash operating costs totaled \$253.9 million, resulting in profit from mining activities of \$264.2 million. The total cash costs of gold sold increased to \$822/oz, mainly as a result of reduced recoveries, higher input costs, especially diesel, and the adverse change in the euro/dollar exchange rate.

Capital expenditure amounted to \$164.1 million at Loulou spent primarily on the underground development, the plant upgrade (including the third mill) and the power plant expansion. At Goukoto, capital expenditure on the mine development was \$89.8 million, principally in respect of site establishment, crushing facilities, road development and water management.

For 2012, gold production for the complex is estimated at 500,000 ounces with the ore sourced from the Goukoto pit, the Yalea and Gara underground mines and the Yalea South pit. Milling is planned to increase to an annualized rate of 4.0 Mt from the middle of the year. Other satellite pits are currently being assessed and could provide additional flexibility to the operation.

Production results for the 12 months ended December 31,	2011	2010
MINING		
Tonnes mined (000)	40,265	38,932
Ore tonnes mined (000)	4,087	4,597
MILLING		
Tonnes processed (000)	3,619	3,158
Head grade milled (g/t)	3.4	3.4
Recovery (%)	88.1	92.5
Ounces produced	346,179	316,539
Ounces sold	347,386	313,121
Average price received+ (\$/oz)	1,582	1,162
Cash operating costs* (\$/oz)	731	647
Total cash costs* (\$/oz)	822	712
Gold on hand at period end# (\$000)	10,096	7,818
Profit from mining activity*(\$000)	264,155	140,715
Gold sales* (\$000)	549,569	363,715

+ Includes the effect of 41,748 ounces delivered at \$500/oz in the year ended December 31, 2010. There is no impact of hedge positions on the group during the current year as it is now fully exposed to the spot gold price on all gold sales following the completion of the Loulou hedge program in the fourth quarter of 2010.

* Refer to explanation of non-GAAP measures provided on pages 7-8 of this report.

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

Table of Contents**Loulo****Mining and Production**

The Yalea and Gara underground operations are being mined below the existing open pits by means of a Sub Level Open Stopping method. The operation is planned to produce 100,000 tonnes and 90,000 tonnes from Yalea and Gara respectively, once at steady state, which is expected by the end of 2012. The development and majority of the stopping have been outsourced to a mining contractor but the intention is to build the mine's own skills base in order for it to take over the stopping operation in two years time. The open pits are mined by separate contractors with the mining departments on each mine supplying the direction in terms of strategy, design, planning, geology and grade control.

Production results for the 12 months ended December 31,	2011	2010
MINING		
Tonnes mined (000)	18,865	38,932
Ore tonnes mined (000)	2,385	4,597
MILLING		
Tonnes processed (000)	2,670	3,158
Head grade milled (g/t)	2.8	3.4
Recovery (%)	87.7	92.5
Ounces produced	208,424	316,539
Ounces sold	209,631	313,121
Average price received+ (\$/oz)	1,532	1,162
Cash operating costs* (\$/oz)	924	647
Total cash costs* (\$/oz)	1,009	712
Gold on hand at period end# (\$000)	10,096	7,818
Profit from mining activity*(\$000)	109,608	140,715
Gold sales* (\$000)	321,199	363,715

We own 80% of Loulo with the State of Mali owning 20%. The State's share is not a free carried interest. We have funded the State portion of the investment in Loulo by way of shareholder loans and therefore control 100% of the cash flows from Loulo until the shareholder loans are repaid. We consolidate 100% of Loulo and shows the non-controlling interest separately.

+ Includes the effect of 41,748 ounces delivered at \$500/oz in the year ended December 31, 2010. There is no impact of hedge positions on the group during the current year as it is now fully exposed to the spot gold price on all gold sales following the completion of the Loulo hedge program in the fourth quarter of 2010.

* Refer to explanation of non-GAAP measures provided on pages 7-8 of this report.

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

Mining of the Gara pit was completed during the year. Mining of the Yalea pit recommenced in the fourth quarter by way of a pushback in the southern portion, in order to access the remaining mineralized material, anticipated in the second half of 2012, while evaluation work continues on the Loulo 3 deposit.

In the second quarter of the year, a new underground mining strategy was implemented involving increased footwall development to allow for greater mining flexibility with primary and secondary stopes. Backfill is planned to be implemented by mid-2013 which will allow for the mining of the secondary stopes, 100% extraction of the ore in the high grade areas of the mine and enhanced ground stability and safety. Once backfill is in place the development rate can be reduced substantially with the possibility of eliminating the footwall drive development on every second level.

Table of Contents*Ore Reserves*

Total ore reserves for the years ended December 31, 2011 and 2010 are inclusive of depletions due to mining.

at 31 December	Category	Tonnes		Grade		Gold		Attributable gold**	
		(MT)	(Mt)	(g/t)	(g/t)	(Moz)	(Moz)	(Moz)	(Moz)
		2011	2010	2011	2010	2011	2010	(80%)	(80%)
Mineral reserves*									
.. Stockpiles	Proven	1.98	2.15	1.61	1.65	0.10	0.11	0.08	0.09
.. Open pit	Proven	0.85	2.38	4.81	4.18	0.13	0.32	0.11	0.26
	Probable	3.07	1.66	3.03	2.48	0.30	0.13	0.24	0.11
.. Underground	Proven								
	Probable	35.80	39.23	5.16	4.72	5.94	5.96	4.76	4.76
TOTAL MINERAL RESERVES	Proven and probable	41.71	45.43	4.83	4.47	6.48	6.52	5.18	5.22

* *Open pit mineral reserves are reported at a gold price of \$1,000/oz and an average cut-off of 1.1g/t and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr. Shaun Gillespie, an independent consultant and competent person.*

Underground mineral reserves are reported at a gold price of \$1,000/oz and a cut-off of 2.4 g/t for Yalea underground and 2.2g/t for Gara underground includes dilution and ore loss factors. Underground mineral reserves were calculated by Mr. Juan Mitchell, an officer of the company and reviewed by Mr. Mark Odell, an independent consultant and competent person.

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

PROCESSING

Gold production of 346,179 ounces for 2011, made up of 208,424 ounces from Loulo and 137,755 ounces from Goukoto, was below management's target for the year. The shortfall was mainly due to flooding caused by the unusually heavy rains in the third quarter as well as the slower ramp-up from underground production which impacted on the grade processed. Further complicating factors were ore hardness, which resulted in the production of a percentage of ore fractions rejected from the mill due to the ore hardness (scats), and constraints caused by interruptions to the tailings disposal.

For the year, 3.62Mt of ore was fed to the mill at a grade of 3.4g/t. This comprised feed sources from Goukoto (25%), Gara and satellite pits (41%), stockpiles (21%) and the underground mines (13%).

Goukoto ore feeding started in June 2011 under a toll treatment agreement with a minimum average of 120,000 tonnes per month, but was temporarily interrupted in August by the road and pit flooding.

The processing plant throughput was 14.6% above the previous year with an average of 300,000 tonnes per month milled. During the year the processing plant was upgraded with a new tailing liner screen, two gravity scalping screens and a new deposition steel pipeline which significantly improved its overall plant performance towards the end of the period. However, the excessive generation of scats (12.2%) negatively affecting the overall recovery. The percentage of scats produced is mainly linked to the ore hardness and should be largely resolved by the commissioning of the third ball mill, which was completed early in 2012.

During the year a management process to empower operator level staff in the plant to control costs and effect continuous improvement through short interval controls was initiated and is also being extended to the underground.

Engineering

The average engineering availability of the mills and crusher was 92.1% (2010: 90.5%) and 84.9% (2010:81.1%) for the year, reflecting a steady improvement over the year. This followed the successful implementation of the Pragma planned maintenance program during the year.

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The power plant produced a total of 150.1 MWh of electricity with the power feed from the plant to Goukoto being fully completed in December 2011. The power plant efficiency improved from 0.2441/kWh in 2010 to 0.2361/kWh during the year. This was mainly due to the commissioning of two additional medium speed generators during the third quarter. Improved plant availability allowed the power plant to run steadily and deliver better efficiencies during the last quarter. Despite the improvement in efficiency, the power cost has increased from \$0.22/kWh in 2010 to \$0.27/kWh in 2011, due to the increased diesel price. The planned conversion of the base load machines to heavy fuel oils in 2012 is expected to reduce the power cost by an estimated \$600,000 per month.

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An investigation into accessing cheaper hydroelectric power is being done in collaboration with regional power utilities. Enhanced power efficient usage is also being introduced to the operating team through the ongoing operation improvement initiatives.

Underground Development

Yalea Underground Development: The development rate increased steadily during the year with a downturn in the last quarter of 2011 due to the major development having been completed above 113 level. The Yalea North decline holed into 113 level where rehabilitation is taking place prior to deepening the declines. Stopping started in Yalea North during December 2010 but did not achieve its targets as a result of geotechnical constraints and the redesign of the mining methods. However, continuous improvement of the development rate has been achieved during this year, creating a platform for the planned ramp-up of production in 2012. The ventilation system has also been improved considerably.

Gara Underground Development: Here too the development rate increased steadily during the year with the main constraints being unexpected ground water and limited ends available at the beginning of the year. There was a downturn in the last quarter due to congestion resulting from stopping operations which started in this period. Stopping also had its initial challenges with the development of the vertical excavations but is expected to ramp up to full production by the end of 2012.

The following table shows a summary of the underground sections progress as of December 31, 2011:

at 31 December 2011	Development (meters)	Ore (tonnes)	Grade (g/t)	Ounces mined (oz)	Total (tonnes)
YALEA					
Q1	1,869	91,588	4.0	11,670	196,007
Q2	2,155	78,113	3.5	8,747	235,385
Q3	2,789	118,842	3.7	14,229	288,764
Q4	1,779	90,179	3.7	10,744	205,202
TOTAL 2011	8,592	378,722	3.7	45,391	925,358
Total 2010	4,806	647,810	3.7	76,772	875,613
Total 2009	5,788	500,267	4.4	70,395	763,677
Total 2008	3,860	105,411	4.1	13,982	288,298
TOTAL YALEA	23,045	1,632,210	3.9	206,540	2,852,946
GARA					
Q1	1,196				119,665
Q2	1,529	28,126	4.6	4,186	142,020
Q3	1,968	47,885	4.9	7,578	184,012
Q4	1,791	60,204	5.3	10,220	218,068
TOTAL 2011	6,484	136,215	5.0	21,984	663,765
Total 2010	1,879				175,701
TOTAL GARA	8,363	136,215	5.0	21,984	839,466

Goukoto

Mining at Goukoto started in January 2011. Total material mined was 21.4 Mt. Mining was ramped-up to generate the high grade ore needed after the Gara pit was depleted in October 2011 and recognized the slower build-up of the tonnes from the Loulo underground mines.

Production results for the 12 months ended December 31,	2011	2010
MINING		
Tonnes mined (000)	21,400	
Ore tonnes mined (000)	1,702	
MILLING		
Tonnes processed (000)	949	
Head grade milled (g/t)	5.1	
Recovery (%)	88.7	
Ounces produced	137,755	
Ounces sold	137,755	
Average price received (\$/oz)	1,658	
Cash operating costs* (\$/oz)	436	
Total cash costs* (\$/oz)	536	
Gold on hand at period end# (\$000)		
Profit from mining activity* (\$000)	154,547	
Gold sales* (\$000)	228,370	

We created a new company, Société des Mines de Goukoto SA, to hold the Goukoto mining permit and mining assets. A new mining convention, which dictates the fiscal and regulatory environment applicable to the mine, has been negotiated with the State of Mali and approved by the Council of Ministers.

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The convention was signed in March 2012 and includes an initial two year corporate tax holiday starting from the date of first production, and a further tax holiday, up to a maximum of five years in total, in the event of further investment. The State of Mali holds 20% of the share capital of Goukoto and Randgold holds the balance. We consolidate 100% of Goukoto and show the non-controlling interest separately.

* Refer to explanation of non-GAAP measures provided on pages 7-8 of this report.

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

Goukoto's ore is hauled by road to the Loulo plant. The eleven purpose built tipper trucks taken into service at the end of October 2011 have considerably increased haulage capacity and reduced costs. An additional three trucks have been ordered for early in 2012 and are expected to increase the haulage capacity from 120,000 to 150,000 tonnes per month.

Ore Reserves

Total ore reserves for the years ended December 31, 2011 and 2010 are inclusive of depletions due to mining.

	Category	Tonnes		Grade		Gold		Attributable gold**	
		(Mt)	(Mt)	(g/t)	(g/t)	(Moz)	(Moz)	(Moz)	(Moz)
		2011	2010	2011	2010	2011	2010	(80%) 2011	(80%) 2010
at 31 December									
Mineral reserves*									
Stockpile	Proven	0.77		2.19		0.05		0.04	
Open pit	Probable	16.19	17.11	5.19	5.10	2.70	2.80	2.16	2.24
TOTAL MINERAL RESERVES*	Proven and Probable	16.96	17.11	5.06	5.10	2.76	2.80	2.21	2.24

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

** Attributable gold (Moz) refers to the quantity attributable to ourselves based on our 80% interest in Goukoto.

Processing

In June 2011 the Loulo plant started to treat the ore from Goukoto, in terms of an agreement entered into between the two mines. A total of 949,000 tonnes of ore at 5.1g/t was processed during the year. The mass of ore is determined by the total ore delivered as measured by survey. The grade of ore treated is determined through the assay of composite samples taken and sent to an independent laboratory. The overall plant recovery is applied to the contained gold to determine the gold content attributable to Goukoto, and a proportionate share of the general and administrative costs from Loulo are applied to Goukoto on a tonnes milled basis.

Health, safety and the environment**Loulo**

The Lost Time Injury Frequency Rate (LTIFR) was 2.29 against 1.36 for the previous year. Management has implemented increased safety awareness programs across the mine to counter this negative trend. The Lost Time Injury Severity Rate decreased significantly from 116.33 days lost per million hours in 2010 to 58.04 in 2011 thanks to a fatality free operation. One million hours LTI free events were achieved twice during the year.

The NOSA 5 star system was implemented during the year and merged with the overall occupational health and safety management system. This was designed in accordance with OHSAS 18001: 2007 requirements and will be audited during 2012 for OHSAS 18001 certification. Membership of the Committee of Health and Safety, a joint management and labor body, was renewed during the year and meetings were held on a quarterly basis.

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As for community health, 6,930 medical consultations were provided, while first aid, evacuation, family planning, HIV counseling and voluntary testing free of charge were ongoing at the staff village dispensary. In addition, a widened immunization program was carried out in association with the Kenieba health centre. Malaria represented 5.43% of medical cases and following an entomological survey, the malaria program is being reviewed.

The mine retained its environmental management system certification to ISO 14001: 2004 following the surveillance audit by National Quality Assurance in December 2011. A legal compliance audit was also successfully conducted by the National Environmental Department.

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Goukoto

Five LTIs were recorded during the year which regrettably included two fatal injuries. In March of 2011, a contractor died when he lost control of his motor vehicle between the Millennium Highway and Goukoto, and in August, the hauling supervisor was caught in a flash flood and drowned in the vicinity of the Sassamba bridge. The LTIFR was 2.41 and the Fatal Injury Frequency Rate was 0.97.

The mine is in the process of implementing an OHSAS 18001 compliant occupational health and safety management system with the intention of obtaining accreditation in 2013.

During the year, Goukoto's Environment and Social Impact Assessment report was approved and its environmental permit was delivered by the Minister of the Environment. An environmental management program (EMP) was designed to address all significant environmental issues. This EMP is part of the overall environmental management system (EMS) which is currently being implemented. The mine intends to assess its EMS against ISO 14001 during 2012.

Community

Loulo

The Community Development Committee met on a monthly basis throughout the year with the objective to assist in establishing and maintaining a healthy relationship between the mine, the residents of the surrounding villages and other local stakeholders. Public participation processes were completed to update members of the local community on the mining operations in the area and future developments planned by the mine.

Goukoto

The relocation of Faraba hamlet was completed on April 10, 2011 with compensation being paid to all farmers affected by the project. The Goukoto community liaison committee was established on March 24, 2011. Monthly meetings were held to address all community issues.

The haul road public consultation process was completed in October 2011. The process of setting up a community-based organization to provide and manage the security along the haul road is expected to be completed during the first quarter of 2012.

Human resources

Loulo

Manpower working at Loulo decreased from 3,195 in December 2010 to 2,745 in December 2011, mainly as a result of the relocation of the opencast mining contractor to Goukoto.

Goukoto

A total of 1,067 workers have been working on the Goukoto site.

Loulo-Goukoto Manpower

At December 31	2011			2010		
	Expats	Nationals	Total	Expats	Nationals	Total
Loulo						
Employees	68	453	521	57	429	486
Contractors	169	2,055	2,224	206	2,503	2,709
Total Loulo	237	2,508	2,745	263	2,932	3,195

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Goukoto						
Employees	2	10	12			
Contractors	2	1,053	1,055			
Total Goukoto	4	1,063	1,067			
Total Loulo-Goukoto Complex	241	3,571	3,812	263	2,932	3,195

Table of Contents**Exploration**

Exploration continues on the satellite deposits of Loulo and Goukoto, while underground, the geological drilling is still improving the accuracy of the reserve.

Morila

The Morila mine is situated 280 kilometers south-east of Bamako, the capital of Mali. Morila is owned by a Malian company, Société des Mines de Morila SA (Morila), which in turn is owned 80% by Morila Limited and 20% by the Malian government. Morila Limited is jointly owned by ourselves and AngloGold Ashanti Limited and the mine is controlled by a 50:50 joint venture management committee. Responsibility for the day-to-day operations rests with us. Under its stewardship the mine was successfully converted from open pit mining to a stockpile treatment operation during 2009.

The Morila mine produced 248,635 ounces of gold during 2011 at a total cash cost of \$782/oz which included a stockpile adjustment of \$275/oz. Profit from mining increased by 48% year on year to \$197.6 million (attributable: \$79.1 million) and a dividend of \$190 million which was distributed to shareholders.

Morila was originally planned to close during 2013 but with the successful completion of the feasibility study into the treatment of mineralized waste and tailings, the operation is now expected to continue to 2021.

Rehabilitation activities on waste rock stockpiles were completed and a total of 44 hectares were rehabilitated during the year.

Production results for the 12 months ended December 31,	2011	2010
Mining		
Tonnes mined (000)	16	16
Ore Tonnes mined (000)	16	13
Milling		
Tonnes processed (000)	4,549	4,354
Head grade milled (g/t)	1.9	1.9
Recovery (%)	91.0	90.7
Ounces produced	248,635	238,607
Ounces sold	248,635	238,607
Average price received (\$/oz)	1,576	1,230
Cash operating costs* (\$/oz)	687	595
Total cash costs* (\$/oz)	782	669
Profit from mining activity* (\$000)	197,613	133,855
Stockpile adjustment# (\$/oz)	275	246
Attributable (40% proportionately consolidated)		
Gold sales* (\$000)	156,771	117,427
Ounces produced	99,454	95,443
Ounces sold	99,454	95,443
Profit from mining activity* (\$000)	79,045	53,542

The stockpile adjustment per ounce reflects the charge expensed in respect of stockpile movements during the period divided by the number of ounces sold. The total cash cost per ounce includes non-cash stockpile adjustments.

* Refer to the explanation of non-GAAP measures provided on pages 7-8 of this report.

Ore Reserves

As the open pit mining has been completed, the Morila reserves comprise only the ore stockpiles to be rehandled for the rest of the mine life.

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	Category	Tonnes		Grade		Gold		Attributable gold**	
		(Mt)	(Mt)	(g/t)	(g/t)	(Moz)	(Moz)	(Moz)	(Moz)
		2011	2010	2011	2010	2011	2010	40% 2011	40% 2010
at 31 December									
Mineral reserves*									
Stockpile	Proven	1.44	5.86	1.71	1.68	0.08	0.32	0.03	0.13
	Probable	6.68	6.69	1.14	1.14	0.24	0.24	0.10	0.10
TOTAL MINERAL RESERVES	Proven and probable	8.12	12.55	1.24	1.39	0.32	0.56	0.13	0.22

* Stockpile mineral reserves are reported at a \$1,000/oz gold price and reported at a 0.88g/t cut-off. Stockpile mineral reserves were calculated by Mr. Stephen Ndede, an officer of the company, and competent person.

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

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Operations

Rehandling

In April 2009 Morila management successfully converted the mine from an open pit operation to a stockpile treatment facility. Mining And Rehandling Services (MARS), a subsidiary of Dragages & Travaux Publics (DTP), is conducting the rehandling activities.

Processing

The plant was upgraded in 2004 to treat 360,000 tonnes per month (4.3Mtpa) and by the end of 2011, through a process of efficiency initiatives, throughput had increased to 4.55Mtpa. In spite of low grade ore being treated since the move to processing the lower grade stockpiles in the second quarter of 2009, satisfactory gold recoveries have been consistently achieved due to improved oxygen plant availability, effective control of the leach parameters, the increase in the gravity recovery and the oxygenation system upgrade.

Engineering

Engineering availability remained high at 93.2% despite some unplanned downtime associated with the SAG mill gearbox changeover in October and November of 2011. Ongoing maintenance has continued including installing additional fuel lines to reduce downtimes and permit annual cleaning of fuel lines. Refurbishment of the secondary crushers was undertaken to replace the main shafts and top shell assemblies. Planned maintenance using the Pragma system helped to further enhance the maintenance program.

Power

The mine generates its own power via a diesel electrical generating station equipped with five Allen engines (6MW each). In general, four are producing power at any time while one is on maintenance and standby. Consumption for 2011 at 138.4MWh was 5.8% higher than 2010 due to increased process throughput and plant pump upgrades. These upgrades mainly relate to the cyclone and oxygenation pump streams. Power cost for the year was \$0.28/kWh compared to \$0.22/kWh in 2010, mainly due to the increased diesel price.

TSF Project

During the year, the mine completed a feasibility study on the viability of retreating the TSF material, as well as the mineralized waste stockpiles. The TSF project study used a \$1,300/oz gold price and the results include 42Mt of mineralized material at 0.41g/t (315,000 ounces recovered gold) and assume approximately seven years of reclamation activity from 2014. The financial model reflected satisfactory returns and consequently the project was approved by the board in early 2012. The project scoping to integrate the marginal ore (MO) and the mineralized waste (MW) treatment will be done through the following three steps:

D grade + marginal ore stockpiles feeding from 2012 to 2013 per the ongoing business plan; processing per current flow crusher, the SAG and the ball mills, and the Carbon in Leach (CIL) at 4.4Mtpa.

Mineralized waste stockpiles processed as above from 2013 to 2014.

After completion of the sulfide mineralized material feed (D+MO+MW), crushing and milling operations will shut down; processing will continue at 6Mtpa with TSF material using only CIL from 2014 to 2021 with the residue being pumped to the pit.

Agribusiness

The agribusiness pilot projects made significant progress during the year. The poultry project entered its production phase, which allowed the catering contractor to shrink the purchase chain for eggs and broilers. In animal husbandry, the first batch of 20 oxen was put on the market during the Ramadan celebrations. The beehives and fish ponds will come into production in 2012. To boost the agribusiness activities, a dedicated farm manager is being recruited. The microfinance project CAMIDE sponsored 29 projects for \$30,000 (15,400,000 FrCFA) for former employees in various domains.

Table of Contents**Health, safety and the environment**

The objective of a zero LTI year was achieved in 2011 with a LTIFR at 0.00 compared to 0.55 in 2010. A decrease of 36% in the total injury frequency rate (TIFR) was also recorded compared to 2010 (5.70 vs 8.94).

The mine was certified OHSAS 18001 in January 2011 and internal audits were conducted to ensure that the mine's occupational health and safety management system remains compliant with OHSAS norms.

The malaria incidence rate decreased by 22% compared to 2010 (20.89% vs 26.69%) while a longitudinal entomological survey was conducted through three transversal rounds by the malaria research and training centre to better assess the malaria burden. Three rounds of malaria spraying were undertaken as in 2010.

In terms of HIV/AIDS initiatives, 52 community peer educators and 28 mine peer educators were trained this year. World AIDS Day was celebrated in conjunction with social partners. The mine's environmental management system successfully achieved its ISO 14001 recertification, with the next recertification scheduled for December 2012.

Human resources

During the year the mine's excellent social climate was maintained. Several training and employee capacity building programs were conducted.

The total number of people working at the mine at the end of 2011 was 689, made up of 324 permanent employees with the rest being employed by contractors. In line with the closure plan, eleven employees were retrenched at the end of the year.

At December 31	2011			2010		
	Expats	Nationals	Total	Expats	Nationals	Total
Employees	13	311	324	15	337	352
Contractors	7	358	365	4	426	430
Total	20	669	689	19	763	782

Tongon

The Tongon mine is located within the Nielle exploration permit in the north of Côte d'Ivoire, 55 kilometers south of the border with Mali. Tongon SA is owned by an Ivorian company, Société des Mines de Tongon SA, of which Randgold has an 89% interest, the government of Côte d'Ivoire 10% and 1% is held by a local company. Tongon is an open pit mining operation and employs the four standard mining practices of drill, blast, load and haul.

Tongon has a ten year LOM with mining taking place from two main pits: South Zone (SZ) and the smaller North Zone (NZ) pit. Both the SZ and NZ pits have potential for more reserves.

Considering the difficult socio-political environment at the beginning of the year, the mine's achievements were satisfactory. Gold production was 250,390 ounces, while gold sales were 271,922 ounces. This included some ounces produced in 2010, which the mine was unable to sell due to the political crisis. Notwithstanding the crisis, the mine successfully operated throughout the period, and although the completion of construction was delayed, the mine completed the final projects and connected to the national electricity grid in December 2011. Gold sales amounted to \$425.1 million and total cash costs per ounce were \$557/oz, resulting in a profit from mining activity of \$273.7 million. Capital expenditure during the year totaled \$99.9 million, principally on the secondary and territory crushers and conveyors, as well as on the grid power supply and the general completion of the camp and project.

Production results for the 12 months ended December 31,	2011	2010
Mining		
Tonnes mined (000)	17,353	7,520

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Ore tonnes mined (000)	3,469	898
Milling		
Tonnes processed (000)	2,963	355
Head grade milled (g/t)	2.9	2.67

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Recovery (%)	91.2	92.2
Ounces produced	250,390	28,126
Ounces sold	271,922	4,698
Average price received (\$/oz)	1,563	1,389
Cash operating costs* (\$/oz)	510	418
Total cash costs* (\$/oz)	557	459
Profit from mining activity* (\$000)	273,686	4,369
Gold sales* (\$000)	425,060	6,527

* Refer to the explanation of non-GAAP measures provided on pages 7-8 of this report.

Ore Reserves

The geological models for the SZ and NZ were updated with additional grade control and diamond drilling completed during the year. This, together with the higher gold price used to declare reserves, indicated that the pits could potentially deepen due to additional mineralized material falling within the pits. This material has not been declared as reserve and additional drilling will be completed in 2012 to convert this to reserves.

	Category	Tonnes		Grade		Gold		Attributable gold**	
		(Mt)	(Mt)	(g/t)	(g/t)	(Moz)	(Moz)	(89%)	(89%)
at 31 December		2011	2010	2011	2010	2011	2010	2011	2010
Mineral reserves*									
Stockpiles	Proven	0.89	0.42	1.68	1.93	0.05	0.03	0.04	0.02
Open pit	Probable	32.21	36.69	2.63	2.47	2.72	2.91	2.42	2.59
TOTAL MINERAL RESERVES		33.10	37.11	2.60	2.46	2.77	2.94	2.46	2.62

* Open pit mineral reserves are reported at a gold price of \$1,000/oz and 1.39g/t cut-off and include dilution and ore loss factors. NZ open pit ore reserves were calculated by Mr. Samuel Baffoe, an officer of the company, under the supervision of Mr. Onno ten Brinke, an officer of the company and competent person. SZ open pit mineral reserves were calculated by Mr. Nick Kingaby, an external consultant and competent person.

** Attributable gold (Moz) refers to the quantity attributable to ourselves based on our 89% interest in Tongon.

Operations**Mining and Planning**

In 2011, the bulk of the mining activity took place in the SZ Pit. During the first half of the year, the NZ was mined to source oxide ore to supplement the soft ore delivery given the political upheaval in the country and resultant delay in completing the hard rock crushing circuit.

The mine has an initial mine life of 10 years but has the potential to extend this with nearby discoveries and satellite pits. Two of these satellite pits, adjacent to the existing SZ and NZ pits, have been introduced into the 2012 Life of Mine plan. The LOM schedule is as follows:

SZ pit, where mining started in 2010, will be mined until 2016 to the final pit bottom.

NZ pit, where mining started in 2011, will not be mined in 2012. Mining will resume in 2013 (waste stripping), with ore mining continuing from 2014 to 2019.

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The SZ extension and NZ extension satellite pits have been introduced into the plan and will be mined from 2019 to 2021. Total material mined in 2011 was 17.4Mt of which 3.47Mt was ore at an average grade of 2.38g/t.

The bulk of the material mined in both pits was oxide/saprolite and transitional in nature. Mining production peaked in the dry periods before and after the rainy season as per plan. Productivity decreased during the rainy period of June to September due to the difficulty of mining in saprolite/oxide and transitional areas with their water-retaining nature. The mining contractor experienced repeated damage to both pit diggers and haul trucks as a result of operating in transitional material areas. Alternative solutions were found to prevent haul trucks bogging down in the pit and undercarriage damage to the diggers. The fourth quarter once again saw the ramping up in material movement due to better ground conditions encountered in the transitional and fresh rock surfaces and the effect of the mine's improved water management plan.

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A long term ground water management plan for the mine has been established to ensure stable operation through future heavy rainfall periods. Borehole and sump dewatering form an integral part of the mining strategy in Tongon due to the pit lying in the catchment area of an old river and downstream of the water storage dam. Eight dewatering boreholes are located around the SZ pit and six around the NZ pit. In-pit pumps are used to complement the boreholes, mainly during the rainy season.

The mining contractor's workshop facilities were completed in September 2011 and contributed to the improvement of maintenance activities. In addition the MAXAM explosives factory was completed and commissioned in November 2011.

Processing

The process plant treated 2.96Mt of oxides and transitional ore in 2011, which was 13.5% below the 300Ktpm target, while the mill availability achieved was 14% below target at 78.8%. The main contributor to the shortfall in tonnage throughout was the political impasse in the country in the beginning of 2011 which had a knock-on effect on the movement of much-needed spares and personnel, delayed the commissioning of key process units such as the secondary and tertiary crusher circuits and caused work disruptions. Additional contributors were downtime related to plant construction snag list items, the difficulty of treating wet oxide/saprolite and transitional ore during the rainy season, major equipment breakdowns such as the mill barring gear failure, repeated conveyor belt tears and breakages, and the high wear rate of transfer chutes and bins as a result of conveying transitional material. Most of these issues were successfully addressed by the end of the year, with the second hard rock crushing circuit and sulfide float circuits being commissioned in the fourth quarter.

Gold recovery was 91.2% and 250,390 ounces of gold were produced.

Engineering

Overall mill availability for 2011 was 78.8%. A gradual increase was achieved from 56.2% in January to an above-plan 92.3% by the end of the second quarter of 2011. Plant availability decreased again during the third quarter of 2011 to 78.8% mainly as a result of feeding softer oxide ore through the system during the wet season. Modifications were carried out in the relevant process sections to facilitate ease of tonnage throughput and improve the efficiency of key process circuits.

During the fourth quarter of 2011 the overall availability continued to be hampered by a significant number of belt cuts and tears from handling transitional ore. In November the failure of the No1 Mill barring gearbox contributed to further availability limitations. The gearbox was replaced by one of Randgold's strategic spares and the ore transfer problems were resolved, ending the year on a positive availability trend.

Power

The power plant's mechanical and electrical availability for 2011 was 95% and 99.6% respectively. The total energy produced by the plant for the year was 96.7MWh, constituting 92.3% of the total power demand of 104.3MWh for 2011. The balance of the mine's demand was supplied from the national grid power which became the primary source of electrical power to the mine on December 10, 2011.

All 20 of the power plant generators, including the automatic synchronization, have been fully commissioned as a stand-alone back-up plant. The power plant's online efficiencies as a standby unit were 0.256 liters per kWh and \$0.30 per kWh respectively.

Health, safety and the environment

The mine continued to focus on the health and safety of the workforce as well as the protection of the environment. Management intensified safety education and the induction of all employees and contractors with more than 2,500 personnel having been inducted and registered. The outcome has been a significant decrease in the Minor Injury Frequency Rate from 52 in February to eight in December. Unfortunately, a fatality occurred in January when a pit dewatering operator fell into a water sump and drowned. Safety procedures in this regard have been reinforced.

The Lost Time Injury Frequency Rate (LTIFR) decreased to 0.19 in the year from 2.33 in 2010. No Lost Time Injuries (LTI) occurred over 355 consecutive working days. Several audit and risk assessments have been conducted for the implementation of the OHSAS 18001 system which is expected to be completed in 2012. The ISO 14001 system certification, initially targeted for completion in December 2011, has been rescheduled for June 2012. The external consultants Digby Wells and Associates have been retained to assist in drafting and implementing an environmental management system.

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A major malaria control program was implemented in line with the recommendations of Tongon's contracted entomologist and the number of malaria cases decreased by a significant 41% year-on-year.

Human resources

The labor complement for Tongon, excluding labor employed by contractors, is planned at 415 of which 92% are Ivorians. All recruitment has been based on the Randgold strategy of sourcing skills and experience primarily from the local villages, then regionally from northern Côte d'Ivoire, followed by Côte d'Ivoire as a whole and then lastly from the international labor market. Locally, a policy of spreading recruitment between the villages according to agreed percentages has been applied. To date, 75% of the operational labor is from local villages. This same recruitment ratio has been applied to all contractors.

At December 31	2011			2010		
	Expats	Nationals	Total	Expats	Nationals	Total
Employees	28	382	410	36	247	283
Contractors	47	1,108	1,155	170	1,992	2,162
Total	75	1,490	1,565	206	2,239	2,445

On the industrial relations front, 14 worker delegates were elected in February 2011, the internal mine regulations were agreed and the mine union was established in May. Mine level agreement negotiations are currently underway with the union.

Exploration

On the Nielle permit progress was made in evaluating the near mine targets and greenfield programs were initiated beyond the near-mine 15 kilometer radius.

Kibali

The Kibali project is a gold development property which covers an area of 1,836km² on the Moto Goldfields in the north east of the Democratic Republic of the Congo. It is located some 560 kilometers north east of the city of Kisangani and 150 kilometers west of the Ugandan border town of Arua. Kibali is a joint venture between Randgold (45%), AngloGold Ashanti (45%) and a Congolese parastatal, Sokimo (10%).

The project development is being managed by Randgold which will also operate the mine. It is envisaged that the Kibali mine will comprise an integrated open pit and underground operation with the core capital program scheduled to run over the next four years. It is anticipated that the project will ultimately be supplied by four hydropower stations supported by a thermal power station for low rainfall periods and back-up.

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

Feasibility study and mine development**Progress**

The project successfully completed a critical year with the optimized feasibility study having been finalized by year end, as scheduled. The optimized feasibility presents a larger project compared to the previously published feasibility study, with a plant throughput of 6 million tonnes per annum, due to be commissioned in the fourth quarter of 2013.

During the year, the RAP progressed on schedule, with the first two of the 14 villages successfully relocated to the new model village of Kokiza. This program is critical to ensure the timely start-up of mining and construction.

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At the same time, grade control drilling on the main KCD pit started, in advance of the mining activities which are scheduled to begin in the second quarter of 2012.

Ore Reserves

	Category	Tonnes		Grade		Gold		Attributable Gold**	
		(Mt)	(Mt)	(g/t)	(g/t)	(Moz)	(Moz)	(45%)	(45%)
at 31 December									
Mineral reserves*									
.. Open pit	Probable	42.35	37.38	2.49	2.67	3.40	3.21	1.53	1.44
.. Underground	Probable	36.27	36.94	5.84	5.76	6.81	6.84	3.06	3.08
TOTAL MINERAL RESERVES	Probable	78.62	74.32	4.04	4.21	10.21	10.05	4.59	4.52

* Open pit mineral reserves are reported at a gold price of \$1,000/oz and an average cut-off of 0.9g/t and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr. Onno ten Brinke and Mr. Nicholas Coomson, both officers of the company and competent persons. Underground mineral reserves are reported at a gold price of \$1,000/oz and a cut-off of 2.0g/t and include dilution and ore loss factors. Underground mineral reserves were calculated by Mr. Daniel Donald and Mr. Tim Peters, both independent consultants and competent persons.

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

Throughout the year, significant improvements were made to the surrounding infrastructure, especially roads, with approximately 200 kilometers of existing roads upgraded and 300 kilometers of new roads completed.

Significant improvements to the existing camp and preparation for the new 400 man construction camp were completed, as well as the design of the first hydropower station. In total, \$157.4 million was spent on the project (100%).

An updated costing and feasibility study was completed based on a revised underground mining plan which incorporated the combination of a twin decline and vertical ore hoisting shaft targeting the deeper 5000 lode as a priority. This was then integrated into a final mining plan including multi open pit and underground schedules. The study has been through internal and external review. Optimization of the mining and processing rates, capital estimate scheduling, and the final design was approved by the Randgold board in January 2012 and is awaiting approval by the AngloGold Ashanti board.

Health, safety and environment

The introduction during the year of an additional 1,200 construction employees, mostly novices from the surrounding villages, to the workforce resulted in Lost Time Injuries (LTIs) increasing from 11 in 2010 to 31 in 2011. The increase mainly concerned finger injuries sustained in the building of resettlement houses. Despite the increase in the number of LTIs, the LTIFR decreased year on year from 28.06 to 6.14 reflecting the significant increase in construction activity. As the year progressed the number of safety incidents and LTIs injuries dropped as concerted steps were taken such as continuing risk assessments, daily toolbox meetings, elimination of hazards and enhanced supervision to improve safety practices.

Environmental monitoring continues as defined in the ESIA document prepared by Digby Wells and Associates.

Community

The community development function at Kibali worked in close liaison with the RAP, especially in the areas of food security, life skill training and liaison with the cultural committee when relocating graves. Beyond the relocation, Kibali witnessed a wider acceptance of the project in the area as we approached the start of physical movement of the people to the resettlement host site as a result of more engagement with various stakeholders.

Human resources

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The Kibali project currently employs 16 expatriates and 123 local employees. There are a further 20 expatriates and 1,585 local employees employed by contractors engaged in various aspects of the construction project.

At December 31	2011			2010		
	Expats	Nationals	Total	Expats	Nationals	Total
Employees	16	123	139	13	184	197
Contractors	20	1,585	1,605	20	315	335
Total	36	1,708	1,744	33	499	532

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Exploration

A brownfields exploration team is progressing the feasibility work and testing extensions on known deposits while a greenfields team is evaluating the greater lease area. More detail can be found in the section of this report entitled Exploration Review.

Massawa

The Massawa project is located approximately 700 kilometers south east of the capital city of Dakar and some 90 kilometers due west of Randgold's Loulo mine in Mali. Randgold owns 83.25% of the project with a local company holding 6.75%. The State of Senegal will have a non-contributory 10% share of any mine developed on the property.

In 2011, the further advancement of the Massawa project continued with an emphasis on ongoing exploration. A decision was taken during the year to delay the finalization of the feasibility study, and to focus instead on two key aspects of enhancing the project's economics: namely, the refractory nature of the ore and power consumption and costs. In this regard, work on the analysis of the ore characterization was completed and a definitive power strategy has been developed. The financial analysis of the project was updated on the back of revised reserves.

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

Ore reserves

	Category	Tonnes		Grade		Gold		Attributable gold**	
		(Mt)	(Mt)	(g/t)	(g/t)	(Moz)	(Moz)	(Moz)	(Moz)
		2011	2010	2011	2010	2011	2010	(83.25%) 2011	(83.25%) 2010
at 31 December									
Mineral reserves*									
.. Open pit	Probable	20.73	17.42	3.07	3.36	2.05	1.88	1.70	1.57
TOTAL MINERAL RESERVES	Proven and probable	20.73	17.42	3.07	3.36	2.05	1.88	1.70	1.57

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

** Attributable gold (Moz) refers to the quantity attributable to ourselves based on our 83.25% interest in the Massawa gold project.

Prefeasibility study

The initial prefeasibility study completed on the open pit mineral reserves in 2010 has been updated using a reserve gold price of \$1,000/oz.

The ore at Massawa is refractory in nature and there are two distinct metallurgical domains that correlate well with the mineralization styles identified. Gold mineralization formed in two phases: an early phase composed of fine disseminated pyrite and arsenopyrite while the later stage is a shallow level gold system where quartzstibnite and a large range of antimony-bearing minerals host coarse native gold. The late high grade domain contains 66% free gold, with the remainder being contained within sulfide. The broader disseminated sulfide domain has minimal free gold with the majority of gold encapsulated in the pyrite and arsenopyrite sulfide lattice. For both styles the refractory gold is a major component of the deportment and this gold will be recoverable only by means of a preoxidative step.

Batch testwork completed has shown pressure oxidation to be very effective in releasing the gold from the sulfides. The process requires flotation of the sulfides to a concentrate which is then treated through a high pressure and temperature chamber to oxidize the sulfides, following which the oxidized ore is put through a normal Carbon in Leach (CIL) train to release the gold. The results of bondwork tests confirm the abnormal hardness of the ore due to silica flooding.

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This combined with the pressure oxidation process will make the Massawa project a high energy user and thus a power strategy has been developed to review alternative options to diesel generation. Meetings have been held with Organisation pour la Mise en Valeur du Fleuve Gambie involving government representatives from Senegal, Guinea, The Gambia and Guinea Bissau who are charged with developing two hydroelectric schemes in the region, including the Sambangalou project 60 kilometers south east of Massawa. Subsequent meetings have been held with the Senegalese Minister of Energy and the World Bank to explore possible power options for Massawa.

Exploration and development

The exploration team has focused its efforts in 2011 on the evaluation of a large number of satellite targets to discover additional non-refractory mineralization that could add value to the project.

EXPLORATION REVIEW

We have a portfolio of projects within some of the most prospective gold belts of both West and Central Africa. We have exploration projects in five African countries hosting 302 targets on 13,892 square kilometers of groundholding. We have an exploration team of more than 70 geoscientists.

Mali

Loulo

Work at Loulo continues to define satellite ounces in proximity to the plant. Modeling of the main mineralized structures has been completed following extensive drill programs executed in 2011 which totaled 68 diamond drill holes for 15,182 meters and 236 Reverse Circulation (RC) holes for 19,099 meters. This work resulted in the remaining in pit mineralized material at Loulo 3 being estimated at 186,000 ounces at 3.45g/t. An additional mineralized material potential underground inventory of 1 million ounces at 3.9g/t exists beneath the pit.

At Baboto, a geological estimate of all three zones of mineralization (North, Centre and South) returned a global mineralized material potential of 350,000 ounces at 2g/t. In the Southern Zone there is a higher grade zone, down to 50 meters vertical depth which returns 154,000 ounces at 3.41g/t. The combined mineralized material open pit potential from all satellite deposits has been calculated at 2 million ounces at 3g/t.

We completed a preliminary analysis of the mineralized material inventory outside of the current Life of Mine (LOM) budget. Initial studies focused on the heap leach potential of low grade material. However, this proved not to be viable due to low metallurgical recoveries. We have since concentrated on conventional Carbon in Leach (CIL) which has returned positive results with recoveries of approximately 90%. We are now progressing with a scoping on mineralized material of 63.5Mt at 3.46g/t for 7 million ounces.

While this work continues, the exploration team has not neglected the base of the resource triangle and generative work to the north of Gara and south of Yalea has defined targets for follow-up work.

Loulo 3

The most significant satellite deposit on the permit is Loulo 3. During 2011, the deeper potential of the deposit was targeted by 10 diamond drillholes probing the deposit at both 180 and 300 vertical meters below the surface over a strike length of 1.9 kilometers. All drillholes confirmed the geological model and intersected the mineralized structure.

Gold assay results returned encouraging intersections from the 180 vertical meter level: L3DH32 7.10 meters at 9.89g/t from 270.4 meters; L3DH34 2.00 meters at 10.17g/t from 244 meters and 3 meters at 13.16g/t from 252 meters, L3DH37 12 meters at 4.63g/t from 185 meters; L3DH40 4 meters at 5.53g/t from 300 meters; and L3DH43 12.65 meters at 4.34g/t.

Positive results were also returned from the 300 vertical meter level: L3DH42 6.9 meters at 4.65g/t from 339 meters; L3DH43 11.6 meters at 4.34g/t from 403 meters; and L3DH47 8.8 meters at 3.11g/t from 465 meters. Gold mineralization is hosted in medium to coarse grained greywacke which has been variably tourmalinized and associated with disseminated pyrite.

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Loulo underground

Exploration and infill grade control drilling continued at both Yalea and the new Gara underground mine with a total of 208 holes for 20,959 meters. The drill programs were designed to infill the mineralized material model prior to mining as well as to test the extensions of high grade plunging lodes.

At Yalea, where development has now started within the high grade purple patch, infill drilling and holes probing the margins of the high grade mineralization confirmed the chlorite, sericite and arsenopyrite alteration that is characteristic of the purple patch as well as the gold tenure. The lithology consists of sheared breccias and argillaceous quartzite with massive sulfide content. Selective gold assay results include: YUDH217 22.8 meters at 12.05g/t; and YUDH218 21 meters at 11.52g/t. YUDH236 intersected the purple patch as modeled and returned 14.5 meters at 14.82g/t as well as a second intersection of 28.4 meters at 12.12g/t, suggesting a duplication of mineralization in this part of the orebody, a narrow zone of chlorite-rich broken core has been logged between the two intersections. Hole YUDH224, drilled below the purple patch in the north, returned 27.3 meters at 17.15g/t and suggests a steep plunge to high grade mineralization which remains open at depth. Further follow-up work on these opportunities will continue in 2012. Along the upper contact of the purple patch and below a late dolerite dyke, drilling has shown that the high grade has a sharper cut-off than previously modeled. This will allow a larger crown pillar to be designed above the purple patch and improve the geotechnical stability of the underground operation.

Drill holes targeting the northerly ore shoot below the Yalea North pit confirmed the continuation of the plunge at depth and along strike: YUDH136 4.5 meters at 12.78g/t; YUDH141 19.5 meters at 5.76g/t; YUDH157 15.45 meters at 5.79g/t; and YUDH158 9.3 meters at 15.92g/t. This has now been scheduled into the 2012 budget and is expected to result in 325,255 tonnes at 3.95g/t being mined.

At Gara, drilling confirmed the geometry and folded nature of the mineralized quartz tourmaline unit as per the geological model as well as the resource grade for the deposit which is 3.94g/t. Gold assay results include: GUDH005 16.2 meters at 10.08g/t; GUDH007 12.3 meters at 4.91g/t; GUDH010 10.25 meters at 3.31g/t; GUDH035 14.4 meters at 14.28g/t; and GUDH044 22.9 meters at 5.4g/t.

Goukoto

At Goukoto, following the completion of a positive feasibility which yielded mineralized material totaling 5.53 million ounces at 5g/t as well as the start of mining, exploration continued on the delineation of the hanging wall and footwall zones and the underground extensions of the main mineralized zone. In addition drilling was also completed to infill gaps within the model, particularly along the north south iron structure in the south of the deposit as well as at the base of the reserve pit. Thirty-seven holes for 22,900 meters were completed in 2011.

The host rocks to the Goukoto mineralization are a sequence of fine grained arkoses which have undergone a complex series of alteration events. The first phase is associated with metasomatic albite-ankerite alteration with minor silica. This alteration event prepares the host rock for mineralization. In localized areas of the deposit, early syn-mineralization tourmaline alteration is also observed. This is followed by magnetite-chlorite alteration. The former is then oxidized by hematite and associated with sulfide-gold mineralization. The last stage of lateration is a second phase of iron which pseudomorphs the sulfide minerals and causes a remobilization of gold.

More than 95% of the sulfide is pyrite with minor arsenopyrite and chalcopyrite. Gold tellurides are also present. Mineralization is bounded by a hanging wall shear and footwall mylonite. In the hanging wall there is a prominent limestone unit which is used as a marker horizon.

The mineralization at Goukoto has now been intersected over a 1.9 kilometer strike length and down to a depth of 959 vertical meters. The geometry of the Goukoto system varies along its length as well as down dip and variations in strike, dip and thickness are closely related to grade distribution. Structural intersections also played an essential role in focusing fluid flow and multiple plunging zones projected from the surface have been confirmed by deeper drilling especially in the Jog Zone which forms the principal potential for an underground project and is where the main zone of mineralization is offset across three structures, creating distinct lodes of mineralization.

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Selective drill results from this zone intersected during the year include: GKDH288 6.8 meters at 10.84g/t from 495.9 meters; GKDH290 30.6 meters at 17.21g/t from 428.4 meters; GKDH323 1.7 meters at 30.54g/t from 341.5 meters; GKDH330 7 meters at 9.84g/t from 556 meters; GKDH351 55.5 meters at 5.81g/t from 668.8 meters including 8 meters at 22.22g/t from 668.8 meters; GKDH353 12.2 meters at 6.46g/t from 721.95 meters; and GKDH352 15.5 meters at 6.07g/t from 532.8 meters including 9.4 meters at 10g/t from 537.1 meters.

At depth, a brittle fault limits the down dip extension of the high grade mineralization which appears to have been down thrown to the south. A model is being developed to predict the offset and design follow-up holes to be completed during 2012.

In addition, a Phase 1 program of widely spaced deep holes was drilled below the base of the block model to a maximum depth of 959 vertical meters below surface. All the holes intersected the Goukoto hydrothermal system but in general gold assay results returned intersections of less than 1g/t.

However, to the north of the deposit, deep holes intersected broad zones of low grade mineralization: GKDH292 86.1 meters at 1.12g/t from 704 meters; and GKDH298 47.5 meters at 1.46g/t from 429 meters suggesting that mineralization may be opening up and could represent important vectors into new higher grade lodes at depth. Further modeling will follow-up this area in 2012.

The underground project will be progressed to prefeasibility stage over the next 18 months. At the same time further upside both down dip and along strike will be tested.

Goukoto region

The Goukoto mining permit, which represents the southern half of the old Loulo permit, is developing into a new, significantly mineralized district. Ongoing work returned good drill intersections at Toronto South, further defining a deep zone of mineralization with strike continuity over 400 meters: FRDH012 16 meters at 2.41g/t from 211 meters; and FRDH018 24 meters at 2.17g/t from 219 meters and 19.6 meters at 3.36g/t from 264.1 meters. Interpretations suggest the mineralization is associated with a blind fold which is not exposed at surface. To the north of Goukoto, hole FRDH020 returned 3.5 meters at 5.57g/t from 133.5 meters associated with massive pyrite and tourmalinised greywacke. At P64, 300 meters to the northwest of Goukoto where mineralization is hosted in a tourmalinized greywacke with weak chlorite alteration over a strike length of 145 meters, 21 holes were completed for 1,867 meters drilled over three different mineralized zones. The drilling intersected mineralization located within a fold hinge in the Central Zone which plunges to the southwest and is open downplunge offering further upside to the target. The weighted average grade of the intersections returned 26.5 meters at 1.6g/t. We plan to follow-up this target in 2012.

Two kilometers to the southeast of Goukoto is Faraba where in 2011 four holes were drilled to infill gaps within the block model and twin old RC holes to provide additional statistical data for the conversion of inferred resources to measured and indicated.

Results from this work returned a close correlation with the results from previous RC drilling and infill holes confirmed the continuity of the mineralization within the \$1,500 pit shell where an inferred resource of 355,000 ounces at 2.11g/t has been estimated using input costs to truck the ore to Loulo. Two holes returned a newly identified broad zone of footwall mineralization: FADH 177 91 meters at 1.53g/t from 232 meters; and FATWDH04 39.5 meters at 1.3g/t from 187.8 meters. This represents an opportunity for further targeting. Mineralization at Faraba locates where the north south striking shear system intersects favorable coarse grained lithological layers. The resulting mineralization occurs as sub-horizontal to gently plunging shoots with blade-like morphology.

The Faraba target locates along a five kilometer anomalous corridor and we plan further work to evaluate this structure during 2012.

MALI SOUTH

In line with its policy of partnering with local stakeholders, we concluded the Nimissila joint venture which covers a groundholding to the immediate south of Bougouni in the centre of the Mali South area and involves three permits totaling 670km²: Nimissila (270km²), Bogo (150km²) and Madina (250km²). This ground is contiguous with our Dinfolo permit.

It is associated with the intersection of a northeast belt parallel structure and a northwest transfer fault. Geologically the area is underlain by biotite rich sediments which are often shallow dipping with numerous small stocks and bosses of granodiorite and shows

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similarities to the setting of the Morila mine. The geological model is one of intrusion related gold. It is an area that has seen no modern exploration with the only previous work being regional soil sampling completed 30 years ago.

A new regional soil sampling program has been completed. The results identify seven regional anomalies with gold values above 20 parts per billion (ppb). Multi-element data is pending and this will be integrated with the gold results to prioritize areas for follow-up geochemistry in 2012.

Senegal

MASSAWA

The Massawa gold project locates within the Kounemba permit in Eastern Senegal which geologically lies within the 150 kilometer long Mako greenstone belt. The Mako greenstone belt comprises mafic-ultramafic and felsic volcanic rocks intruded by granitoids. A regional crustal scale shear zone, the Main Transcurrent Shear Zone (MTZ) with a northeast-southwest trend, exploits the lithological contact between the Mako and the Dialé-Daléma Supergroups and is the host structure to mineralization at Massawa.

At Massawa, a total strike length of 8.5 kilometers has been drilled, but only a 4 kilometer portion of this has been evaluated for the present mineral resource modeling and has been drill tested to a 50 meter by 50 meter spacing to vertical depths of 640 meters. There are two main zones of mineralization, Northern and Central. They are part of the same northeast trending mineralized structure, which has been offset by north south belt discordant structures. Geological logging of core and interpretation confirms that the mineralized system occurs at a volcanic/sedimentary contact, where a prominent and continuous lapilli tuff sequence acts as a marker horizon. The average bedding strikes 020 degrees and dips 60 to 76 degrees to the west. Graded-bedding is common and suggests the sequence is overturned. The host sequences have been intruded by felsic dykes, gabbros and granitic bodies, particularly in the Central area. Mineralization is hosted in a variety of rocks including: greywackes, volcanoclastics and both mafic (gabbros) and felsic intrusives. The mineralized system is however structurally controlled and deformation is essentially brittle-ductile. The alteration assemblage is composed of sericite, silica, carbonate, pyrite and arsenopyrite. Gold mineralization formed in two phases: an early phase was composed of fine disseminated pyrite and arsenopyrite while the later stage is a shallow level gold system where quartz-stibnite and a large range of antimony bearing minerals host coarse native gold.

Metallurgical results have confirmed that the Massawa deposit is of a refractory nature with sub-microscopic and invisible gold locked up in the crystal lattice of arsenopyrite. No drilling was completed on the deposit in 2011 to allow time for the full evaluation of the metallurgy and development strategies. Exploration has concentrated on the evaluation of satellite deposits to provide 2 million ounces of non-refractory material to supplement the ore feed from Massawa.

Satellite targets

A Geographic Information Systems (GIS) prospectivity analysis was completed for the Mako Belt. The analysis was based on the current model for Massawa which includes lithological units of contrasting competencies along a major fluid pathway such as the MTZ. Several other such fluid pathways were identified using the airborne geophysical electromagnetic data. The exercise delineated several new untested targets, three of which ranked very highly.

RC drilling was completed towards the end of 2010 and the beginning of 2011 over the priority targets of Sofia, Delya, Bakan Corridor, Bambaraya and Kawsara. The modeling of geology, structure, alteration and gold assay results identified the potential for 3 million ounces but at a low grade of 0.87g/t. Preliminary metallurgical bottle roll testwork returned good recoveries in the range of 75% to 97%, apart from Delya which returned 40% and has a similar refractory nature to Massawa. While the grade is low the results support the prospectivity of the region.

Subsequently a Rotary Air Blast (RAB) program was completed on the next level of targets in the resource triangle: Sofia South, Manja, Galama, Sira and Makana East.

Sofia South

Located within the Sabodala corridor 10 kilometers west of Massawa, Sofia South is the southern extension of the Sofia target. It is defined by a plus 3.5 kilometer long discontinuous northeast trending soil anomaly with values up to 1,000ppb. The geology is composed of andesitic tuff, volcano sediments, felsic intrusives and deformed and altered gabbro with disseminated pyrite. Four widely spaced (800 to 1,400 meters) RAB lines totaling 4,160 meters were completed to follow the southern continuity of the Sofia

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main structure. Gold assay results returned encouraging intersections: SSRAB008 27 meters at 3.86g/t including 3 meters at 28.8g/t; SSRAB009 27 meters at 0.28g/t; SSRAB011 12 meters at 0.23g/t; and SSRAB045 6 meters at 1.48g/t including 3 meters at 2.85g/t. Follow-up drilling will be completed in 2012.

Manja

Manja is located in the north south Sabodala corridor 14 kilometers northwest of Massawa and approximately 13 kilometers southeast of Sabodala mine. An anomalous structural pattern characterized by northeast structures interplaying with north south and northwest structures, it is host to a 5 kilometer by 4 kilometer plus 50ppb gold in soil anomaly. Five RAB lines were completed over a 2.2 kilometer strike length. The lithologies intersected include gossanous tuffs intercalated with mafic volcanic units which have been intruded by felsic dykes. The RAB drill results outline a broad altered and low grade anomalous zone including: MJRAB011 18 meters at 0.55g/t; MJRAB74 12 meters at 0.57g/t; MJRAB75 39 meters at 0.21g/t; MJRAB76 33 meters at 0.23g/t; and MJRAB77 36 meters at 0.20g/t.

In the final quarter of 2011 a further phase of 7,000 meters of RAB drilling was completed testing four targets along the MTZ.

Samina

Samina locates in the 10 kilometer long corridor between Massawa and Delya along the MTZ. Soil sampling defined several northeast trending gold in soil anomalies. The main trend coincides with the Massawa structure (2.6 kilometers long) to the west and with the Delya structure (2 kilometers long) to the east. The target is underlain by a large package of volcanics and andesitic tuffs intruded by gabbro in the west and silicified rocks (chert) and gossan bands in the east which correlate with the soil anomaly on the Delya structure. Detailed geological and structural mapping combined with a rock sampling has been completed. Phase 1 RAB drilling has started with 10 RAB lines spaced 0.5 to 1 kilometer apart for 2,700 meters. Gold assay results are pending.

Kaya-Kaldou corridor

Kaya-Kaldou forms a 9.5 kilometer long corridor along the MTZ and hosts a strong linear gold in soil anomaly of plus 50ppb that is so far untested by drilling. A detailed geological and structural map has been completed and highlights a wide package of volcanics to the west and greywackes alternating with pelites to the east, a setting similar to that of Massawa.

Phase 1 RAB drilling was completed by the end of 2011 with a total of 3,700 meters drilled over five lines. Gold assay results outline two parallel, broad anomalous envelopes in the grade range of 0.2g/t to 1g/t between 30 and 100 meters within the volcanics package. These results are being integrated with the geological and structural interpretation to vector into potential targets for follow-up work. No anomalism was recorded from the contact with the sediments.

Saraba

Saraba is a four kilometer long target featuring a 30ppb gold in soil anomaly located to the east of Kawsara and four kilometers south of Massawa. It was defined following generative work which indicated that previous studies had only tested the volcanoclastic package to the west, while the major contact between the volcanics and sediments (host of both Massawa and Delya) remained untested.

A RAB program of 2,000 meters was completed to test the lithological contact and coincident soil anomaly. Gold assay results confirm a bedrock source to the soil anomalism as a geological model, with the grade averaging 0.5g/t and a best intersection of 6 meters at 3.96g/t. Follow-up work in 2012 will vector into modeled geological as well as structural targets within the four kilometer strike.

Regional potential

Along with the RAB program, the resource triangle was reviewed to focus on the potential for a non-refractory deposit for the Massawa project. These include East Mandinka, a large geochemical anomaly along the northern part of the MTZ, and KB in the Mako Belt. Other targets being reviewed within the belt are Nouma, Missira, Soma, Mariama, KC South and Rheina.

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Côte d'Ivoire

With the commissioning of the Tongon mine, the exploration focus shifted to the evaluation of satellite targets and the discovery of potential stand-alone targets within the company's extensive permit portfolio countrywide.

TONGON MINE LEASE (NIELLE PERMIT)

Drill programs, including 111 RC holes for 10,983 meters on the near mine targets of Tongon West, Sekala, Seydou and Jubula have defined a geological potential of 480,000 ounces at 1.48g/t with an average strip ratio of 8:1. Geological models have been compiled to allow block models and pit optimizations to be calculated.

A phase of deep diamond drilling (five holes) was completed below the base of the Southern Zone \$1,200 resource pit to test for possible extensions of the mineralized lodes. All holes intersected the hydrothermal system but the structures hosting mineralization were narrow and weakly altered. The best results include TND357 - 10 meters at 1.99g/t and TND358 - 20 meters at 1.44g/t. Mineralization is associated with brecciated zones with silicification and arsenopyrite.

A detailed analysis of the Tongon lease resource triangle was completed to highlight untested areas of prospectivity both within a 15 kilometer radius of the plant and throughout the Nielle permit.

By reviewing the updated regional geology, new soil geochemistry and airborne geophysical electromagnetic and magnetic data and combining this with previous work, 10 new targets have been identified and will be the focus of work during 2012, providing further exploration opportunities for both the Tongon mine and for expanding our footprint in northern Côte d'Ivoire.

DIOUALA

The Diouala permit locates directly north of Nielle and consolidates our groundholding on the Senoufo Belt up to the international border with Burkina Faso. Exploration work has progressed rapidly through the year following the airborne geophysical survey in 2010.

In the east of the permit, following regional and detailed soil sampling together with regolith and geological mapping, a first phase of air core drilling was completed to test the Dabokiri target, located in the 25 kilometer long Kokoriko-Satolo structural corridor. This reconnaissance drilling targeted the lithological contacts, dilational zones and belt margin structures that coincide with soil anomalies. A total of 173 holes for 6,265 meters was completed. The lithologies intersected include sheared and quartz veined andesite, argillite/shale, granite/granodiorite and diorite. Common alteration phases are limonite, silica, sericite and biotite. Although the results are only anomalous in gold 0.1g/t to 0.8g/t, the objective at this stage is to identify a continuous zone of anomalism in which follow-up work programs can be built.

While integrating drill results from the air core program, work will progress on the unexplored targets identified within the permit. These targets lie on the continuation of structures which host the Nogbele, Stinger and Ouahiri deposits of the Banfora project in Burkina Faso.

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

Regional soil sampling over the Nafoungolo target (locating over the Nogbele granite, west of the Oleo shear) highlighted a northeast trending anomaly over an eight kilometer strike which has been followed up with detailed soil sampling. This trend continues across the border into Burkina Faso, where it meets the Nogbele target which hosts 1.2 million ounces at 2.2g/t within the Nogbele granite.

BOUNDIALI

The Boundiali permit covers 1,314km² and locates approximately 60 kilometers west of Nielle and is host to numerous gold in soil anomalies. No work has been done here since 2009 but in the fourth quarter of 2011 field activities were resumed, firstly by way of a reintroduction to the local authorities and population. This was followed by a general reconnaissance of the permit geology and known targets before a mapping program was initiated. The identification of four anomalous corridors will be the focus of follow-up work in 2012.

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REGIONAL PERMITS

We have a further four permits in northern Côte d'Ivoire totaling 1,900km²: Dabakala, Mankono, Tiorotieri and Koussai Datekro, where exploration will start in 2012.

Democratic Republic of Congo

KIBALI

Since the acquisition of Kibali two years ago, exploration has significantly advanced the geological understanding of the project. A well-balanced resource triangle has been developed on the back of a robust geological model with targets being progressed at all levels. During 2011 a strategic decision was made to restructure the exploration department to create dedicated brownfields and greenfields exploration teams, ensuring that while the feasibility work and testing of extensions to known deposits continues, the prospectivity of the greater permit area is also being evaluated, thus providing the opportunity for the discovery of further world-class gold deposits in the region.

Brownfields exploration

The main KCD deposit of the Kibali project is hosted along a reactivated thrust plane which creates northeast plunging lodes of mineralization. In 2011 drilling connected the Sessengue deposit to KCD and confirmed more than two kilometers of continuous mineralization: DDD472 14.80 meters at 4.18g/t; DDD475 25.95 meters at 4.28g/t; DDD484 29.70 meters at 3.92g/t; and DDD485 39.60 meters 6.65g/t. Additionally the first deep hole DDD532 (1,346 meters) has confirmed mineralization a further 450 meters down plunge from the existing blockmodel. Mineralization intersected within the 3000 lode returned 31.8 meters at 3.21g/t from 636.2 meters, including 15.8 meters at 5.32g/t from 636.2 meters, and in the upper 5000 lode 4 meters at 8.95g/t from 744 meters were intersected. However, the lower 5000 and 9000 lodes were not intersected as the hole deviated at depth and missed the target. A second deep hole, DDD533, has subsequently confirmed the presence of the lower 5000 and 9000 lodes.

The geological model identifies the potential lateral continuation of the 9000 lode and a possible link between KCD and Gorumbwa. Two previous stratigraphic holes drilled between KCD and Gorumbwa returned encouraging results which indicated the possibility of extending the 9000 lode mineralization towards the Gorumbwa deposit: DDD456 7.5 meters at 1.64g/t from 504 meters; 7.75 meters at 4.34g/t including 2.2 meters at 13.25g/t from 529 meters and 3.8 meters at 1.16g/t from 549.7 meters; DDD457 4 meters at 4.75g/t from 450 meters and 2 meters at 4.56g/t from 790 meters. A program of five diamond holes for 3,980 meters has commenced to test this link as well as the extension of the 3000 lode especially at Durba Hill, where previously access was not possible due to presence of infrastructure owned by Sokimo. The program will initially test a one kilometer mineralized segment with holes spaced approximately 200 meters apart.

Drilling in the area formerly occupied by Lake Durba has confirmed continuity of mineralization over a 250 meter gap in the KCD resource model for the 3000 lode. Drill results include: DDD537 15 meters at 2.79g/t from 218 meters including 6.2 meters at 5.21g/t; DDD539 10 meters at 6.7g/t from 310 meters; DDD540 10.65 meters at 4.37g/t including 5.7 meters at 7.83g/t; and DDD541 26.15 meters at 3.56g/t from 149.85 meters including 14.95 meters at 4.9g/t.

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

Greenfields exploration

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

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Zambula

Zambula locates approximately 15 kilometers to the southwest of the KCD deposit and is one of the strongest geochemical anomalies on the permit, orientating north south and measuring 5.5 kilometers long by up to 400 meters wide and with gold values up to plus 400ppb.

The target is underlain by a package of volcanoclastic and ironstones which locate along the western contact of the Watsa dome igneous complex. Along the strike of the anomaly there is a banded to massive chert unit characterized by alternating 1 to 5 centimeter bands of oxidized sulphide and silica-rich layers, locally interlayered with thin magnetite bands.

Work focused on the southern part of the anomaly with logging and sampling of old adits which confirmed that mineralization is controlled by open folds plunging moderately to the north and north-northeast. Horizontal channel sampling along ZBLA1 adit, perpendicular to strike, returned an intersection of 5.1 meters at 4.27g/t.

A first reconnaissance diamond drill hole was completed by year end, drilled below ZBLA1 adit. The hole intersected the volcanoclastic package and a 35 meter wide zone of banded magnetite and chert with sericite alteration and finely disseminated pyrite. The hanging wall is marked by a strong graphitic shear which also contains massive pyrite mineralization and corresponds to a north to north-northeast trending electromagnetic (EM) anomaly. Gold assay results returned 47 meters at 0.2g/t. The full 5.5 kilometer target is currently being assessed through mapping, lithosampling and trenching to plan additional reconnaissance drill holes.

Kalimva and Ikamva

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

The stratigraphic sequence comprises magnetic ironstones, a volcano sedimentary unit (fine to medium grained tuff and volcanoclastic agglomerate) intercalated with sediments, mainly chert. Locally small bands of argillite are encountered within the tuffaceous units. Basalt occurs in the north eastern side and the contact with the volcano sedimentary package is marked by a highly deformed quartz feldspar porphyry intrusion to the east of Kalimva Village and may represent an old thrust plane.

Reconnaissance work at the Sokimo workings at Ikamva, one kilometer to the northwest of Kalimva, returned lithosamples of up to 4.5g/t, with three of the nine lithosamples taken being greater than 0.5g/t.

The aim is to complete interpretations and develop a geological model on which to base reconnaissance drilling in the first quarter of 2012.

Burkina Faso

In Burkina Faso generative work continued to consolidate a new portfolio of projects in the southwest of the country, on the border with Côte d'Ivoire. This will be the focus of the exploration program in the country in 2012.

Generative work and new business

Our exploration strategy, which is supported by a team of 70 geoscientists, is based on access to quality mineral rights and its ability to generate targets. In line with this, we plan to extend its Central African footprint to provide the opportunity for further discoveries. However, West Africa remains our principal region for exploration.

In addition to acquiring exploration permits in our own name, we continue to evaluate potential joint ventures with local businessmen as well as international mining companies. We also monitor the exploration activities of others with a view to identifying companies that offer acquisition or joint venture opportunities.

During 2011, we undertook geological expeditions to Uganda, South Sudan (Juba), North Sudan (Khartoum), Ethiopia, Egypt and Kenya while at the same time renewing relationships in Tanzania with the aim of identifying areas for future ground consolidation.

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Table of mineral rights at December 31, 2011:

Country	Type	Area (km ²)	Area (miles ²)	Effective equity (%)
Mali				
Loulo	EP	263	101	80
Goukoto	EP	100	35	80
Morila	EP	200	77	40
Bena	EEP	16	6	80
Dinfola	EEP	139	54	80
Konyi	EEP	250	97	80
Madina	EEP	250	97	90
Nimissila	EEP	250	97	90
Bogo	EEP	150	58	90
Kola	EEP	150	58	46
Côte d'Ivoire				
Nielle	EP	751	290	89
Boundiali	EEP	1,314	507	81
Dabakala	EEP	191	74	81
Dignago	EEP	1,000	386	81
Apouasso	EEP	1,000	386	81
Diaouala	EEP	977	377	81
Mankono	EEP	704	272	81
Tiorotieri	EEP	86	33	81
Kouassi Datekro	EEP	922	356	81
Senegal				
Kanoumba	EEP	621	240	83
Miko	EEP	84	32	83
Dalema	EEP	301	116	83
Tomborokoto	EEP	225	87	83
Bambadji	EEP	315	122	46
Burkina Faso				
Basgana	EP	250	97	81
Bourou	EP	122	47	81
Tanema	EP	247	95	81
Yibogo	EP	247	95	81
Nakomgo	EP	237	92	81
Safoula	EP	249	96	81
Dawaro	EP	250	97	81
Tiakane	EP	196	76	81
DRC				
Kibali				
11447	EP	227	88	45
11467	EP	249	96	45
11468	EP	46	18	45
11469	EP	92	36	45
11470	EP	31	12	45
11471	EP	113	44	45
11472	EP	85	33	45
5052	EP	302	117	45
5073	EP	399	154	45
5088	EP	292	113	45
TOTAL AREA		13,892	5,359	

EP Exploitation Permit

EEP Exclusive Exploration Permit

Annual ore reserve declaration

At December 31,	Category	Tonnes	Tonnes	Grade	Grade	Gold	Gold	Attributable	Attributable
		(Mt)	(Mt)	(g/t)	(g/t)	(Moz)	(Moz)	Gold	Gold
		2011	2010	2011	2010	2011	2010	(Moz)	(Moz)
PROVEN AND PROBABLE RESERVES									
Kibali								45%	45%
	Probable	78.62	74.32	4.04	4.21	10.21	10.05	4.59	4.52
Sub total	Proven and probable	78.62	74.32	4.04	4.21	10.21	10.05	4.59	4.52
Loulo								80%	80%
	Proven	2.83	4.54	2.58	2.98	0.23	0.43	0.19	0.35
	Probable	38.88	40.89	5.00	4.63	6.24	6.09	5.00	4.87
Sub total	Proven and probable	41.71	45.43	4.83	4.47	6.48	6.52	5.18	5.22
Goukoto								80%	80%
	Proven	0.77		2.19		0.05		0.04	
	Probable	16.19	17.11	5.19	5.10	2.70	2.80	2.16	2.24
Sub total	Proven and probable	16.96	17.11	5.06	5.10	2.76	2.80	2.21	2.24

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Morila								40%	40%
	Proven	1.44	5.86	1.71	1.68	0.08	0.32	0.03	0.13
	Probable	6.68	6.69	1.14	1.14	0.24	0.24	0.10	0.10
Sub total	Proven and probable	8.12	12.55	1.24	1.39	0.32	0.56	0.13	0.22
								89%	89%
Tongon	Proven	0.89	0.42	1.68	1.93	0.05	0.03	0.04	0.02
	Probable	32.21	36.69	2.63	2.47	2.72	2.91	2.42	2.59
	Proven and probable	33.10	37.11	2.60	2.46	2.77	2.94	2.46	2.62
Massawa								83%	83%
	Probable	20.73	17.42	3.07	3.36	2.05	1.88	1.70	1.57
Sub total	Proven and probable	20.73	17.42	3.07	3.36	2.05	1.88	1.70	1.57
TOTAL RESERVES	Proven and probable	199.25	203.93	3.84	3.78	24.58	24.76	16.28	16.39

The reporting of Ore Reserves is in accordance with SEC Industry Guide 7.

Pit optimizations are carried out at a gold price of \$1,000 per ounce, except for Tongon Northern Zone which is reported at \$900 per ounce; underground reserves are also based on a gold price of \$1,000 per ounce. Dilution and ore loss are incorporated into the calculation of reserves.

Addition of individual line items may not sum to sub totals because of rounding off to two decimal places.

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Locality of the Loulo and Morila Mines in Mali

Mineral Rights and Permits

The following maps show the position of our current permits in West and Central Africa:

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

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL SUSTAINABILITY

This section highlights the key sustainability challenges facing our business, how we are addressing them and some of our achievements in this field from 2011. Sustainability is of growing importance to all our stakeholders and we are committed to reporting what we do, as well as monitoring performance against both our values and internationally accepted sustainability standards including the 10 sustainable development principles of the International Council on Mining and Metals (ICMM), World Bank Operational Guidelines, OECD Convention on Combating Bribery, the Voluntary Principles on Security and Human Rights and the Dodd-Frank Act. Real consultation with employees, local communities, governments, NGOs and the investment community has played a vital role in guiding our progress to date and will continue to be the backbone of our future development. We welcome feedback and seek to expand our consultation and disclosure to our broader stakeholder community.

Transparent Governance

Our board is supported by a dedicated environmental and social committee which meets and reports to the board quarterly. This committee, which is chaired by our chief executive officer, has included our group general manager: evaluation, group general manager: human capital, group metallurgist and the general managers of each of our operations.

In 2012 we appointed a new general manager: sustainability who will have overall executive responsibility for implementing our sustainability policy and will also sit on the committee.

Incentivizing Sustainable Behavior

We recognize the importance of ensuring that we have the right incentives in place to motivate individuals to be responsible for sustainability issues, to hold them to account for the delivery of these, while also maintaining the personal responsibility and entrepreneurial characteristics that are so critical to our activities.

We recognize that the context within which we are operating is changing; we are a much bigger company than we were five years ago, the potential contribution that mining can make to sustainable development (social, environmental and economic) is widely recognized, and stakeholders are increasingly demanding in terms of what they expect of companies such as ourselves. Therefore, we have conducted a structured review of our performance against the frameworks provided by organizations such as FTSE4Good and the Global Reporting Initiative. A review of our sustainability report will be analyzed by the board in 2012 and will inform the ongoing development of our sustainability strategy to ensure our sustainability monitoring and reporting matches our effectiveness on the ground.

Stakeholder Engagement

We pride ourselves on our active and innovative stakeholder engagement program. Strong local relationships are one of the foundation stones on which the company has been built and we believe that active and meaningful engagement with all stakeholders is a crucial part of ensuring we are running our business in an optimal way. We have an active stakeholder engagement program which is customized to the needs of eight specific stakeholder groups. These are: shareholders, employees, the communities in which we operate, governments (national, regional and local), NGOs with an interest in our operations, trade unions, suppliers and contractors, and the media.

We communicate with all these stakeholders regularly and welcome transparency at the highest level. For example, our chief executive officer regularly meets with employees, government representatives, all main shareholders and attends local community meetings at each operation at least once every six months.

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Economic Development

Our approach

Our philosophy of partnership with the African countries in which we operate means that all our projects are geared towards mutual benefits. As well as driving profits for the company and tax revenues for our host countries, our mining projects create a series of local economic benefits including employment, revenue for local businesses and funding for community development projects.

Our aim is to build capacity in the countries where we operate, and we hope we can play a part in kick-starting national economies using mineral wealth. We also understand the risks involved in African investments and all our projects are preceded by a qualitative assessment combining governance, geological prospectivity, commercial infrastructure, environmental and social as well as other potential country risks.

Where possible we work with governments and international agencies such as USAID to ensure that as much social tax proceeds as possible return to those local communities most affected by our mines. Our procurement policy is to form mutually beneficial relationships with the best local suppliers. This enables us to build trust on the ground and also learn more about the business culture of the countries where we are operating.

Our performance

Our policy of creating value for all stakeholders has translated during 2011 into more than \$167 million in taxation and dividend payments or amounts payable to host governments (attributable portion), and more than \$18.6 million in direct community investment (attributable portion). In Mali, where our oldest mines exist, we have now contributed more than \$1 billion dollars to the Treasury through taxes and other payments. In the case of the Morila mine, the State of Mali has received almost twice as much as have either of the joint venture partners.

Wherever possible and feasible, we procure goods and services from local suppliers. By doing so, we stimulate the local economy. Our main supplier of hydrocarbons in Mali and Côte d'Ivoire is Ben & Co Holdings, which has become one of the biggest fuel delivery businesses in the region. In 2011, several small and medium size steel and tank manufacturers were identified within Côte d'Ivoire and use of these for sourcing construction materials is actively pursued. During 2011, Tongon spent \$52.4 million or one out of each six dollars of its total costs on local suppliers of goods and services. Where local suppliers are not able to meet our needs we encourage international service providers to partner with leading African companies and pass on their expertise. We invited multinational supply chain managers to work with our logistics partners Multilog (formerly Afrilog) to train their employees in stock control mechanisms.

Developing Infrastructure

As a gold mining company, we are frequently the major catalysts behind some vital infrastructure projects in the countries where we operate. These include power stations, roads, electrical lines, water and sanitation. Improved infrastructure provides the necessary foundation to supply our mines as well as driving economic growth for local communities. Our strategy is to leverage the sustainable development benefits of these investments as much as possible. For example, a key focus for national energy policy in the DRC is the construction of hydroelectric power stations to provide power to our mines. These will increase access to sources of energy in the area in which we operate after years of armed conflict and civil unrest that made such access impossible. We are now investing \$165 million to develop the 20MW Nzoro hydropower station adjacent to the Kibali River and other new power stations in the area. Taken together these developments will provide both a sustainable source of power for our mining activities as well as helping local agencies to provide a safe and reliable electricity supply for the local community.

Forging a pact with communities

Our approach

Our policy is to maximize local economic development by empowering local communities and to act with the highest ethical standards when managing issues such as grievances or resettlement requirements. We work with communities by supporting and participating in the development of elected local community development committees. We provide the funding and resourcing for these committees which allocate money and other resources to community development projects selected by the committee within a strategic framework set by our sustainable development filter. Committee budgets are approved at mining company board level and these funds are entirely separate from payments to governments, such as the Patent social tax, resettlement related compensation or medical care through our clinics. They are also complemented by charity fundraising events initiated by the company and joint ventures with charitable bodies such as the medical charities Doc to Dock and CURE.

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Artisanal and small-scale mining

As a mining company, we are sensitive to the potential for community issues to appear due to tension between our operations and artisanal and small-scale miners (ASM). To mitigate the business risks from alienating the ASM community the company creates employment by its presence in the area and also invests in creating non-mining related alternative available livelihood activities such as agriculture. We also seek to build effective co-habitation partnerships with legal ASMs based on work close to, but not on, our permits. This has been particularly relevant this year to the Goukoto and Kibali areas. We always try to find effective ways to manage the artisanal mining issue in compliance with national laws and best practice guidelines such as the IFC Guidelines. We do not purchase any gold from any ASMs.

Working with local communities

All our community activity is carried out with respect for the cultures, customs, values and heritage of local communities, including indigenous peoples. At the exploration stage, the exploration teams, the majority of whose members are citizens of the country where the team is operation, consider social issues in their research. At the pre-construction/construction stage in our projects we ask the communities to select representatives for a local community liaison committee (CLC). A public participation process (PPP) is launched and the CLC members are also taken on a visit to an operating mine, so they get a deep understanding of our proposed project. The CLC assists us with local recruitment of construction employees, our communications and other actions around our projects. When the project becomes a mine a new election is held and the CLC, changes its name and focus to the community development committee (CDC). The CDC prioritizes community development projects and decides how its own budget will be spent.

Members of a local community committee may include local authority leaders, village-level traditional leaders, representatives and delegates from women, youth and hunter associations alongside company representatives. Our general manager: human capital attends two community liaison/development committee meetings on each mine each year. Our CEO also holds mass meetings and takes every opportunity that presents itself to interact with communities, to underline our commitment to the local community and to hear feedback directly.

We provide a sustainable development filter to help guide the CDC in selecting and prioritizing projects. This has the dual purpose of bringing projects in line with industry, national and international guidelines and focusing them around five main sustainability priorities: improving basic health, improving basic education, establishing food security, improving access to a potable water supply and creating non-mining employment opportunities.

Our performance

Our total spend on community development and related projects more than tripled this year to a total of \$18.6 million (attributable portion). This came from our community development budgets, advantageous infrastructural development for the community and philanthropy. Some of the many individual projects supported by these funds in 2011 include the construction of school classrooms and donation of a generator to a secondary school in the Massawa area of Senegal, the creation of a market gardening program for women in Côte d'Ivoire and Western Mali, the building of clinics in Northern Côte d'Ivoire, the drilling of water boreholes for a number of villages in Southern and Western Mali, Democratic Republic of the Congo, Senegal and Northern Côte d'Ivoire. At more mature mines, such as Morila, emphasis has shifted towards local economic development schemes such as agriculture projects. In Sitikily, near the Loulo mine, we have also funded an initiative with USAID that enables one of their governance committees to work with the local mayor to ensure that as much as possible of the patent tax paid by the mine is returned to local communities.

Ongoing work at all our mines includes analysis on the feasibility of agribusiness. In particular we encourage each mine to form alliances with agricultural entrepreneurs and businesses to train local farmers to produce agricultural products. The local farmers then sell their produce to a central co-operative set-up on or close to our mines' locations. When set up, the owners of the co-operative include the mine, the joint venture partners from formal agribusinesses and local entrepreneurs. The farmers, who supply the agribusiness with produce such as honey, chicken, eggs and vegetables will inherit the mining company's share of the co-operative as part of our closure plan. The agribusiness also has the aim of increasing non-mine employment opportunities during the operation of the mine.

Grievance Mechanism

We have a grievance procedure in place at all our operations, that all members of the local communities can access if they believe that they have been unfairly treated or discriminated against. The procedure has been set up using guidance laid out by the IFC

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Performance Standards and the Equator Principles. This process aims to maintain a peaceful social atmosphere in the case of a non-work related disagreement. A total of 395 grievances were registered at our five major sites through our grievance mechanism in 2011. In total, 97% of these grievances have now been resolved with the remaining 11 under review.

Resettlement

Our approach

The focus for our resettlement process is the affected person. Transparent and two-way consultation is fundamental to our resettlement process and a public participation process (PPP) is the starting point for all our resettlement activity. PPPs use the locally elected community committees as a key mechanism for discussing options, alongside radio broadcasts, meetings with tribal and religious leaders and open forums attended by the chief executive officer. The results of the PPP are incorporated in a RAP which is also put forward for further consultation. Our policies are designed to maintain community structures wherever possible and ensure that we compensate fairly in mitigation for any adverse effects on the community where they cannot be avoided. On the ground in many of the places we work financial compensation is not considered best practice. In the vast majority of cases we have a policy of a like for like asset replacement.

Our performance

In 2011, we spent an attributable \$18 million (\$41 million on a 100% basis) on RAP implementation. In all cases those people who were relocated moved to an improved socio-economic situation, while maintaining their neighborhood relationships in their new homes and farms. The Tongon resettlement process began in 2008 and, despite the complexities caused by the ongoing legacy of the recent civil war, the successful resettlement of more than 400 people, their extended families and agricultural land was completed in 2011. Relocations were focused around new hamlets located where good farmland was available. The Kibali RAP is the company's biggest to date involving up to 17,000 people from more than 3,600 households. The two largest villages have now been successfully relocated. June 2011 saw the official opening of the new Kokiza resettlement, which will include over 4,000 brick houses, 20 schools, police stations, clinics, new gardens and several churches including a large Roman Catholic Church. At Goukoto, we have completed the resettlement of all affected households and all affected farmers, the latter with assistance from the Keneiba Agricultural authority to choose alternative and productive fields to be prepared. The farmers were satisfactorily compensated if their harvests were affected and they were provided with fertilizer and seeds. The physical resettlement at Goukoto includes the resettlement of Faraba hamlet (eight households) and the resettlement of a land owner from Segelani and the chief of Sansamba and their extended families to Sakola, with their full cooperation.

Human rights

Our approach

We recognize our responsibility to respect human rights by essentially doing no harm to the individuals and groups within the sphere of impact of our mines. We do not see this as a passive responsibility, we recognize that it requires us to take positive steps to ensure our projects do not infringe on the enjoyment of rights in our areas of impact.

We identify any potential human rights issues at an early stage as part of the environmental and social impact assessments that we carry out on all projects. As projects develop we then put in place management structures to mitigate those risks.

It is our policy not to arm any security forces on our mines. Instead, we agree to legally binding contracts with the relevant local authorities that take into account the Universal Declaration of Human Rights and aim to ensure safety and security for any military or policing matters. We also include a human rights clause in our agreements with all suppliers. This binds them to comply with our ethics and our zero tolerance anti-bribery policy. It also puts a legal duty on the supplier to ensure there is no child or forced labor within the supply chain. However, we recognize that in areas of weak governance, legal compliance based approaches cannot always guarantee that companies are fulfilling their responsibility to respect the full framework of fundamental rights. We therefore also provide relevant staff, including security personnel, with appropriate cultural and human rights training and guidance and where possible invite relevant agencies of the United Nations to conduct training.

We also work with partners in both the local and international community to raise awareness and education levels concerning fundamental human rights.

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Although our mines are located in relatively stable locations within each country, the fundamental protection of human rights for our employees and the communities in which we operate remains a challenge. The DRC remains an active conflict zone where the Lord's Resistance Army and other militia operate and we have therefore fixed detailed and binding human rights agreements with the regional governor in the Haute Orientale area where the project is situated. This year security guards at the Kibali gold project as well as the Tongon received training from the human rights and child protection officers of either MONUC, the United Nations Organization Mission in the DRC and ONUCI, the UN operation in Côte d'Ivoire, respectively. Plans have been prepared for the remainder of the security personnel in the group to receive human rights training in 2012 and Loulo and Morila have drawn up training plans using ONUCI training material. From 2012 on, human rights appreciation training will be incorporated into induction training for all employees.

Human Resources Report

Our approach

Our human resources management framework is designed to provide a workforce that has the skills, flexibility and diversity to meet the company's current and future business needs in West and Central Africa. Our policy is to recruit local people and then to develop their potential through learning opportunities and effective performance management. The process for each employee starts with psychometric testing during the recruitment process and is then constantly measured and managed through regular performance assessments. Our human resources operational teams at each site ensure that all people management issues are dealt with effectively and in accordance with company policies. Our recruitment policy prioritizes local community members and host country citizens and if the required skills are not locally available, we seek to fill positions from elsewhere within Africa if possible.

Our performance

Staff levels increased in 2011, reflecting the increase of activity at the Loulo and Kibali sites. By the end of 2011, we employed a total of 1,406 operational staff. Of these, 92% were nationals i.e. employees from the country of operation. Among senior positions, 75% are occupied by nationals. As part of an ongoing assessment of staffing needs at the Morila and Loulo mines, 79 employees were let go this year. All attempts were made to relocate these employees to other operations.

At December 31, 2011	Group Staff		People working for sub-contractors		Total
	Expats	Nationals	Expats	Nationals	
Goukoto	2	10	2	1,053	1,067
Morila	13	311	7	358	689
Loulo	68	453	169	2,055	2,745
Tongon	28	382	47	1,108	1,565
Kibali	16	123	20	1,585	1,744
Total operations	127	1,279	245	6,159	7,810
Corporate, capital and exploration	43	285			328
Total	170	1,564	245	6,159	8,138

Industrial relations

Our belief in real partnership means we welcome the role of unions and representative committees at all our operations. We believe this strengthens our pact with labor. Our entire operational workforce (100%) are members of trade unions and local mine shop stewards are present in quarterly board meetings and regular management meetings.

This year we have given particular focus to improving communications with unions and this has shown positive results on the operations where meetings with representative bodies were held on a scheduled and systematic basis.

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The industrial relations climate at all our operations was calm this year with no strikes or lock-outs exceeding one week's duration. In 2011, two days of industrial action occurred at Tongon where the union embarked on an illegal stay-away in spite of all national and regional labor authorities opposing the strike action. Employees slowly returned to work during the strike action as greater numbers became aware of the illegality of their actions. Other reportable incidents in 2011 include three strikes among sub-contractors at Kibali and a two-hour stoppage at Loulo.

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Training and Education

Our approach

We work in remote areas where access to formal education and experience of industry is often limited. As our emphasis is on the recruitment of local people who are affected by our operations, this means that we have to do a lot more training than many of our competitors who do not operate in such remote areas. Our training and development strategies are therefore vital and have to be unique to prepare all employees for both their current and future roles. At the outset we select people to work with us by using a variety of selection tools, including a learning ability battery to assess the learning ability of illiterate job seekers.

For new mines being developed, training at the outset consists of shadow skills training. This involves employees of new mines moving to an existing mine for a period to learn the ropes from experienced operators. This shadow skills training is reinforced on the trainee's own mine during commissioning, when the trainee receives coaching from trained operators who come from an existing mine, to do this follow-up training, prior to the start-up of production. Supervisory, technical and management training and development are delivered by a mixture of action learning, i.e., on-the-job structured training and formal training courses held both on site and externally.

World class specialists are often used to assist the company with technical problems. When these specialists are on site we ask them to also undertake training for our technical staff as part of their time commitments. Finally, we have specialist training consultants based at every mine site. Every employee can have a say in the training and development gaps they perceive they have. Their opinions on this are captured as part of the annual performance appraisal exercise. We sponsor major development courses through a series of scholarships and other funding mechanisms appropriate to the development being undertaken.

Our performance

We practice a culture of constant learning and we encourage both our semi-skilled and skilled employees to engage in formal and informal training whenever possible. This is a fundamental part of our approach to managing our workforce and because the majority of our workforce is undergoing training and development of some sort at any one time, it makes total levels of training difficult to quantify.

We manage numerous formal training interventions across all our operations. These include cyanide safety, hazardous substances, first aid, metallurgy processes, community development, engineering maintenance, electrical and mechanical practice, air conditioner repair, occupational health, computer literacy, supervision, electrical competency, union capacity-building and business understanding for employee representatives. These formal training courses were attended by 421 employees in 2011.

As part of our commitment to local skills development over the long term we are also working with partners to help establish the African School of Mines (ASM), based in Bamako, the capital of Mali. The facility will help train West and Sub-Saharan African students in the technical skills needed to satisfy the increasingly high-skills demands of the mining industry in Africa. As part of our wider commitment to raising educational standards in the countries where we operate we also regularly invite lecturers and students from local universities and technical colleges onto the mine sites for study purposes.

Safety

Our approach

Safety is a key business risk and a priority for all our operations. Our goal is to operate a serious-injury and fatality-free business and we are committed to providing the safest possible working environment for our employees. Our health and safety policies are the same for both contractors and our employees. This year, we have linked safety performance to remuneration policies at the highest level. In 2011, a 10% target in reducing the Lost Time Injury Frequency Rate (LTIFR) was set and, again in 2012, a further 10% reduction is targeted.

The heart of our safety policy is personal responsibility. We believe that all individuals must take ownership and accountability for creating a safe environment and not leave it to a safety officer. Employees are also free to refuse to do something without reprimand if they think it's unsafe and are encouraged to challenge supervisors or middle managers on safety issues. Each worker also undergoes health and safety training modules, such as induction and cyanide training and has a toolbox safety briefing every morning.

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We use OHSAS 18001, the occupational health and safety management standards, as a guide for health and safety practices at our operations. Our Morila mine is compliant with OHSAS 18001, and we aim to have Tongon and Loulo certified as OHSAS 18001 compliant in 2012 and all our currently active mines compliant by 2013.

Our performance

We recognize that maintaining high safety standards and delivering on our safety goals is hugely challenging. All phases of a mine, whether it be design, construction, operations or closure, present challenges and high safety performance can only be achieved through a constant focus on improving management systems and controls, learning from those accidents and incidents that do occur, and ensuring that all employees take personal responsibility for their safety and that of their colleagues.

Despite all of our efforts, we did not achieve our goal of being a serious-injury and fatality-free business in 2011. Tragically, three employees lost their lives in workplace incidents: Batiéba Doumbia, Gountoko hauling supervisor; Salif Sawadogo, a Goukoto contractor; and Yeo Siriki, a contractor at the Tongon mine. We understand that fatalities can be described by statistics but cannot be understood by statistics, and we pass our condolences on to the families involved. Any fatality is unacceptable and we investigate each incident fully, report to the board and undertake remedial actions to improve safety systems. Two of the fatalities occurred on transportation routes outside of the mine while the third occurred when Mr. Siriki drowned in a dewatering sump in the Tongon open pit. Following this accident the safety committee on the mine has enforced the procedure for obtaining water from such dewatering holes and placed a rope and a safety float that employees must wear when loading their water carts.

In addition to the three fatalities, we also had 19 Lost Time injuries (LTIs) across the group's operations (these are incidents where the individual involved is unable to perform his or her duties for at least one day).

Our operational safety data is presented in the table below:

Operational Safety Performance Overview*

	2011	2010
Total number of active mines or projects on which figures are based	4	3
Total number of employees and contractor staff	6,728	6,155
Total fatalities	3	1
Total Lost Time injuries#	19	27
Lost Time Injury Frequency Rate (LTIFR)+	1.29	1.75

* Operations include Loulo, Morila and Tongon for 2010 and these plus Goukoto in 2011.

Defined as injuries that occur in the execution of duties that mean the person is unable to perform those duties for at least one day.

+ LTIFR: Number of lost time injuries per million man-hours worked.

Given the year-to-year increase in the number of operational mines and the corresponding increase in the number of employees, we are pleased with our progress towards our safety goals. We are encouraged by the dramatic decrease in the number of shifts lost to injuries from 2010 to 2011 at the Tongon mine and with Morila mine's major achievement of zero incidences of LTIs in 2011. The increase in the LTI number at Loulo is disappointing, and will be an area of focus in 2012. Management has implemented increased safety awareness programs across the Loulo operation to counter the negative trend. The increase in construction activity and workers at the Kibali project resulted in a rise in LTIs year on year. However, here too the LTIFR decreased from 2010 to 2011 and as the year progressed a concerted safety drive led to an improvement in the safety statistics.

In 2011, we incurred no safety fines or prosecutions.

Occupational and Community Health

Our approach

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Our group wide occupational health policy identifies the potential health hazards that are common to a gold mine such as dust, lead, cyanide and noise. Our policy puts in place critical steps for each mine to avoid the occupational diseases that may result. For example, to avoid saturnism from lead exposure each employee working in a lead process environment must undergo blood tests to ensure exposure limits of 1mg/m³ over eight hours have not been surpassed.

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Our assessments of safe exposure levels are based on internationally recognized monitoring standards, including OHSAS 18001. To eliminate or minimize exposure to the hazards, we provide personal protective equipment and regular training and ensure that the materials and equipment to deal with traumatic, toxic and cardiovascular emergencies are in place and regularly checked. All employees must pass minimum standards of fitness in order for their job to be performed safely.

Our policies on community health are framed by the independent baseline study of health issues that we commission at the feasibility stage of our projects. This enables us to identify the most important local health issues, priorities needs and then to measure our contribution. It also ensures that no negative health trends already present before our arrival can be unjustly attributed to the company at a later date.

Clinics are established at every mine site and treat employees, employees dependants and people from the local communities. Our medical staff work in partnership with the host governments, the World Health Organization and local NGOs on a number of public health initiatives including inoculations against diseases such as polio, yellow fever and tetanus. We also run specific programs to combat HIV/AIDS and malaria which pose two of the main health risks to our workforce and local communities.

All group medical officers measure and report against a standardized set of occupational and community health indicators. We also collaborate with medical charities and local healthcare authorities to deliver crucial medical equipment and supplies to village clinics in these areas.

Our Performance

The main occupational health issues include the potential for high levels of ambient dust in the air and poisons such as cyanide. We manage this by assessing the risks at each part of each site and identifying the need for protective equipment or for exposure reduction measures such as wet screening to reduce dust levels near rock crushing equipment. All potential cyanide hazards and risks are highlighted in a risk assessment at each site and personnel protective equipment, training and signage is available and regularly tested as required by the Cyanide Code. We have had no health incidents related to cyanide this year.

Our clinics deal with both occupational and community health issues. In 2011 more than 78,600 medical consultations were held for workers and community members at our clinics. The clinic at Kibali treated more than 9,400 patients last year, while Loulo treated around 90 patients per day. Around a quarter of cases were related to local villagers or employees dependants, reinforcing the important service we provide to the wider communities of our workforce. We delivered inoculations against polio, tetanus and yellow fever and also offered our facilities and resources to allow UN agencies to carry out other vaccinations. We have also used mobile video units (MVUs) to help spread health education in an entertaining way and these have proved very popular at Morila more than 1,000 villagers attended MVU sessions during one quarter.

Fighting Malaria and HIV/AIDS

We have taken a series of measures to combat both HIV/AIDS and malaria. We have worked in Africa for over 15 years and has become well acquainted with the difficulties of dealing with malaria. For example, we conduct an annual entomological survey at each site to determine the most effective insecticide to combat the disease. This year the survey showed a growing resistance by mosquitoes in some parts of West Africa to insecticides such as Deltamethrine and so we plan to switch to Carbamate in areas such as Loulo where malaria incidence rose this year. This site specific information feeds into our daily efforts against the disease including the distribution of impregnated mosquito nets and repellents, anti-mosquito spraying in a number of agricultural areas and malaria education programs at all our sites.

To combat the spread of HIV/AIDS we distribute condoms to employees and their families as well as provide free and confidential HIV testing, and run educational programs.

There is some evidence that these measures are contributing to positive outcomes. The incidence rate of malaria has dropped significantly at Morila this year from 26.69% in 2010 to 20.9%. The year under review also saw a downward trend in the reported incidence of new HIV cases. In the two mines where comparable data exists (Loulo and Morila), only 12 new cases were reported

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compared to 33 in 2010, with zero new cases at Morila. Although we recognize every new infection may not be reported, taken together with the increase in voluntary testing, this does suggest a positive downward trend in actual new infections.

Malaria is a bigger problem in the eastern DRC than in West Africa as it has a significantly longer wet season (nine months) than the four to five month wet season in the latter. Kibali, which is currently an early stage construction project, had a malaria incidence rate of 113.15 in 2011 and has started the implementation of malaria control measures with assistance from Professor Hunt and the Malaria Control Group at the University of the Witwatersrand in South Africa. The established mines are better set up to combat malaria than mine development sites and new mines. Tongon was a construction site for most of 2010 while Goukoto was in construction in 2011.

As with all our business efforts, we see partnership as a vital part of implementing our health policy. We have helped to import \$1.8 million worth of medical equipment in co-operation with medical charities such as CURE to the Wasta/Durba area of the DRC, \$900,000 worth of medical equipment to Mali through the charity Doc to Dock and a further \$1 million is being delivered to the Korhogo/M'bangue area of the northern Côte d'Ivoire.

We also work closely with NGOs such as CIDA and the United Nations on their HIV/AIDS prevention initiatives, making our mine facilities, medical staff and transport available.

Environmental Management

Our approach

We identify and assess the environmental issues that need to be managed using our baseline environmental impact assessments. These pinpoint the likely environmental impacts of our mines and inform our project planning, development and expansion. All the likely negative and positive environmental impacts are also communicated to local communities at an early stage as part of our public participation programs. As projects develop we create and continually update an environmental management system (EMS) to mitigate these impacts, and any others that may manifest during the course of our operations.

Our approach is guided by the IFC Performance Standards on Social and Environmental Sustainability. Two of our mines are currently certified to the internationally-recognized ISO 14001 environment management standard and both the Tongon and Goukoto mines are due to achieve accreditation in 2012.

We categorize environmental incidents according to three levels across all sites and aim to reduce these every year. Our approach is one of continuous improvement and includes a significant focus on Class 3 (minor) incidents, as we have found they act as an early warning system to avoid larger incidents. We have also identified four areas that we consider the biggest environmental risks to the business: energy use, water management, land rehabilitation and waste management.

Our performance

We measure three levels of environmental incidents at operational mines:

Class 1 Major incident resulting in death or injury of people or destruction of community property or husbandry.

Class 2 Medium incident involving material disruption to production or uncontrolled release of contaminated effluent outside the boundary fence of the operation.

Class 3 Minor incident involving controlled or uncontrolled release of effluent or pollutants within the boundary of the operation. In 2011 there was no Class 1 incident. The majority of Class 2 and Class 3 incidents were reported at Loulo due to ongoing issues with the tailings pipeline and at Tongon which moved into operational phase this year. We received no fines for non-compliance with environmental laws and regulations in 2011.

Energy and Greenhouse gas (GHG) emissions

Our business is sensitive to variations in energy price and supply, which is why decreasing our energy consumption is a priority. We integrate climate-change related issues into the business control framework and have published a five year strategy to reduce normalized greenhouse gas emissions. Our strategy has set a target to reduce all greenhouse gas intensity emissions (both those emissions directly caused by our productions and energy we purchase) by 47% by 2015.

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Our site-specific strategies to achieve this reduction are to run the Tongon mine on grid power, Kibali to be operational with at least 50% of power supplied by hydropower and Loulo to complete the capital program and migration to more fuel efficient generating machines. Morila is powered by fossil fuel power generation and was forecast to have ceased operations in 2013. The decision to extend Morila's life beyond 2013 was made subsequent to the setting of the five year strategy and is likely to have a significant impact on this, given the relatively small number of mines in operation. The above target will be updated in the 2012 CDP due in May 2012.

Our greenhouse gas (GHG) reduction strategy has two central elements: greater use of energy efficiency measures and a move away from diesel generation to hydropower and grid power. We are also committed to transparency and participate in the Carbon Disclosure Project each year.

2011 brought the Tongon mine in the Côte d'Ivoire into full operation and we have been able to link this operation to the national grid which is gas and hydropower supported. We are also well advanced in ensuring the Kibali project will be able to use river hydropower schemes to meet 80% of energy requirements.

We have also taken considerable steps to improve our energy efficiency. Our energy use per tonne milled rose from 34.5kWh/t in 2010 to 34.8kWh/t in 2011 due to the start of fresh ore processing by year end. At Loulo mine, the transfer to more fuel efficient, medium speed generators and other energy efficiency measures reduced our diesel usage per kilowatt generated by 5.5% from 2009. Fuel efficiency has also been improved through better communication between the powerhouse and plant at Morila for when power is required.

Our total unverified GHG emissions for 2011, defined as the sum of onsite emissions were 435,000 tonnes of carbon dioxide equivalent (314,000 tonnes of carbon dioxide equivalent for 2010). The disclosure is currently undergoing independent verification and final verified numbers will be presented in the 2012 Carbon Disclosure Project. The increase in total carbon emissions reflects the growth of the company including the launch of operations at Goukoto and increased tonnage production at Tongon in 2011. This increase in total emissions has been tempered by a continued decrease in emission intensity in 2011, in large part due to connecting the Tongon mine to the national grid, which is gas and hydropower supported. This year we reduced our rate to 39.08 tonnes of CO₂ (or equivalent) per unit in 2011 from 44.28 tonnes per CO₂ in 2009.

Water Use

Our water management policy is to maximize the use of recycled water for mining and processing and avoid or minimize adverse impacts in relation to discharges in the water. On our current operations we have a three year target to return 80% of grey water to our mine plants, and a five year target to return 85%. We strive to meet IFC guidelines on effluent discharge and are currently constructing additional handling facilities at the Gara and Yalea underground mines.

We are committed to minimizing seepage from tailings storage facilities (TSF). We outsource the management and construction of these facilities to a specialist company and employ an independent consulting engineer to ensure they are monitored at an optimal level. We have site-specific policies and systems to manage the procurement, transport, storage, use and disposal of cyanide and these are all implemented in accordance with the Cyanide Code of the respected International Cyanide Management Institute.

In 2011 we continued to focus on maximizing the return of water from TSFs in an attempt to minimize the off-take of fresh water from the environment. All our operations withdraw fresh water from adjacent river systems, from purpose built water storage dams or from dewatering of mining operations. The amount of water we removed from the environment has increased this year due to the addition of the Tongon as well as Goukoto operations to our portfolio. Water management plans are aimed at increasing the reuse of water whenever we can, and to return it to the environment meeting regulatory limits.

Our freshwater withdrawal increased by 67% to 12,251 million liters in 2011 and our water withdrawal per tonne milled from 0.93 to 1.10kl/tonne, due to the ramp-up at Tongon and increased throughput at Loulo and Morila. The focus in 2012 will be to stabilize the new operations and implement water management systems aimed at maximizing the reuse of water from the TSFs.

The operations are in the process of redefining and standardizing the water performance parameters. We will standardize the methodology used across all the operational mines to quantify their water use and impacts and to ensure that the approach is in accordance with current industry best practice. We are updating the detailed water balances for Tongon and the expanded Loulo operation and plan to reprocess the tailings material at Morila and deposit it in the pit, thus simplifying the current water balance at the mine.

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Land

Mining companies have an unavoidably large footprint on the land on which they operate, however our aim is to contribute to the conservation of biodiversity over the lifecycle of our mines and to manage our landholdings effectively.

We manage this process by conducting baseline surveys at the feasibility stage and then taking an annual digital image of the mine using an Ikonos satellite. This allows us to monitor changes in vegetation cover and measure affected areas as a result of mining activities. We use that information as part of a policy of constant rehabilitation while the mine is operational, instead of leaving it until the mine's closure. Unused roads, for example, can be removed and the land replanted while operations continue. This also makes sound financial sense. The information also informs closure plans, which are updated annually. Financial provision for the restoration of indigenous vegetation is set aside and audited independently each year, or whenever a major change to the mine plan occurs.

Morila is our most mature mine and mine life has been extended to 2021 with the incorporation of tailings treatment. Land rehabilitation of the open pit and mine waste dumps is already underway at the Morila site with more than 51 hectares of land rehabilitated on the site this year and a further 44 hectares planned for 2012. All sites have a nursery growing indigenous trees, suitable for replanting disturbed areas and local communities are encouraged to get involved by asking schools to plant saplings which we provide. More than 6,000 trees have been planted on the Morila and Loulo sites alone this year. Our mining concessions cover a total area of 315,900 hectares of which 5,624 hectares (1.78%) have been disturbed and require rehabilitation.

There are no endangered species with habitats in areas affected by our mines. In 2011, the environmental impact assessments at Kibali discovered several aquatic species, including a type of puffer fish (*Petraodon* sp), that has not been previously scientifically documented. This, along with several other previously undescribed species, will undergo the lengthy process of confirming they are indeed new and then named. This has led to further work to successfully demonstrate that the species is not endangered by our activities. More groups of this species have now been found elsewhere in the region and we are delighted to have played a part in this discovery.

Waste Management

We aim to recycle as much waste material as possible. All our mines have waste management plans that cover the sorting and recycling of a range of materials. Sorting of domestic and metal waste takes place at all mines and often involves small community-based enterprises which are able to extract value from the waste generated. Hydrocarbon waste collection, primarily used oil, is outsourced to reputable service providers who remove the material from the sites.

MARKETING

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

PROPERTY

Our operational mining area is comprised of Morila operations of 200 square kilometers, the Loulo mining permit of 372 square kilometers and the Tongon project located within the 751 square kilometer Nielle exploitation permit. Our exploration permits are described under the subheading "Mineral Rights and Permits" in this report.

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

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LEGAL PROCEEDINGS

In August 2004, we entered into a fixed lump sum turnkey contract for \$63 million for the design, supply, construction and commissioning of the Loulo processing plant and infrastructure with MDM Ferroman (Pty) Ltd, or MDM. At the end of 2005, after making advances and additional payments to MDM totaling \$26 million in excess of the contract, we determined that MDM was unable to perform its obligations under the MDM Contract, at which time we enforced a contractual remedy which allowed us to act as our own general contractor and to complete the remaining work on the Loulo project that was required under the MDM Contract.

We sought to recover certain amounts from MDM, including advances of \$10.7 million included in receivables as at December 31, 2010. Of this amount, \$7 million was secured by performance bonds and the remainder was secured by various personal guarantees and other assets. In January 2009 and 2010, the liquidator declared and paid dividends of \$1.6 million from the insolvent estate, leaving an outstanding balance of \$10.7 million (stated net of an impairment provision of \$1.3 million) as at December 31, 2010.

As part of our efforts to recoup the monies owed to us, MDM was put into liquidation on February 1, 2006, in connection with which the liquidators issued their report confirming that MDM's liabilities exceeded its assets. During 2011, ahead of proceedings to recover monies owing to the insolvent estate, settlement negotiations took place resulting in payments to the liquidator totaling \$6.4 million. These funds were paid by the liquidator to us. Following receipt of these funds a decision was taken to write off the sum of \$3.2 million, being the balance owing in respect of the performance bonds. The sum of \$1.1 million is currently owing and we believe this amount is recoverable in respect of legal actions still outstanding.

As at December 31, 2011, the group had received claims for various taxes from the State of Mali totaling \$64.3 million, in respect of the Loulo and Morila mines. Having taken professional advice, the group considers the claims to be wholly without merit or foundation and is strongly defending its position, including following the appropriate legal process for such disputes in Mali. Both companies have legally binding mining conventions which guarantee fiscal stability, govern the taxes applicable for the companies and allow for international arbitration in the event that a dispute cannot be resolved in the country. Management continues to engage with the Malian authorities at the highest level to resolve this issue and believes this is achievable given the group's experience in dealing with the State on similar issues, however, it may be necessary to arbitrate to resolve the disputes.

Other than as disclosed above we are not party to any material legal or arbitration proceedings, nor is any of our property the subject of pending material legal proceedings.

HEALTH AND SAFETY REGULATIONS

Mali

The primary laws, regulations and standards governing Safety and Health in our Malian operations are as follows:

Law 1992-020 Code du travail (the Labor Code);

Ordonnance No. 99-032 le code minier, Ordonnance 200-013 le code minier modifications 2000 (the Mining Code);

Decree No. 91-278 / PM-RM Approving the Establishment Agreement Covering Research and Mining in the Republic of Mali (the Decree)

Code de la Sécurité (INPS - Institut National de Prévoyance Sociale);

Sécurité Sociale du Mali (Social Security Code);

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Convention Collective (National Collective Agreement for the Mining Industry).

Labor Code

The Labor Code provides generally for the following:

General provision for protection, prevention and hygiene,

Dangerous goods handling,

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Employer responsibility regarding safety and health (implementation of safety system),

Labor inspector duty (control of employer safety system),

Injury notification to Labour Inspector within 48 hours,

Requirement to ensure medical service on site,

Medical leave (up to 12 months) and medical separation compensation, and

Establishment of a Joint Management and employees health and safety committee,

Mining Code

The Mining Code provides generally for an Occupational Health and Safety Committee (Joint management and employee safety committee), Personal Protective Equipment or PPE, safety guide, emergency procedure, means of education and sensitization, employees obligation regarding occupational health.

The Decree

The Decree provides generally for the following:

Must carry out research or mining work to ensure the safety and health of the public,

Must inform the local administrative authorities and the Director in the event of a fatal accident or serious injury or any natural phenomenon which may have an adverse effect on the safety of the area, the safety and hygiene of the personnel or conservation of the mine, neighboring mines or public roads, and

In the case of imminent danger or an accident, the local administrative authorities and the Director may requisition the necessary material and personnel to alleviate the danger, at the expense of the mining company.

Code de la Sécurité (INPS – Institut National de Prévoyance Sociale)

The Code de la Sécurité provides generally for the following:

Requirement to have medical service on work site for occupational health and primary health care purposes,

Requirement for pre-employment medical check,

Requirement for periodical medical check of employees,

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Requirement for general hygiene (ablutions, change house, potable water, workplace)

Protection against injury, environmental pollutants, occupational disease),

Ergonomic conditions,

Notification of occupational disease to the employer by the occupational health practitioner,

Requirement for first aid training for one employee per section of work or shift,

Requirement for compensation in case of debilitating injury, occupational disease,

Requirement for notifying injury and or occupational disease to INPS/Labor inspection, and

Redeployment of employee following injury and/or occupational disease.

Morila and Loulo have a Hygiene and Security Committee made up of elected labor and specialist management representatives, as outlined in the respective labor code. This committee designates, from its members, a consultative technical sub-committee charged

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with the elaboration and application of a concerted policy of improvement of health and security conditions at work. Its composition, attributions and operational modalities are determined by legal provisions and regulations.

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

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

follow-up activities such as action resulting from the regular surveys and inspections are carried out; and

health and safety manuals and updates are distributed, posters are posted on notice boards and safety committee minutes and reports are distributed.

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

working conditions improvements;

general hygiene on the operation;

ergonomics;

protection of workers safety in the workplace; and

medical checks and eye and ear testing.

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

investigates accidents and makes recommendations to avoid repetitions;

ensures plant, machinery and equipment have adequate protection to avoid injury; and

updates and revises safety and health manuals.

The Educational Commission:

provides information and training on safe practices and potential risks;

provides first aid training;

administers and promotes the safety suggestion scheme; and

explains, where necessary, the contents of the safety and health manual.

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

No post-employment medical aid liability exists for the group.

Côte d'Ivoire

The primary laws, regulations and standards governing Safety and Health in our Côte d'Ivoire operations is the Mining Code (95-553) of July 15, 1995.

The Mining Code provides generally for the following:

Any individual or legal entity carrying out works for prospecting or mining mineral substances is required to undertake such works in a way that the safety of the people and goods is assured,

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Must adopt and comply with internal regulations concerning safety and specific hygiene measures, subject to approval by the Mining Authority,

Any accident in a mine or quarry or in their dependencies and any identified cause of accident must be reported to the Mining Authority as soon as possible, and

In case of impending danger or accident in a mine, mining engineers and other authorized agents of the Mining Authority must take all necessary measures, at the expense of the individual or legal entity, to stop the danger and prevent it from occurring again.

Safety Performance

Officials from the Labour Ministry, INPS and officials from the Ministry of Mines regularly visit and audit our operations. Both Morila and Loulo have received safety awards and commendations from INPS.

The national statistics in the countries of West Africa in which we operate are not generally available, with only fatalities cases and lost time/compensable injuries being reported.

Our safety programs are based on the outcome of the risk assessment and continual improvement strategy. The statistical measures we use to monitor our performance, such as LTIFR, are based on international good practice (OHSAS 18001) which we believe is the most accepted by our peers and best standard specification for such statistics.

We are progressing with the implementation of occupational health and safety assessment series OHSAS 18001 at all of our operations as part of our health and safety strategy to continuously improve safety in our operations.

See Social Responsibility and Environmental Sustainability.

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The following table identifies our subsidiaries and joint ventures and our percentage ownership in each subsidiary or joint venture:

Countries of Incorporation	% effective ownership
Name of Company	
Jersey	
Randgold Resources Limited	
Randgold Resources (Burkina) Limited	100
Randgold Resources (Côte d Ivoire) Limited	100
Randgold Resources (Kibali) Limited	100
Randgold Resources (Mali) Limited	100
Randgold Resources (Senegal) Limited	100
Randgold Resources (Somilo) Limited	100
Randgold Resources T1 Limited	100
Randgold Resources T2 Limited	100
Randgold Resources (Jersey) Limited	100
Randgold Resources (Goukoto) Limited	100
Mining Investments (Jersey) Limited	100
Morila Limited	50
Moto (Jersey) 1 Limited	50
RAL 1 Limited	50
Kibali (Jersey) Limited	50
Kibali 2 (Jersey) Limited	50
Kibali Services Limited	50
Australia	
Moto Goldmines Australia (Pty) Limited	50
Border Energy (Pty) Limited	50
Westmount Resources NL	50
Border Resources NL	50
Burkina Faso	
Randgold Resources Burkina Faso SARL	100
Canada	
Moto Goldmines Limited	50
0858065 B.C. Limited	50
Côte d Ivoire	
Randgold Resources (Côte d Ivoire) SARL	100
Société des Mines de Tongon SA	89
Democratic Republic of Congo	
Kibali Goldmines S.P.R.L.	45
Mali	
Randgold Resources Mali SARL	100
Société des Mines de Morila SA	40
Société des Mines de Loulo SA	80
Kankou Moussa SARL	75
Société des Mines de Goukoto SA	80
South Africa	
Seven Bridges Trading 14 (Pty) Limited	100
Tanzania	
Randgold Resources Tanzania (T) Limited	100
The Netherlands	
Kibali Cooperatief UA	50
Uganda	
Border Energy East Africa (Pty) Limited	50

United Kingdom

Randgold Resources (UK) Limited

100

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D. PROPERTY, PLANT AND EQUIPMENT

For a discussion of our principal properties, including mining rights and permits, see Item 4. Information on the Company A. History and Development of the Company and Item 4. Information on the Company B. Business Overview . We have all material legal rights necessary to entitle us to exploit such deposits in respect of the Morila mine in Mali to April 2022, Loulo in Mali to 2029 and Tongon in Côte d'Ivoire to 2020 and Goukoto to 2041.

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

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

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

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

General

We earn substantially all of our revenues in US dollars and a large proportion of our costs are denominated or based in US dollars. We also have South African Rand, Communauté Financière Africaine franc, Congolese franc and Pound Sterling denominated costs, which are primarily wages and material purchases. A large portion of our capital commitments for 2012 are denominated in South African Rand and Euros and relate to the Kibali project.

Impact of Malian, Côte d'Ivoire and DRC Economic and Political Environment

We are a Jersey incorporated company and are subject to income tax at a rate of zero percent in Jersey. Our current significant operations are located in Mali and Côte d'Ivoire and are therefore subject to various economic, fiscal, monetary and political policies and factors that affect companies operating in Mali, Côte d'Ivoire and the DRC as discussed under Item 3. Key Information D. Risk Factors Risks Relating to Our Operations .

Impact of Favorable Tax Treaties

We are subject to corporate tax at a rate of zero percent in Jersey. Somilo SA benefited from a five year tax holiday until November 7, 2010. Tongon SA also benefits from a five year tax holiday in Côte d'Ivoire which commenced on December 1, 2010. The Goukoto convention was signed in March 2012. In terms of this convention Goukoto will enjoy an initial corporate tax exemption of two years, with an opportunity to extend this to five years in the event of further investment such as an underground mine as discussed under Item 3. Key Information D. Risk Factors Risks Relating to Our Operations . The benefit of the tax holidays to the group was to increase its net profit by \$116.9 million, \$30.2 million and \$26.7 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Under Malian tax law, income tax is based on the greater of 35% of taxable income or 0.75% of gross revenue. Under Ivorian tax law, income tax is based on the greater of 25% of taxable income or 0.5% of gross revenue.

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The Morila, Loulo, Tongon and Goukoto operations have no assessable capital expenditure carry forwards or assessable tax losses, as at December 31, 2011, 2010 and 2009 respectively, for deduction against future mining income. Moto Goldmines Limited estimated non-capital tax losses carried forward amounted to \$15.8 million (2010: \$18.6 million) (2009: \$20.4 million). No deferred tax asset is recognized given the uncertainty over utilization of the losses.

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Revenues

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

We have followed a hedging strategy the aim of which is to secure a minimum price which is sufficient to protect us in periods of significant capital expenditure and debt finance, while at the same time allowing significant exposure to the spot gold price. Accordingly, we have made use of hedging arrangements. Under the terms of the Morila project loan, we were required to hedge 50% of approximately 36% of Morila's first 5 years of production. The last remaining hedges were closed out during 2004.

Our prior financing arrangements for the development of Loulo included provisions for gold price protection. Although the facility was fully repaid in December 2007, these instruments were in place until the last remaining hedges were delivered into during 2010. The group is now fully exposed to the spot gold price on gold sales.

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 impact on our revenues.

Our Realized Gold Price

The following table sets out the average, high and low afternoon London Bullion Market fixing price of gold and our average US dollar realized gold price during the years ended December 31, 2011, 2010 and 2009.

	Year Ended December 31,		
	2011	2010	2009
Average	1,572	1,224	972
High	1,895	1,421	1,213
Low	1,319	1,058	810
Average realized gold price	1,574(1)	1,180(1)	893(1)

- (1) Our average realized gold price differs from the average gold price as a result of the timing of our gold deliveries and different realized prices achieved on the hedge book.

Costs and Expenses

Our operations currently comprise four operations. Mining operations at Loulo, Goukoto and Tongon are being conducted by contractors and managed by the company. Morila is currently processing stockpiles only as mining ceased in April 2009. Milling operations are undertaken by the group's own employees. Total cash costs in the year ended December 31, 2011 as defined by guidance issued by the Gold Institute made up approximately 80% of total costs and expenses and comprised mainly mining and milling costs, including labor and consumable stores costs. Consumable stores costs include diesel and reagent costs. Contractor costs represented 29% of total cash costs, with diesel and reagent costs making up 25% of total cash costs. Direct labor costs accounted for approximately 5% of total cash costs. For a definition of total cash costs, please refer to Item 3 Key Information.

The price of diesel for the Loulo, Goukoto, Morila and Tongon operations increased from 2010 to 2011. Should prices increase further, this could significantly impact total cash costs mainly as a result of the high volume of diesel consumed to generate power and to run the mining fleet. A significant portion of the costs at Loulo, Goukoto and Morila are denominated in CFA, which has a fixed exchange rate to the Euro. Therefore, costs are exposed to fluctuations in the Euro/dollar exchange rate. The Euro/dollar exchange rate was higher in 2011, compared to 2010. The remainder of our total costs and expenses consists primarily of amortization and depreciation, exploration costs, exchange losses, interest expense and general administration or corporate charges.

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Looking Forward

The 2011 year saw a dramatic step up in operational activities across the group, resulting in consolidated group production increasing by 58% to 696,023 ounces. Looking further ahead, the group continues to forecast a growing production profile over each of the next five years. In 2012, the group's consolidated production forecast is estimated at 825,000 to 865,000 ounces, up 19% on 2011 at the lower end of the range. Grade and tonnes processed are expected to increase relatively steadily throughout the year and, as such, each successive quarter should be slightly higher than the previous one, with the biggest step anticipated from the first to the second quarter.

Management is targeting total cash costs per ounce for the group, after royalties, of under \$650/oz for 2012, mainly due to a significant estimated increase in Loulo's production contribution in 2012, assuming prevailing gold and oil prices and Euro/dollar exchange rates at the start of 2012, which have a significant impact on operating costs.

Continued growth in production over the following five years is forecast from increasing grades out of the Loulo/Goukoto complex and with Kibali adding to production in 2014. Consequently, on the back of this forecast increase in grade, the group total cash costs based on current prevailing input cost parameters are forecast to reduce towards \$500/oz to \$550/oz range over the same period.

Given the company's exploration success, exploration expenditure is expected to remain high in the coming year. Significant capital expenditure will also be incurred across the group as part of its planned growth in production, especially on the Kibali gold project in the DRC of approximately \$330 million (attributable), and the ongoing development of the underground mines at Loulo where capital expenditure across the Loulo/Goukoto complex is forecast at \$270 million, including the Yalea South push-back. Residual and sustaining capital at Tongon is estimated at less than \$20 million. Over the next two years, the group expects to make significant capital investments, especially at Kibali and Loulo, totalling just over \$1 billion and while capital expenditure in 2012 is estimated to be \$660 million, cash flows are expected to be more evenly balanced over the two years.

The company continues to maintain its focus on organic growth through discovery and development of world class orebodies, and has a pipeline of high quality projects and exploration targets. Notwithstanding this core strategy, management routinely reviews corporate and asset acquisition opportunities, focused on gold in Africa.

Critical Accounting Policies

Our significant accounting policies are more fully described in note 2 to our consolidated financial statements. Some of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. Refer to note 3 of our consolidated financial statements for disclosure of critical accounting estimates and judgments. By their nature, these judgments are subject to an inherent degree of uncertainty and are based on our historical experience, terms of existing contracts, management's view on trends in the gold mining industry and information from outside sources. The audit committee considered and approved the key estimates and accounting policies.

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

Joint Venture Accounting

We account for our investment in joint ventures by incorporating our proportionate share of the joint ventures' assets, liabilities, income, expenses and cash flows in the consolidated financial statements under appropriate headings. Should this method of accounting not be permitted in the future, the results of each joint venture would need to be equity accounted. The adoption of IFRS 11 is likely to prohibit the use of proportionate consolidation. This would require the recognition in the consolidated statement of comprehensive income, on a separate line, of our share of the joint ventures' profit or loss for the year. Our interest in the joint venture would be carried on the statement of financial position at an amount which would reflect our share of the net assets of the joint venture.

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

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Depreciation and Amortization of Mining Assets

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

Valuation of Long-Lived Assets

Management compares the carrying amounts of property, plant and equipment to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. In determining if the asset can be recovered, we compare the recoverable amount to the carrying amount. If the carrying amount exceeds the recoverable amount, we will record an impairment charge in profit or loss to write down the asset to the recoverable amount. The recoverable amount is assessed by reference to the higher of value in use (being the net present value of expected future cash flows of the relevant cash generating unit) and fair value less cost to sell. To determine the value in use amount, management makes its best estimate of the future cash inflows that will be obtained each year over the life of the mine and discounts the cash flow by a rate that is based on the time value of money adjusted for the risk associated with the applicable project. In estimating future cash flows, assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of future cash flows from other asset groups. With the exception of mine-related exploration potential, all assets at a particular operation are considered together for purposes of estimating future cash flows.

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

Environmental Rehabilitation Costs

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

Exploration and evaluation costs

We expense all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely than not of being realized, i.e. probable. While the criteria for concluding that an expenditure should be capitalized are always that the future economic benefit being realized is probable, the information that the directors use to make that determination depends on the level of exploration.

Exploration and evaluation expenditure on greenfield sites, being those where we do not have any mineral deposits which are already being mined or developed, is expensed until such time as our directors have sufficient information to determine that future economic benefits are probable, after which the expenditure is capitalized as a mine development costs. The information required by directors is typically a final feasibility study, however, a prefeasibility study may be deemed to be sufficient where the additional work required to prepare a final feasibility study is not significant.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until our directors are able to demonstrate that future economic benefits are probable

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through the completion of a prefeasibility study, after which the expenditure is capitalized as a mine development cost. A prefeasibility study consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The prefeasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allow the directors to conclude that it is more likely than not that the group will obtain future economic benefit from the expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as a mine development cost following the completion of an economic evaluation equivalent to a prefeasibility study. This economic evaluation is distinguished from a prefeasibility study in that some of the information that would normally be determined in a prefeasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allow our directors to conclude that more likely than not we will obtain future economic benefit from the expenditures. Costs relating to property acquisitions are also capitalized within development costs.

Receivables

Receivables are recognized initially at fair value. There is a rebuttable presumption that the transaction price is fair value unless this could be refuted by reference to market indicators. Subsequently, receivables are measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that we will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized within mining and processing costs in the statement of comprehensive income.

Share-based payments

The fair value of the employee services received in exchange for the grant of options restricted shares, or participation in the group's Co-Investment Plan recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or restricted shares determined at the grant date, including any market performance conditions and excluding the impact of any service and non-market performance vesting conditions (for example profitability, reserve growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each statement of financial position date and the difference is charged or credited to the Statement of Comprehensive Income, with a corresponding adjustment to equity. Market performance conditions are included in the fair value assumptions on the grant date with no subsequent adjustment. The proceeds received on exercise of the options net of any directly attributable transaction costs are credited to equity. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. Transfers are made between other reserves and share premium when options are exercised and shares vest.

Mineral properties

Mineral properties acquired are recognized at fair value at the acquisition date. Mineral properties are tested annually for impairment on the same basis that property, plant and equipment are when there is an indication of impairment. Mineral properties will be amortized on a units of production basis when the related mine commences production.

Table of Contents**Recent accounting pronouncements**

The group has adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

			Effective period commencing on or after	Impact on group
IAS 32	Amendment	Classification of Rights Issues	February 1, 2010	No
IFRS 1	Amendment	First time Adopters of IFRS 1	July 1, 2010	No
IFRIC 19	Extinguishing	Financial Liabilities with Equity Instruments	July 1, 2010	No
IAS 24	Revised	Related Party Disclosures	January 1, 2011	Yes
IFRIC 14 Amendment	IAS 19 Limit on a Defined Benefit Asset	Improvements to IFRSs (2010)	January 1, 2011	No

IAS 24: The revised standard provides a revised definition of a related party. The structure of definition of a related party has been simplified and inconsistencies eliminated. While adopted in the current year by the group, there has been no significant impact on the related party disclosures.

NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning after January 1, 2012 or later periods and which the group has decided not to adopt early when early adoption is available. These are:

		Effective period commencing on or after
IFRS 7 Amendment	Transfer of Financial Assets	July 1, 2011
IFRS 1* Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011
IAS 12* Amendment	Deferred Tax: Recovery of Underlying Assets	January 1, 2012
IAS 1* Amendment	Presentation of Items of Other Comprehensive Income	July 1, 2012
IFRS 9* Financial Instruments		January 1, 2015
IFRS 10* Consolidated Financial Statements		January 1, 2013
IFRS 11* Joint Arrangements		January 1, 2013
IFRS 12* Disclosure of Interests in Other Entities		January 1, 2013
IFRS 13* Fair Value Measurement		January 1, 2013
IFRIC 20* Stripping Costs in the Production Phase of a Surface Mine		January 1, 2013
IAS 27* Amendment	Separate Financial Statements	January 1, 2013
IAS 28* Amendment	Investments in Associates and Joint Ventures	January 1, 2013
IAS 19* Amendment	Employee Benefits	January 1, 2013
IFRS 7* Amendment	Disclosure, offsetting Financial Assets and Liabilities	January 1, 2013
IAS 32* Offsetting Financial Assets and Liabilities		January 1, 2014
IAS 1* Amendment	Government Loans	January 1, 2013

* Not yet endorsed by the European Union.

The group is currently assessing the impact of these standards on the financial statements. Those anticipated to be of significance to the group are as follows:

IFRS 11 The principle in IFRS 11 is that a party to a joint arrangement recognizes its rights and obligations arising from the arrangement rather than focusing on the legal form. The application of the principle results in the following:

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Where the parties have rights to the assets and obligations for the liabilities relating to the arrangement, they are parties to joint operations. A joint operator accounts for assets, liabilities and corresponding revenues and expenses arising from the arrangement.

Where the parties have rights to the net assets of the arrangement, they are parties to a joint venture. A joint venture accounts for any investment in the arrangement using the equity method under IAS 28 Investments in Associates. There will no longer be an option to use proportionate consolidation, which is the group's current accounting policy and this will give rise to a significant change in the presentation of the group's financial results. Refer to Note 11 for details of the group's investment in joint ventures.

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IFRS 12 The new standard amends disclosures regarding interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures are intended to help users understand the judgments and assumptions made by a reporting entity when deciding how to classify its involvement with another entity; help users understand the interest that non-controlling interests have in consolidated entities; and help users assess the nature of the risks associated with interests in other entities.

The group anticipates changes to its disclosure as a result of this standard and is currently assessing the impact.

IFRIC 20 This Interpretation applies to waste removal (stripping) costs that are incurred in surface mining activity, during the production phase of the mine (production stripping costs). The group's current accounting policy is to treat such costs as variable production costs. IFRIC 20 requires that, to the extent that the benefit from the stripping activity is realized in the form of inventory produced, the directly attributable costs of that activity should be treated as ore stockpile inventory. To the extent that the benefit is the improved access to ore, the directly attributable costs should be treated as a non-current stripping activity asset, if the following criteria are met:

it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;

the entity can identify the component of the ore body for which access has been improved; and

the costs relating to the improved access to that component can be measured reliably.

The stripping activity asset is initially measured at cost and is treated as an enhancement of an existing asset, not as an independent asset. Subsequently the stripping activity asset is accounted for in a manner consistent with that adopted for the asset it has enhanced and is depreciated on a units of production basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The group intends to adopt this policy with effect from January 1, 2012. All stripping costs incurred since January 1, 2010 will be capitalized to the related asset in the relevant year as required by IFRIC 20. Total eligible stripping costs of \$12.1 million were incurred in 2011 and will be capitalized. No other production phase stripping costs have been incurred since January 1, 2010. In line with IFRIC 20, our 2012 results will include a restatement of the 2011 year, with non-current assets and profit increasing by \$12.1 million. The deferred tax effects are still being assessed. Amortization will start as that component of the orebody is mined.

A. OPERATING RESULTS

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

Years Ended December 31, 2011 and 2010

Total revenue

Total revenues from gold sales (net of hedging contracts) for the year ended December 31, 2011 increased by \$642.5 million, or 133%, from \$484.6 million to \$1,127.1 million. This is mainly due to a 74% increase in attributable gold sales from 413,262 ounces in 2010 to 718,762 ounces in 2011, mainly due to increased sales from Tongon and Goukoto in 2011, compounded by a 33% increase in the average gold price received from \$1,180/oz in 2010 to \$1,574/oz in 2011.

Other Income

Other income of \$4.4 million for the year ended December 31, 2011 compared to \$22.6 million for the year ended December 31, 2010. Other income includes management fees in respect of Kibali and Morila. Other income in 2010 also includes a profit of \$19.3 million in respect of the sale of 15.5 million Volta Resources shares.

Table of ContentsCosts and Expenses*Total Cash Costs*

The following table sets out our total ounces sold and total cash cost and production cost per ounce sold for the years ended December 31, 2011 and 2010:

	Year Ended December 31,		2010	
	2011			
	Ounces sold	\$ Per Ounce	Ounces sold	\$ Per Ounce
Morila (40% share) cash costs	99,454	782	95,443	669
Loulo (100% share) cash costs	209,631	1,009	313,121	712
Tongon (100% share) cash costs	271,922	557	4,698	459
Goukoto (100% share) cash costs	137,755	536		
Total ounces (sold)	718,762		413,262	
Group total cash costs per ounce *		716		699
Total production costs per ounce under IFRS		830		767

* For a definition of cash costs, please see Item 3. Key Information A. Selected Financial Data .

Total production cost includes total cash costs and also the depreciation and amortization cost which is discussed below. Total cash costs for the year ended December 31, 2011 of \$514.5 million increased by 78% from 2010, mainly due to the increased mining cost at Tongon where production started in the fourth quarter of 2010, as well as at Goukoto, where production commenced in June 2011. Costs were further impacted by higher mining costs at the Loulo-Goukoto complex due to increased open pit mining costs resulting from deepening pits and the Yalea pit pushback, revised underground mining rates and general cost increases, especially in diesel, as well as a higher euro/dollar exchange rate.

Royalties increased by \$26.1 million, or 94%, to \$53.8 million for the year ended December 31, 2011 from \$27.7 million for the year ended December 31, 2010. The increased royalties reflect the higher average gold price received and increased production.

Other mining and processing costs comprise various expenses associated with providing on mine administration support services to the Morila, Loulo, Goukoto and Tongon mines. These charges amounted to \$70.3 million for the year ended December 31, 2011 and \$20.6 million for the year ended December 31, 2010. The increase in other mining and processing costs also reflect the commencement of operations at the Tongon mine towards the end of 2010, as well as the start of mining at Goukoto in 2011.

Depreciation and Amortization

Depreciation and amortization of \$82.1 million for the year ended December 31, 2011 increased by 192% compared to the year ended December 31, 2010. The increase in depreciation is the result of commencement of production at Tongon at the end of 2010, as well as the start of production at Goukoto in the second quarter of 2011.

Exploration and Corporate Expenditure

Exploration and corporate expenditure was \$43.9 million for the year ended December 31, 2011 and \$47.2 million for the year ended December 31, 2010. Drilling programs continued on the company's exploration targets, but a larger proportion of the exploration work was undertaken on feasibility stage projects including those at Kibali, Massawa, Loulo and Goukoto, as such were capitalized to these projects.

Other expenses

Other expenses for the year ended December 31, 2011 of \$10.9 million and \$14.1 million for the year ended December 31, 2010 mainly comprised operational foreign exchange losses resulting from the settling of invoices in currencies other than US Dollar, as well as the translation of balances denominated in currencies such as Rand, Canadian Dollar, FCFA and Euro to the closing US Dollar rate.

Finance Income

Finance income amounts consist primarily of interest received on cash held at banks of \$1.0 million and were consistent with the interest received in 2010 of \$1.3 million.

Table of Contents*Finance costs*

Finance costs for the year ended December 31, 2011 were \$3.6 million compared to finance costs for the year ended December 31, 2010 of \$5.3 million. The decrease of \$1.7 million is due to a \$1.4 million reduction in the foreign exchange loss on financing activities included in the figure, as well as a \$0.7 million reduction in interest paid year on year.

Income Tax Expense

The income tax expense amounted to \$51.7 million for the year ended December 31, 2011 and \$24.5 million for the year ended December 31, 2010. The increase in the tax expense is the result of the expiration of the Loulo tax exoneration period on November 7, 2010. Tongon SA benefits from a five year tax holiday in Cote d'Ivoire from December 1, 2010. Goukoto benefits from a minimum two year tax holiday starting from first production in June 2011 with an opportunity to extend this to five years in the event of further investment. Under Malian tax law, income tax is based on the greater of 35% taxable income or 0.75% of gross revenue. Under Ivorian tax law, income tax is based on the greater of 25% of taxable income or 0.5% of gross revenue. Refer to note 4 in the consolidated financial statements for a reconciliation between implied tax on profits at statutory tax rates and actual tax charges.

Non-controlling interests

The non-controlling interests for the year ended December 31, 2011 represent the Malian government's 20% share of the profits at Loulo since production commenced in November 2005, the Ivorian government's 10% share and other outside shareholder's 1% share of the profits at Tongon since production commenced in November 2010, Sokimo's 5% share of Kibali, as well as the Malian government's 20% share of the profits at Goukoto since production commenced in June 2011. We have 45% interest in Kibali, but as we gross proportionally consolidate our interest, as at December 31, 2011 we recognized 50% of Kibali and a 5% non-controlling interest.

Years Ended December 31, 2010 and 2009**Total revenue**

Total revenues from gold sales for the year ended December 31, 2010 increased by \$51.8 million, or 12%, from \$432.8 million to \$484.6 million. This is mainly due to a 32% increase in the average gold price received from \$893/oz in 2009 to \$1,180/oz in 2010, partially offset by a 15% decrease in group ounces sold to 413,262 in 2010, mainly due to a decrease in grade at Loulo, which is expected to improve in 2011.

Other Income

Other income of \$22.6 million for the year ended December 31, 2010 compared to \$9 million for the year ended December 31, 2009. Other income includes a profit of \$19.3 million (2009: \$10.7 million) in respect of the sale of 15.5 million Volta Resources shares. The amount recognized in 2009 relates to the profit realized on the sale of the Kiaka project in Burkina Faso. Other income in 2009 also includes operating foreign exchange losses of \$1.5 million.

Costs and Expenses*Total Cash Costs*

The following table sets out our total ounces sold and total cash cost and production cost per ounce sold for the years ended December 31, 2010 and 2009:

	Year Ended December 31,		2009	
	2010		2009	
	Ounces sold	\$ Per Ounce	Ounces sold	\$ Per Ounce
Morila (40% share) cash costs	95,443	669	136,664	480
Loulo (100% share) cash costs	313,121	712	349,660	525
Tongon (100% share) cash costs	4,698	459		
Total ounces (sold)	413,262		486,324	

Group total cash costs*	699	512
Total production costs per ounce under IFRS	767	571

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* For a definition of cash costs, please see Item 3. Key Information A. Selected Financial Data .

Total production cost includes total cash costs and also the depreciation and amortization cost which is discussed below. Total cash costs for the year ended December 31, 2010 of \$289 million increased by 16% from 2009, mainly due to increased mining costs at Loulo primarily due to increased open pit mining costs resulting from deepening pits, revised mining rates and general cost increases in reagents and other consumables. Cash costs also increased at Morila during 2010, due to the continued impact of processing lower grade ore. The total cash costs per ounce of \$699/oz increased by 37% year on year.

Royalties increased by \$2.3 million, or 9%, to \$27.7 million for the year ended December 31, 2010 from \$25.4 million for the year ended December 31, 2009. The increased royalties reflect the higher average gold price received.

Other mining and processing costs comprise various expenses associated with providing on mine administration support services to the Morila, Loulo and Tongon mines. These charges amounted to \$20.6 million for the year ended December 31, 2010 and \$19.1 million for the year ended December 31, 2009. The increase in other mining and processing costs also reflect the commencement of operations at the Tongon mine towards the end of 2010.

Depreciation and Amortization

Depreciation and amortization of \$28.1 million for the year ended December 31, 2010 is consistent with the depreciation of \$28.5 million that was charged for the year ended December 31, 2009. This includes depreciation charged at Loulo, Morila and Tongon since production commenced at Tongon in the fourth quarter of 2010.

Exploration and Corporate Expenditure

Exploration and corporate expenditure was \$47.2 million for the year ended December 31, 2010 and \$51.1 million for the year ended December 31, 2009. Following the successful completion of prefeasibility studies at the Massawa project in Senegal (now at feasibility stage) and the Goukoto project in Mali (now in construction), a higher proportion of expenditure was capitalized in 2010. During 2010, \$2.5 million and \$1.4 million were expensed for Massawa and Goukoto, respectively, before these projects moved into feasibility stage and expenses thereon could be capitalized as per our accounting policies. In 2009, \$14.3 million and \$1.8 million were expensed on the Massawa and Goukoto project, respectively.

Other expenses

Other expenses for the year ended December 31, 2010 of \$14.1 million mainly comprised operational foreign exchange losses of \$13.4 million. Other expenses for the year ended December 31, 2009 of \$0.24 million consisted of an increase in the loss related to the ineffective portion of hedging contracts. All gold price forward sales contracts were delivered into during the year.

Finance Income

Finance income amounts consist primarily of interest received on cash held at banks of \$1.3 million (2009:\$1.9 million). Finance income of \$3.4 million for the year ended December 31, 2009 also included a net foreign exchange gain of \$1.6 million. The decrease in finance income was due to lower cash balances during 2010 compared to 2009.

Finance costs

Finance costs for the year ended December 31, 2010 was \$5.3 million compared to finance costs for the year ended December 31, 2009 of \$1.9 million. Finance costs for the year ended December 31, 2010 included net foreign exchange losses on financing activities of \$3.6 million, while a net foreign exchange gain of \$1.6 million was achieved during the year ended December 31, 2009 and included in finance income.

Provision for financial assets

The auction rate securities (ARS) have now been disposed following a settlement that was reached in relation to these investments. The gain on settlement was \$13 million. During 2009, we made a provision of \$9.6 million against these assets.

Table of Contents*Income Tax Expense*

The income tax expense amounted to \$24.5 million for the year ended December 31, 2010 and \$21.5 million for the year ended December 31, 2009. The increase in the tax expense is the result of the expiration of the Loulo tax exoneration period in November 2010. Morila SA benefited from a five year tax holiday until November 14, 2005. Loulo SA also benefited from a five year tax holiday in Mali until November 7, 2010. Tongon SA benefits from a five year tax holiday in Cote d'Ivoire from December 1, 2010. Under Malian tax law, income tax is based on the greater of 35% taxable income or 0.75% of gross revenue. Under Ivorian tax law, income tax is based on the greater of 25% of taxable income or 0.5% of gross revenue.

Non-controlling interests

The non-controlling interests for the year ended December 31, 2010 represent the Malian government's 20% share of the profits at Loulo since production commenced in November 2005, the Ivorian government's 10% share and other outside shareholder's 1% share of the profits at Tongon since production commenced in November 2010 and Sokimo's 5% share of Kibali. We have 45% interest in Kibali, but as we gross proportionally consolidate our interest, as at December 31, 2009 we recognized 50% of Kibali and a 5% non-controlling interest.

B. LIQUIDITY AND CAPITAL RESOURCES**Cash Resources**

The group had \$487.6 million cash and cash equivalents for the year ended December 31, 2011 and \$366.4 million for the year ended December 31, 2010.

Operating Activities

Net cash generated from operating activities was \$569.9 million for the year ended December 31, 2011 and \$107.8 million for the year ended December 31, 2010. The \$462.1 million increase was due mainly to the significant increase in profit, as well as the changes in operating working capital items. Cash flows related to receivables decreased by \$33.9 million during 2011, due to an increase in gold debtor balances at both Tongon and Loulo as a result of the timing of gold shipments at year end, as well as an increase in the recoverable VAT balances at Loulo and Goukoto. Cash flows related to inventories and ore stockpiles decreased during 2011 by \$14.3 million, due to an increase in supplies and insurance spares at both Tongon and Goukoto, as production started at these operations and increased during the year. Cash flows related to trade and other payables increased by \$43.8 million from December 31, 2010 to December 31, 2011, mainly due to the effect of additional contractors and accruals, primarily at Loulo and Goukoto following the start of production at Goukoto and the Gara underground mine.

Net cash generated from operating activities was \$107.8 million for the year ended December 31, 2010 and \$63.7 million for the year ended December 31, 2009. The \$44.1 million increase was due mainly to the changes in operating working capital items. Cash flows related to receivables increased by \$26.4 million during 2010, due to the settlement of TVA balances at Loulo and Morila, the settlement of contractor receivables and improved debtor management. Cash flows related to inventories and ore stockpiles decreased significantly during 2010 by \$61.4 million, due to the Tongon stockpiles now being included following commencement of mining activities in 2010, as well as significant dore balances on hand at Tongon at year end (\$11.3 million). Cash flows related to trade and other payables increased by \$10.8 million from December 31, 2009 to December 31, 2010, mainly due to the effect of additional contractors and accruals at the Tongon mine at year end.

Investing

Investing activities for the year ended December 31, 2011 utilized \$449.4 million compared to \$345.0 million utilized for the year ended December 31, 2010 and consisted primarily of expenditure at Loulo of \$164.1 million related to the decline developments at the Gara and Yalea underground mines and the power plant expansion, while \$89.8 million was incurred at Goukoto, principally in respect of site establishment, crushing facilities, road development and water management. Capital expenditure of \$99.9 million was incurred at the Tongon mine on the secondary and tertiary crushers and conveyors, as well as on grid power supply. Capital expenditure at Kibali amounted to \$77.5 million (attributable portion) and related to RAP construction of the new Kokiza village, hydropower design and procurement, external roads, as well as camp construction.

Investing activities for the year ended December 31, 2010, utilized \$345.0 million compared to \$82.5 million utilized for the year ended December 31, 2009 and activities in 2010 consisted primarily of capital expenditure of \$410.8 million related to bringing the Tongon mine into production of \$232.7 million, expenditure incurred on the Yalea and Gara underground developments, the plant expansion and the power plant at Loulo amounting to \$86.9 million and \$33.2 million related to the Kibali project (attributable portion).

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Investing activities in 2010 also included the proceeds of the returns of ARS funds of \$42 million in 2009, as well \$25 million generated from the sale of shares in Volta Resources, while investment activities in 2009 included net cash received of each of \$114.2 million related to the acquisitions of the Kibali project.

Financing

Financing activities for the year ended December 31, 2011 generated \$0.8 million. This comprised \$19.2 million received on exercise of share options offset by a dividend payment of \$18.2 million and repayment of long term loans of \$0.2 million.

Financing activities for the year ended December 31, 2010 generated \$14 million. This comprised \$30.6 million received on exercise of share options offset by a dividend payment of \$15.3 million and repayment of long term loans of \$1.3 million.

Credit and Loan Facilities

During the year ended December 31, 2000, Morila entered into a finance lease for five Rolls-Royce generators under the terms of a Deferred Terms Agreement between Morila and Rolls-Royce. The lease is repayable over ten years commencing April 1, 2001 and bears interest at a variable rate which at December 31, 2010 was approximately 38% (2009: 38%) per annum. Our attributable share of this finance lease obligation amounted to \$0.2 million at December 31, 2010 and \$1.1 million at December 31, 2009. The lease was fully repaid in 2011

Morila had a finance lease with Air Liquide relating to three oxygen generating units. The lease was fully repaid in 2010.

Somilo SA has a \$0.5 million loan from the State of Mali. This loan is uncollateralized and bears interest at the base rate of the Central Bank of West African States plus 2% per annum. The accrual of interest ceased in the last quarter of 2005 per mutual agreement between shareholders. This loan is repayable from cash flows of the Loulo mine after the repayment of all other loans.

The Loulo project finance loan was arranged by NM Rothschild & Sons Limited and SG Corporate & Investment Banking, who were joined in the facility by Absa Bank and HVB Group, and was repaid in December 2007.

The Loulo project finance facility was replaced in May of 2007 with a \$60 million corporate revolving credit facility to Randgold Resources (Somilo) Limited. The facility was with NM Rothschild, Société Générale, Fortis and Barclays. It carried interest at rates of between LIBOR + 1.4% and LIBOR + 1.6%. The facility was fully repaid in December 2007. The corporate facility was cancelled during the year, ended December 31, 2009.

Loulo had a Euro denominated Caterpillar finance facility relating to fifteen 3512B HD generator sets and ancillary equipment purchased from JA Delmas and financed by a loan from Caterpillar Finance. The lease was payable quarterly over 42 months commencing on August 1, 2005, and bore interest at a fixed rate of 6.03% per annum. Together with Randgold Resources (Somilo) Limited, we jointly guaranteed the repayment of this lease. The average lease payments of \$0.5 million were payable in installments over the term of the lease.

Corporation Tax Claims

The group had received claims for various taxes from the State of Mali totaling \$64.3 million, in respect of the Loulo and Morila mines. Having taken professional advice, the group considers the claims to be wholly without merit or foundation and is strongly defending its position, including following the appropriate legal process for such disputes within Mali. Both companies have legally binding mining conventions which guarantee fiscal stability, govern the taxes applicable to the companies and allow for international arbitration in the event a dispute cannot be resolved in the country. Management continues to engage with the Malian authorities at the highest level to resolve this issue and believe this is achievable given the group's experience in dealing with the State on similar issues.

Table of Contents**Corporate, Exploration, Development and New Business Expenditures**

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

Area	Year Ended December 31,		
	2011	2010	2009
		\$ 000	
Rest of Africa	1,853	498	430
Burkina Faso	712	558	653
Mali	6,793	3,432	3,484
Tanzania		97	236
Côte d Ivoire	5,039	4,203	2,360
Senegal	5,204	2,210	14,330
Ghana	5	85	336
Total exploration expenditure	19,606	11,083	21,829

Area	Year Ended December 31,		
	2011	2010	2009
		\$ 000	
Corporate expenditure	24,319	36,095	29,282
Total exploration and corporate expenditure	43,925	47,178	51,111

The Group has various exploration programs, ranging from substantial to early stage in Mali, Senegal, Burkina Faso, Côte d Ivoire and the Democratic Republic of the Congo.

Working Capital

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

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

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

D. TREND INFORMATION

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

Gold Market

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

Historically, gold has been used as a store of value because it tends to retain its value in relative terms against basic goods in times of inflation and monetary crisis. Therefore, large quantities of gold in relation to annual mine production are held for this purpose. This has meant that, historically, the potential total supply of gold has been far greater than annual demand. Thus, while current supply and demand play some part in

determining the price of gold, this does not occur to the same extent as for other commodities.

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

Interest rates affect the price of gold on several levels. High real interest rates increase the cost of holding gold, and discourage physical buying in developed economies. High Dollar interest rates also make hedging by forward selling attractive because of the higher contango premiums (differential between LIBOR and gold lease rates) obtained in the forward prices. Increased forward selling in turn has an impact on the spot price at the time of sale.

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

The volatility of gold prices is illustrated in the following table, which shows the approximate annual high, low and average of the afternoon London Bullion Market fixing price of gold in Dollars for the past ten years.

Year	Price Per Ounce (\$)		
	High	Low	Average
2002	349	278	310
2003	416	320	363
2004	454	375	409
2005	537	411	444
2006	725	525	604
2007	841	608	695
2008	1,011	712	871
2009	1,213	810	972
2010	1,421	1,058	1,224
2011	1,895	1,319	1,571
2012 (through February)	1,763	1,699	1,652

E. OFF-BALANCE SHEET ARRANGEMENTS

None.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Our contractual obligations and commercial commitments are described below. The related obligations as at December 31, 2011 are set out below:

Contractual Obligations	Total	Less			
		than 1 Year	1-3 Years (dollars in thousands)	3-5 Years	More than 5 Years
Trade and other payables	152,903	152,903			
Operating lease obligations	2,736	342	684	684	1,026
Environmental rehabilitation*	39,809	70	8,687	2,333	28,719
Loans from minority shareholders in subsidiaries	2,614				2,614
Total contractual cash obligations	198,062	153,315	9,371	3,017	32,359
Contracts for capital expenditure	109,728	109,728			

* *Obligation is to rehabilitate site but amounts shown are estimated discounted cashflows.*

Item 6. Directors, Senior Management and Employees**A. DIRECTORS AND SENIOR MANAGEMENT**

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Our articles of association provide that the board must consist of no less than two and no more than 20 directors at any time. During November 2011, Mr. A.J. Quinn was appointed as a non-executive director. The board currently consists of 9 directors.

Our articles of association provide that any new director should be re-elected by the shareholders at the annual general meeting following the date of the director's appointment. As a result of his appointment in November 2011, Mr. A.J. Quinn will be subject to reelection at the annual general meeting to be held on April 30, 2012. In line with the UK Governance Code which calls for directors to seek reelection annually, at the annual general meeting held on May 3, 2011, Mr. P. Liétard, Dr. D.M. Bristow, Mr. G.P. Shuttleworth, Mr. N.P. Cole Jr., Mr. C.L. Coleman, Mr. K. Dagdelen, Mr. R.I. Israel and Dr. K. Voltaire were re-elected.

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According to the articles of association, the board meets at intervals determined by the board from time to time.

The address of each of our executive directors and non-executive directors is the address of our principal executive offices, 3rd Floor, Unity Chambers, 28 Halkett Street, St. Helier, Jersey, JE2 4WJ, Channel Islands.

Executive Directors

D. Mark Bristow (53) Chief Executive Officer. Chief executive since our incorporation, which was founded on his pioneering exploration work in West Africa. He has subsequently led our growth through the discovery and development of world-class assets into a major gold mining business with a market capitalization of more than \$10 billion. He also played a significant part in promoting the emergence of a sustainable mining industry in Africa. A geologist with a PhD from Natal University, South Africa, he has held board positions at a number of global mining companies and is currently a non-executive director of Rockwell Resources International.

Graham P. Shuttleworth (43) Chief Financial Officer; Financial Director. Mr. Shuttleworth joined us as Chief Financial Officer and Financial Director in July 2007 but has been associated with the company since its inception, initially as part of the management team involved in our listing on the London Stock Exchange in 1997, and subsequently as an advisor. A chartered accountant, he was a managing director and the New York-based head of metals and mining for the Americas in the global investment banking division of HSBC before taking his new position with us. At HSBC he led or was involved in a wide range of major mining industry transactions, including our Nasdaq listing, and subsequent equity offerings.

Non-Executive Directors

Norborne P. Cole (70) Senior Independent Non-Executive Director. Chairman of the remuneration committee and member of the governance and nomination committee. Mr. Cole started working for the Coca-Cola Company as a field representative in the USA in 1966 and advanced steadily through the organization, becoming chief executive of Coca-Cola Amatil in Australia in 1994, a position he held until 1998. Under his leadership, Coca-Cola Amatil grew into the second largest Coca-Cola bottler in the world. Now based in San Antonio, Texas, he serves on the boards of a number of US companies including Papa John's International Inc. He was appointed a director in May 2006.

Christopher L. Coleman (43) Non-Executive Director; member of the governance and nomination, remuneration and audit committees. Mr. Coleman is co-head of banking and treasury and a managing director of Rothschild, chairman of Rothschild Bank International in the Channel Islands and serves on a number of other boards and committees of the Rothschild Group, which he joined in 1989. A BSc (Econ) graduate from the London School of Economics, he served as a non-executive director of the Merchant Bank of Central Africa from 2001 to 2008. He was appointed a director in November 2008.

Kadri Dagdelen (57) Non-Executive Director; Member of the governance and nomination committee. Dr. Dagdelen is a professor and head of the Department of Mining Engineering at the Colorado School of Mines in the US. He began his professional career as a mining engineer at Homestake Mining Co (now Barrick Gold Corporation) and was the technical services manager when he left for academia in 1992. He holds a PhD in Mining Engineering and an ME in Geostatistics and has been involved in numerous research and consulting projects worldwide, also serving on the board of directors of the Society of Mining, Exploration and Metallurgy in the US for six years and chairing other professional societies that support the mining industry. He was appointed a director in January 2010. He resigned as a member of the audit committee and was appointed a member of the governance and nomination committee on November 1, 2011.

Robert I. Israel (62) Non-Executive Director; Member of the governance and nomination committee. Currently the managing partner of One Stone Energy Partners, a private equity fund focused on the oil and gas industry, he was previously a partner at Compass Advisers, a transatlantic strategic advisory and private investment firm, and before that head of the energy department of Schroder & Co Inc. He holds an MBA from Harvard and a BA from Middlebury College, and his experience in corporate finance, especially in the natural resources sector, extends over more than 30 years. He joined our board in 1997.

Philippe Liétard (63) Non-Executive Chairman; Chairman of the nomination and governance committee. Appointed a director in 1998 and chairman in 2004, his experience in corporate and project finance with UBS, the International Finance Corporation and World Bank spans 30 years, mainly in the minerals business and in Africa. Previously a director of the Oil, Gas and Mining

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Department of the IFC, he then served as managing director of the Global Natural Resources Fund from 2000 to 2003. Now an independent consultant and a promoter of mining and energy investments, he is also a director of CellMark AB of Sweden and serves on the board of trustees of the Rochambeau Foundation in Washington DC.

Andrew J. Quinn (58) Non-Executive Director; Member of the audit committee. Mr. Quinn retired from his position as CIBC head of mining investment banking for Europe and Africa, at the end of 2011 after 15 years in the role and more than 35 years' experience of the mining industry. With a BSc (Hons) in mineral exploitation (Mining Engineering) from Cardiff University, he began his career in Anglo American's gold division in 1975, holding various management and technical positions in South Africa, and working briefly for Greenbushes Tin in Australia before joining Mining Journal in 1982 as editor of its gold publications. In 1984 he entered the financial services industry with James Capel (later HSBC Investment Banking), thereafter joining CIBC in 1996. He serves as a non-executive chairman of Pursuit Dynamics plc. He joined our board in November 2011.

Karl Voltaire (61) Non-Executive Director; Chairman of the audit committee since May 5, 2009 and member of the remuneration committee. A graduate in mineral resources engineering from the Ecole des Mines in Paris, he holds an MBA and a PhD in economics and finance from the University of Chicago. He started his career as a mining engineer in Haiti and subsequently spent 23 years in the World Bank Group in Washington DC, the bulk of these at the International Finance Corporation (IFC) where his last position was that of director of global financial markets. Subsequently he was director of the Office of President at the African Development Bank. He was the CEO of the Nelson Mandela Institution from 2005 to 2009, and is currently a member of the Board of Trustees of the African University of Science and Technology. He was appointed a director in May 2006.

Executive Officers

Tahirou Ballo (49) General manager Goukoto . A mining economist engineer with 18 years' experience, mainly in Mali. He started his professional mining experience as short planner with BHP at Syama mine and served as mining superintendent from 1999 for us at Syama. In 2010, was promoted to operations manager at Loulo mine and then to Goukoto general manager in 2011.

Chiaka Berthe (43) General manager Loulo. A graduate of Malian National School of Engineering with a master's degree in Geological Engineering, he has more than 15 years' experience in the industry. Was appointed general manager of the Loulo-Goukoto mining complex in 2012. Is a member of the Australian Institute of Mine and Metallurgy (AusIMM) and the Geostatistical Association of South Africa (GASA).

Luiz Correia (50) General manager Tongon. A metallurgist with 26 years' experience in the gold mining industry, he has a BSc Eng as well as a BCom degree. He joined us in 2005 and in 2006 was appointed operations manager responsible for the mining, planning, processing, maintenance and engineering functions at Loulo. He was appointed to manage Tongon in 2010.

Ted de Villiers (58) Group general manager mining. A mining engineer, he has extensive experience in gold and base metal mining operations, mining contracting and consulting. He joined us in December 2010, with executive responsibility for the group's rapidly expanding mining operations and has not been tasked with ensuring a consistent production team.

Tania de Welzim (36) Group financial manager. Ms. de Welzim was appointed group financial manager in April 2009 having served previously as group financial controller. She is a chartered accountant with 13 years' experience in finance including 11 years in the mining industry. She is responsible for financial reporting and procedures.

Paul Gillot (43) Group metallurgist and deputy general manager capital projects. Paul has 22 years' operational and management experience in the mining industry working in various process related management roles. He has subsequently moved into the projects arena, with the recent commissioning of our Tongon mine. He is responsible for all the groups' metallurgical activities at the operating mines as well as the projects.

David Haddon (54) General counsel and secretary. Qualified as an attorney in 1984. He has overseen our administrative obligations since our incorporation and assumed secretarial responsibility when we listed on the London Stock Exchange in 1997. This continued with the subsequent listing on Nasdaq and for the various corporate and related activities since then. He is retiring from this position on March 31, 2012.

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Paul Harbidge (42) Group general manager exploration. A geologist with over 19 years experience, mainly in Africa, having previously worked for Rio Tinto, Anglo American and Ashanti Goldfields, he joined us in 2001. He was appointed group exploration manager in 2004.

Bill Houston (64) Group general manager human capital. Has a master's degree in human resources management and 31 years experience in HR and organizational development. He joined us in 1992 as group training and development manager, and headed the group human resources function from 1996 to 2008, when he moved to his current position.

Willem Jacobs (53) General manager operations Central and East Africa. With a BPL(Hons) and DCom he is a seasoned executive. Having served as a director of listed and private companies in the areas of mining, engineering and manufacturing in Southern, Central and Eastern Africa for the past 16 years, he joined us in January 2010.

Adama Kone (55) General manager Morila. Joined us in 1996 responsible for the grade control section at the Syama gold mine. In 2000, he moved to the Morila mine where he served in various positions in the mineral resources department, becoming manager of that department in 2006. Prior to joining us, he worked as a field geologist for BHP Minerals Exploration, following the completion of a geological degree at the national School of Engineers in 1991.

Victor Matfield (47) General manager corporate finance. A chartered accountant, he was appointed corporate finance manager in August 2001, prior to that he served as financial manager of the Syama mine and of the Morila capital project.

Philip Pretorius (48) Human resources executive. Joined us in 2008, bringing with him 22 years of human resources experience of which the last 17 years spent dealing exclusively with the West African gold mining industry. With a post-graduate diploma in management practice, he has been involved in establishing various gold mining projects in West Africa.

Chris Prinsloo (61) Group general manager commercial and supply chain. Qualified as a chartered secretary and has 38 years experience in the mining industry including finance, capital projects, administration and supply chain management. Appointed as commercial manager in 2002, responsible for group accounting, supply chain management plus the risk management and insurance portfolio.

Rodney Quick (40) Group general manager evaluation. A geologist with 18 years experience in the gold mining industry, he joined us in 1996. He has been involved in the exploration, evaluation and production phases of the Morila, Loulo and Tongon projects. Having served as the Somilo resource manager since 2006, he was given his new responsibilities for all project development and evaluation in 2009 and has been responsible for the Goukoto and Kibali feasibility studies.

Mahamadou Samaké (64) Group regional manager West Africa. A professor of company law at the University of Mali, Mahamadou was instrumental in writing the Malian mining legislation. He is the resident executive manager in Mali and is responsible for government liaison and legal counsel for the Francophone region.

N'golo Sanogo (49) General manager Mali. Has a masters degree in economics from the National School of Administration of Bamako as well as several management, accounting and financial qualifications. Qualified as an auditor in 1992 before joining BHP Mali in 1995. Appointed material manager in 1998 and management accountant in 2001 at the Syama mine. Following the sale of Somisy SA in 2004, joined us as Mali financial controller. He was appointed Mali general manager in March 2009.

John Steele (51) Technical and capital projects executive. Responsible for the successful construction and commissioning of Randgold's Morila, Loulo, Tongon and Goukoto mines and currently leads the team developing the new Kibali mine in DRC. As well as heading our capital projects function, he continues to provide operational oversight as well as supplying engineering due diligence expertise to the group.

Samba Touré (58) General manager operations West Africa. Joined Morila gold mine in 2000 and held various responsibilities, culminating in the appointment in 2007 as the mine chief executive. Under his leadership, the mine was run successfully, delivering on its promises. In 2010, promoted to group operations general manager for West Africa. With the experience gained in mining during the past 12 years, he is destined to continue adding value to the our increasing operations portfolio in West Africa.

Lois Wark (57) Group general manager corporate communications. A member of our team since our inception who assumed management of the cartography department in 1995, Ms. Wark is responsible for the coordination of the group's communication and investor relations programs as well as for the management of Seven Bridges. She holds a diploma in land surveying: cadastral and topographical.

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Louis Watum (49) General manager Kibali Gold Project; Country manager DRC. A metallurgist with 22 years experience in base metals, coal and gold processing, he has an MSc in Chemical Engineering. He joined us in 2009 and was appointed general manager and country manager responsible for: Building and leading the Kibali team; communicating with the DRC government and local authorities; directing and managing Kibali business; and, delivering on strategies, objectives and the Kibali business plan.

Charles Wells (36) Group general manager sustainability. Has an MSc in Environmental Biotechnology and 14 years experience in environmental management, predominantly within mining and heavy industries. Having previously worked for us as the environmental officer during the Morila construction, he has more recently managed the environmental and social impact assessments (ESIA) for Tongon, Goukoto and Kibali as an independent environmental consultant before rejoining us.

Martin Welsh (40) General counsel and secretary (designate). After qualifying as a solicitor in Scotland in 1998, he gained his experience working in the City of London with Dickson Minto WS and Linklaters LLP acting on numerous international corporate and finance transactions before joining the Jersey office of Ogier where he acted for us. He joined us in 2011 to assist our legal and administrative function and will assume the company secretary position with effect from April 1, 2012.

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

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

Director	Date of Appointment	Date of Expiration Term	Number of Years Served
Executive			
D.M. Bristow	8/05/95	4/30/12 *	17
G.P. Shuttleworth	7/01/07	4/30/12 *	5
Non-Executive			
R.I. Israel**	6/12/97	4/30/12 *	15
P. Liétard	2/11/98	4/30/12 *	14
N.P. Cole	5/03/06	4/30/12 *	7
K. Voltaire	5/03/06	4/30/12 *	7
C.L. Coleman	11/03/08	4/30/12 *	4
K. Dagdelen	1/29/10	4/30/12 *	2
A.J. Quinn	11/01/11	4/30/12 *	

* The UK Corporate Governance Code issued in June 2010 requires that all directors should stand for re-election on an annual basis.

** Mr. R.I. Israel will be retiring at the annual general meeting to be held on April 30, 2012.

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

B. COMPENSATION

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

We have no liability in respect of retirement provisions for executive directors. We do, however, provide a vehicle in the form of a defined contribution fund into which employees, including executive directors, may contribute for the purpose of providing for retirement.

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Each executive director receives a basic salary. Executive directors do not receive any fees. Executive directors are paid an annual bonus which is determined in accordance with set performance criteria agreed between the executive directors and the board.

The fees paid to non-executive directors were slightly changed at the 2011 annual general meeting where a proposal granted the chairman, in addition to the annual fee payable to all non-executive directors of \$50,000, which remains unchanged, an increased annual fee for the chairman of \$200,000 and an additional award of 2,400 restricted shares (which will vest in three equal instalments from the date of the award). The remuneration to be paid to our non-executive directors, including the chairman, will remain unchanged in 2012 and are:

An annual fee to all non-executive directors of \$50,000;

An annual committee-fee per committee served:
Audit committee \$35,000;

Remuneration committee \$25,000; and

Governance and Nomination committee \$10,000.

The chairman of a board committee to receive an additional fee to the committee-fee of \$15,000;

The senior independent director, in addition to the annual fee but in lieu of any committee fees, to receive an additional fee of \$85,000;

The chairman, in addition to the annual fee but in lieu of any committee fees, to receive an additional fee of \$200,000;

An award to each director of 1,200 ordinary shares per year. Following our engagement with our largest institutional shareholders and voting guidance services, the committee determined that the annual award of 1,200 shares to the chairman and non-executive directors will be fully vested from grant with effect from 2012. The shares are seen as an important element of our approach to remuneration policy in relation to the chairman and non-executive directors. They encourage share ownership and are delivered in lieu of cash. The directors are considered independent notwithstanding an award of shares. With effect from 2012, the chairman and the non-executive directors will have to accumulate a shareholding in us equivalent to two times the annual fee (i.e. \$100,000). A new non-executive director has three years in which to accumulate this holding.

If the number of shares were to fall below the threshold due to a fall in the share price, no additional purchase of shares would be required. Except for Mr. A.J. Quinn, who was appointed to the board in November 2011 and only obtained his first shares with effect from January 1, 2012, the remaining non-executive directors hold shares equal to twice the value of the annual fee.

Executive directors are now required to hold shares in us at least equal in value (as at the beginning of the year) to at least two times their base salary (being \$1,500,000 per annum for Dr. D.M. Bristow and £429,000 per annum for Mr. G. P. Shuttleworth). Both Dr. D.M. Bristow and Mr. G.P. Shuttleworth hold shares at least equal in value to twice their base salary. New directors will be allowed three years in which to acquire the required shareholding and this period may be extended at the discretion of the remuneration committee.

In the past non-executive directors have been granted options to purchase our ordinary shares. However, all options have been exercised by the respective non-executive directors.

On January 3, 2007 the third \$30,000 award was allocated to each of the non-executive directors for the purpose of acquiring restricted stock. The price of the restricted stock calculation was the Nasdaq Global Select Market closing price on January 3, 2007, or \$22.37. In terms of the policy 447 shares were issued directly to each non-executive director and 894 shares were held as restricted stock. Non-executive directors were issued the second and final tranche on January 1, 2008 and January 1, 2009, respectively.

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On January 3, 2008, the fourth \$30,000 award was allocated to each of the non-executive directors for the purpose of acquiring restricted stock. The price of the restricted stock calculation was the Nasdaq Global Select Market closing price on January 2, 2008, or \$38.15. In terms of the policy 262 shares were issued directly to each non-executive director and 524 shares were held as restricted stock. Non-executive directors were issued the second tranche and the final tranche on January 1, 2009 and January 1, 2010 respectively.

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On January 1, 2009, the first award of 1,200 restricted shares was allocated to the non-executive directors as approved by shareholders at our 2008 annual general meeting. The price of the restricted stock calculation was the Nasdaq Global Select market closing price on January 2, 2009, or \$43.92. In terms of the policy, 400 shares were issued directly to each non-executive director and 800 shares were held as restricted stock. Non-executive directors were issued the second tranche on January 1, 2010 and the final tranche was issued on and January 1, 2011.

On January 1, 2010, the second award of 1,200 restricted shares was allocated to the non-executive directors as approved by shareholders at our 2009 annual general meeting. The price of the restricted stock calculation was the Nasdaq Global Select market closing price on January 4, 2010 or \$82.25. In terms of the policy, 400 shares were issued directly to each non-executive director and 800 shares are held as restricted stock. Non-executive directors were issued the second tranche on January 1, 2011 and the final tranche was issued on January 1, 2012.

On January 1, 2011, the third award of 1,200 restricted shares was allocated to the non-executive directors as approved by shareholders at our 2010 annual general meeting. This price of the restricted stock calculation was the Nasdaq Global Select market closing price on January 3, 2011, or \$81.60. In terms of the policy, 400 shares were issued directly to each non-executive director and 800 shares are held as restricted stock. Non-executive directors were be issued the second tranche on January 1, 2012 and subject to agreed conditions the final tranche will be issued on January 1, 2013.

On June 23, 2011, the fourth award of 1,200 restricted shares was awarded to the non-executive directors as well as 2,400 additional restricted shares to the chairman as approved by shareholders at our 2011 annual general meeting. The price of the restricted stock calculation was the Nasdaq Global Select market closing price on June 23, 2011, or \$80.03. In terms of the policy, 400 shares were issued to each non-executive director and 800 additional shares were issued to the chairman on January 1, 2012 and 800 shares for each non-executive director, plus 1,600 additional shares for the chairman are held as restricted stock. Non-executive directors and the chairman will be issued the second and third tranches subject to agreed conditions on January 1, 2013 and January 1, 2014, respectively.

During the year ended December 31, 2011, the aggregate compensation paid or payable to our directors and executive officers as a group was approximately \$23.2 million, of which \$10.7 million was payable to directors and recognized as a remuneration expense.

The remuneration of the executive directors comprised:

Basic salary and benefits (fixed remuneration).

An annual bonus opportunity.

Participation in the Restricted Share Scheme and Co-Investment Plan, measuring performance over the longer term.
The total executive directors remuneration for the year ended December 31, 2011, was \$9.3 million (2010: \$10.3 million).

Fixed remuneration comprises a base salary, from which executive directors can elect to contribute into a defined contribution pension scheme, and pay for certain other benefits such as medical aid. Fixed remuneration normally represents less than 30% of the individual's remuneration package (based on target performance and expected values of share awards).

Base salaries are determined by the remuneration committee, taking into account the performance of the individual and pay practice among a comparable group of FTSE 100 companies as well FTSE mining and comparable international gold mining companies. When setting base salaries, the committee also takes into consideration executives' personal commitment to extensive travel and time spent at our operations overseas. This is considered critical in effective management of our business.

Executive directors can elect to sacrifice up to 20% of their base salary to contribute to a defined contribution provident fund. We do not make any contribution to the fund.

Executive directors can elect to receive other benefits including, medical aid and group life insurance. All such benefits are funded out of the executives' base salary and are nonpensionable. Where appropriate, executive directors may be provided with other

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benefits such as security services for executives while travelling for work, and professional association membership costs. All such benefits authorized by the board are paid for by us and end when the employee leaves our service, for whatever reason.

Executive directors are eligible to receive an annual bonus, subject to the achievement of stretching performance criteria, including EPS growth, cost per ounce of gold sold, capital expenditure control, inventory control, production of gold ounces, improvement in LTIFR and individual strategic outputs. The performance criteria for 2011 focus on achieving challenging strategic and financial targets that contribute to the creation of sustainable shareholder value. The committee may make adjustments to the criteria used for measuring performance on an annual basis taking into account our strategic objectives for the year.

Based on performance achieved against targets during the 2011 financial year, the remuneration committee determined that Dr. D.M. Bristow and Mr. G.P. Shuttleworth should receive an annual bonus of \$3,096,000 and \$674,861 respectively.

Our policy is to incentivize executives over the long term by awarding shares under the Restricted Share Scheme. Neither Dr. D.M. Bristow nor Mr. G.P. Shuttleworth participates in our share option scheme. The Restricted Share Scheme was approved by shareholders on July 28, 2008.

Dr. D.M. Bristow received an award of 38,456 shares and Mr. G.P. Shuttleworth received an award of 8,121 shares on June 13, 2011. Shares awarded under the scheme vest in three equal tranches at the end of the third, fourth and fifth years of a 5 year period with the first vesting after the expiry of the first performance period on December 31, 2013, to the extent the performance conditions are satisfied.

In terms of our Co-Investment Plan, approved by shareholders on May 4, 2011, an award of 38,456 shares was granted to Dr. D.M. Bristow and 8,121 shares to Mr. G.P. Shuttleworth on June 13, 2011. The awards granted to both Dr. D.M. Bristow and Mr. G.P. Shuttleworth will vest after the expiry of the performance period on December 31, 2013 to the extent the performance conditions are satisfied.

On March 16, 2012, in terms of our Restricted Share Scheme, Dr. D.M. Bristow was awarded 28,843 ordinary shares and Mr. G.P. Shuttleworth was awarded 6,462 ordinary shares. The awards granted to both Dr. D.M. Bristow and Mr. G.P. Shuttleworth will vest in three equal tranches at the end of the third, fourth and fifth years of a 5 year period with the first vesting after the expiry of the first performance period on December 31, 2014, to the extent the performance conditions are satisfied.

On March 16, 2012, in terms of our Co-Investment Plan, an award of 28,843 ordinary shares was granted to Dr. D.M. Bristow and an award of 6,462 ordinary shares was granted to Mr. G.P. Shuttleworth. The awards granted to both Dr. D.M. Bristow and Mr. G.P. Shuttleworth will vest after the expiry of the performance period on December 31, 2014 to the extent the performance conditions are satisfied.

On March 28, 2012, having satisfied the performance criteria set following the award of restricted shares granted in January 2009, 26,666 ordinary shares have been issued in favour of Dr. D.M. Bristow.

The following tables set forth the aggregate compensation for each of the directors, firstly the executive directors and secondly the non-executive directors:

	Basic Salary		Annual Bonus		Other Payments*		Total**	
	December 31,		December 31,		December 31		December 31,	
	2011 (\$)	2010 (\$)	2011 (\$)	2010 (\$)	2011 (\$)	2010 (\$)	2011 (\$)	2010 (\$)
Executive								
D.M. Bristow (CEO)	1,500,000	1,500,000	3,096,000	4,500,000	2,106,390	1,730,400	6,702,390	7,730,400
G.P. Shuttleworth (CFO)	625,596	509,901	674,861	800,000	1,312,509	1,244,444	2,612,966	2,554,345
TOTAL	2,125,596	2,009,901	3,770,861	5,300,000	3,418,899	2,974,844	9,315,356	10,284,745

* Other payments include expenses for restricted share award and participation in the Co-Investment Plan, which have been costed in accordance with IFRS 2 based on the valuation at the date of grant rather than the value of the awards that vested in the year. Performance is measured against the HSBC Global Gold Index for each tranche of the restricted share awards. No vesting occurred on January 1, 2011, in respect of Dr. D. M. Bristow's shares over the past 12 month period, as our performance fell below that of the HSBC Global Gold Index over the performance period. However, \$1.2 million is included in the figures above for Dr. D. M. Bristow, in line with the accounting requirements. Similarly, no vesting occurred on September 2, 2011 in respect of Mr. G.P. Shuttleworth's shares over the preceding 12 month

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period, as our performance fell below that of the HSBC Global Gold Index over the performance period, however, \$1.1 million is included in the figures above for Mr. G.P. Shuttleworth.

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	Fees		Other Payments*		Total	
	December 31, 2011 (\$)	2010 (\$)	December 31, 2011 (\$)	2010 (\$)	December 31, 2011 (\$)	2010 (\$)
Non-Executive						
P. Liétard	250,000	220,000	97,920	98,700	347,920	318,700
R.I. Israel	60,000	60,000	97,920	98,700	157,920	158,700
N.P. Cole Jr.	135,000	135,000	97,920	98,700	232,920	233,700
K. Voltaire	125,000	125,000	97,920	98,700	222,920	223,700
C.L. Coleman	120,000	120,000	97,920	98,700	217,920	218,700
J.K. Walden**		42,500		98,700		141,200
K. Dagdelen	80,834	77,917	97,920		178,754	77,917
A.J. Quinn***	14,167				14,167	
TOTAL	785,001	780,417	587,520	592,200	1,372,521	1,372,617

* Other payments comprise awards made on January 1, 2011 of 1,200 restricted shares awarded to each non-executive director on January 1, 2011, that will vest over a three year period from the date of the award.

** Mr. J.K. Walden resigned from the board on July 1, 2010.

*** Mr. A.J. Quinn was appointed to the board on November 1, 2011.

The executive directors do not receive any benefits in kind and the only long term incentive schemes in which they are entitled to participate are our Restricted Share Scheme and Co-Investment Plan.

The high and low share prices for our ordinary shares for the year on the London Stock Exchange were (pounds sterling) £75.55 and (pounds sterling) £44.25, respectively, and our high and low price for our ADSs on the Nasdaq Global Select Market were \$119.44 and \$71.47, respectively. The ordinary share price on the London Stock Exchange and the price of an ADS on the Nasdaq Global Select Market at December 30, 2011, the last day of trading, were (pounds sterling) £65.85 and \$102.10, respectively.

Share options outstanding at February 29, 2012 and held by executive officers were as follows:

Officers	Options to Purchase	Expiration Date	Exercise Prices (\$)
	Ordinary Shares		
P.L. Gillot	15,000	11/24/18	26.26
A. Kone	7,000	5/22/18	45.27
V. Matfield	75,000	8/05/14	8.05
V. Matfield	60,000	8/20/17	22.19
P. Pretorius	15,000	5/22/18	45.27
R.B. Quick	20,000	8/20/17	22.19
N. Sanogo	4,000	8/20/17	22.19
S. Touré	15,000	5/22/18	45.27
L.V. Wark	15,000	8/20/17	22.19

Restricted shares outstanding at February 29, 2012 and held by executive officers were as follows:

Name	Number of Shares
J. Steele	30,000
E.G.de Villiers	18,000
P.D. Harbidge	18,000
W.R.A. Houston	18,000

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W. Jacobs	18,000
P. Pretorius	18,000
C.J. Prinsloo	18,000
R.B. Quick	18,000

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M. Samaké	18,000
S. Touré	18,000
L. Watum	18,000
C. D.Wells	18,000
T.Ballo	12,000
L. Correia	12,000
T. de Welzim	12,000
P.L.Gillot	12,000
D.J. Haddon	12,000
A.Kone	12,000
V. Matfield	12,000
L.V. Wark	12,000
M.A.Welsh	12,000
N. Sanogo	7,500
C.Berthe	4,500

Expiration date January 1, 2020

C. BOARD PRACTICES**Directors Terms of Employment**

We have entered into contracts of employment with Dr. D.M. Bristow and Mr. G.P. Shuttleworth with a notice period of 6 months.

We have entered into letters of appointment with our non-executive directors. Each non-executive director is subject to re-election annually by our shareholders in accordance with the provisions of the 2010 UK Corporate Governance Code.

Board of Directors Committees

The board has established and delegated specific roles and responsibilities to three committees and three management committees to assist with the execution of its mandate and in order to ensure good corporate governance. The standing committees comprise an audit committee, a remuneration committee and a governance and nomination committee, all of which are chaired by independent non-executive directors. The audit, remuneration, and governance and nomination committees are comprised of a majority of non-executive directors. The management committees comprise the executive committee, the environmental and social committee, both chaired by the chief executive officer and the treasury committee, chaired by the chief financial officer.

Meetings of the board committees are held quarterly and members of the executive committee are regular attendees at board and committee meetings by invitation. Several members of the management team attend meetings of committees whose roles and responsibilities are relevant to their job functions.

The board and management have been following the developments in corporate governance requirements and best practice standards, and as these have evolved we have responded in a positive and proactive way by assessing its practices against these requirements and modifying, or targeting for modification, practices to bring them into compliance with these corporate governance requirements and best practice standards.

Audit Committee

Membership of the audit committee, including its chairman, comprises only independent non-executive directors, in compliance with the Sarbanes-Oxley Act and the guidelines of the UK Corporate Governance Code. The audit committee is comprised of three independent non-executive directors. The members of the audit committee are Dr. K. Voltaire (chairman), Mr. C.L. Coleman and Mr. A.J. Quinn (appointed a member of the audit committee on November 1, 2011). All three members of the committee have considerable financial knowledge and experience to help oversee and guide the board and us in respect of the audit and corporate governance functions.

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In 2011 one member of the committee, Dr. K. Dagdelen, resigned following his appointment to the governance and nominations committee.

The board has adopted terms of reference which provides that each member of the audit committee must be unrelated to and independent from us as determined by the board in accordance with the applicable requirements of the laws governing us, the applicable stock exchanges on which our securities are listed and applicable securities regulatory authorities. In addition, each member must be financially literate and the Sarbanes-Oxley Act requires that the board, on an annual basis, identify a financial expert from within its ranks. Our board determined that Dr. K. Voltaire, the current chairman of the audit committee, is the board's financial expert.

The audit committee is guided by its terms of reference which were updated in January 2012 to incorporate principles from the UK Corporate Governance Code. The committee's mandate, as delegated by the board, is to provide advice for the board regarding its oversight responsibilities and its roles and responsibilities include the following:

Monitoring the integrity of the financial statements and formal announcements relating to the group's financial performance and reviewing significant reporting judgments.

Reviewing the accounting principles, policies and practices which have been adopted by the group in the preparation of the Annual Financial Statements, financial reporting issues and disclosures in financial reports.

Reviewing and monitoring the effectiveness of the group's internal control and risk management systems, including reviewing the process for identifying, assessing and reporting key risks and control activities.

Approving the internal audit plan and reviewing regular reports from the head of internal audit on the effectiveness of the internal control system.

Making recommendations to the board on the appointment, re-appointment or change of the group's external auditors and approving the remuneration and terms of engagement of the group's external auditors.

Overseeing the board's relationship with the external auditors and ensuring the group's external auditors' independence and objectivity and the effectiveness of the audit process is monitored and reviewed.

Developing, implementing and maintaining a policy on the engagement of the group's external auditors' supply of non-audit services.

Reporting to the board any matters which have been identified that the committee consider need to be considered, actioned or improved upon.

Monitoring the group's compliance with legal and regulatory requirements including ensuring that an effective whistle-blowing procedure is in place.

The audit committee also reviews the scope of work carried out by the external auditors and holds discussions with the external auditors at least twice a year.

The audit committee is responsible for reviewing all financial statements prior to approval by the board, all other disclosures containing financial information and all management reports which accompany any financial statements. The audit committee is also responsible for all internal and external audit plans, any recommendation affecting the company's internal controls, the results of internal and external audits and any changes in

accounting practices or policies.

In addition, the audit committee is responsible for assessing management's programs and policies relating to the adequacy and effectiveness of internal controls over our accounting and financial systems. The audit committee reviews and discusses with the chief executive officer and chief financial officer the procedures undertaken in connection with their certifications for annual filings in accordance with the requirements of applicable securities regulatory authorities. The audit committee is also responsible for recommending to the board the external auditor to be nominated for shareholder approval who will be responsible for auditing the financial statements and completing other audit, review or attestation services. The audit committee also recommends to the board the compensation to be paid to the external auditor and directly oversees its work. Our external auditor reports directly to the audit committee. The audit committee reports directly to the board of directors.

In relation to risk management, the committee reviews our risk policies with respect to risk identification and the risk management process, ensuring that the requirements of the Sarbanes-Oxley Act are met, as well as advising the board on the effectiveness of the risk management system. Risk identification and evaluation process occurs on a continual basis, however a formal review is done by the audit committee on an annual basis.

Our internal audit function plays a critical role in the functioning of the audit committee with the head of internal audit reporting directly to the committee with an administrative line to the chief financial officer. The group's internal control processes and systems are monitored by the group's internal audit function. As part of processes being put in place to conduct combined assurance, the group internal audit function presented a risk based audit plan to the audit committee during 2011 which was approved. The head of internal audit has unrestricted access to both the

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chief executive officer and the chief financial officer, the board chairman and the chairman of the audit committee and is invited to attend and present on the activities of the internal audit function at all meetings of the audit committee. The board is confident that the unfettered access of the internal audit function to key board members and the direct and regular reporting to the audit committee enables the function to discharge its duties as required by law and in fulfillment of its obligations to the company. In addition, the audit committee meets regularly with internal and external auditors without the presence of management.

The audit committee meets regularly with the external audit partner, the chief financial officer, the group's internal auditor and members of senior management to review the audit plans of the internal and external auditors and ascertain the scope of the audits and to review the quarterly financial results, significant legal matters affecting us, the preliminary announcement of the annual results and the annual financial statements, as well as all statutory submissions of a financial nature, prior to approval by the board.

Remuneration Committee

The remuneration committee reviews the remuneration of directors and senior management and determines the structure and content of the senior executives' remuneration packages by reference to a number of factors including current business practice and our prevailing business conditions and the mining and exploration industry. The remuneration committee is guided by its terms of reference, which was updated in January 2012, to incorporate principles from the UK Corporate Governance Code. The members of the remuneration committee are Mr. N.P. Cole Jr. (chairman), Dr. K. Voltaire and Mr. C.L. Coleman.

The remuneration committee's responsibilities include, among other things:

recommending to the board policies relating to the compensation of our executive directors;

oversight of the amount and composition of annual compensation to be paid to our executive officers;

matters relating to restricted share scheme and Co-Investment plans;

administering the restricted share scheme and Co-Investment plan;

reviewing and fixing the amount and composition of annual compensation to be paid to members of the board and committees;
and

reviewing and assessing the design and competitiveness of our compensation and benefits programs generally.

Governance and Nomination Committee

In the interests of good governance and in compliance with the UK Corporate Governance Code, the board acknowledges that there should be a formal, rigorous and transparent procedure for the appointment of new directors and therefore has an established governance and nomination committee.

The governance and nomination committee reviews our corporate governance and sets out the framework in which such policies are established to guide our operations and activities. The governance and nomination committee is guided by its terms of reference, which was updated in January 2012, to incorporate principles from the UK Corporate Governance Code. In addition, the committee at the request of the board, interviews and recruits any future board members. The members of the governance and nomination committee are Messrs. P. Liétard (chairman), N.P. Cole, Jr., C.L. Coleman, R.I. Israel, and, as of November 1, 2011, Dr. K. Dagdelen.

The governance and nomination committee's responsibilities include:

reviewing the structure, size and composition of the board and making recommendations to the board with regard to any changes required;

identifying, evaluating and recommending, for board approval, candidates to fill board vacancies as and when they arise;

making recommendations to the board with regard to membership of the audit and remuneration committees in consultation with the chairman of each committee;

making recommendations on the constitution of the board to ensure there is a balanced board in terms of skills, knowledge, independence and experience;

succession planning for directors and other senior executives; and

assessing a director's potential conflict of interest situations and makes recommendations in this regard to the board.

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

At December 31,	2009	2010	2011
Goukoto			12
Morila	486	352	324
Loulo	314	486	521
Tongon	8	283	410
Kibali	197	245	139
Total Operations	1,005	1,366	1,406
Corporate, capital and exploration	303	223	293
Total	1,308	1,589	1,699

E. SHARE OWNERSHIP

See Item 7 Major Shareholders and Related Party Transactions .

Employee Share Option Scheme

Since 1996, we have operated a share option scheme under which senior management may be offered options to purchase our ordinary shares. The aggregate number of shares available for issuance under the option scheme may not exceed 15% of our issued share capital. Share options granted since 2007 are subject to performance criteria for individual employees. Any options provided to an individual employee as defined by the rules of the scheme, are subject to an upper limit of 2% of our issued ordinary share capital.

The exercise price of any new share options is determined as the closing price of the share on the trading day preceding that on which the person was granted the option. Under the rules of the share option scheme, all option holders, inclusive of executive and non-executive directors, were granted additional options to subscribe for shares in the open offer which was concluded in November 1998. These additional options are exercisable at the open offer price and otherwise on the same terms as the initial grant. All additional options have been exercised by the respective holders.

The scheme provides for the early exercise of all options in the event of an acquisition of a number of shares that would require an offer to be made to all of our other shareholders.

No options were awarded to staff in terms of the Employee Share Option Scheme during 2011.

Restricted Share Scheme

On July 28, 2008, our shareholders approved the creation of a restricted share scheme for employees and executive directors. At that time, the board elected to limit eligibility for awards to executive directors. The board has subsequently decided that all employees would be eligible to receive restricted shares. The aggregate number of shares available for issuance under the restricted share scheme may not exceed 5% of our issued share capital. The awards of shares under the restricted share scheme are subject to the attainment of performance criteria agreed with the remuneration committee.

Item 7. Major Shareholders and Related Party Transactions**A. MAJOR SHAREHOLDERS**

As of February 29, 2012, our issued share capital consisted of 91,807,718 ordinary shares with a par value of \$0.05 per share. To our knowledge we are not, directly or indirectly, owned or controlled by another corporation, any foreign government or other person.

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The following table sets forth information regarding the beneficial ownership of our ordinary shares as of February 29, 2012, by:

Any person of whom the directors are aware that is interested directly or indirectly in 3% or more of our ordinary shares;

Each of our directors; and

All of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Ordinary shares issuable pursuant to options, to the extent the options are currently exercisable or convertible within 60 days of February 29, 2012, are treated as outstanding for computing the percentage of the person holding these securities but are not treated as outstanding for computing the percentage of any other person.

Unless otherwise noted, each person or group identified possesses sole voting and investment power with respect to the shares, subject to community property laws where applicable. Unless indicated otherwise, the business address of the beneficial owners is: Randgold Resources Limited, 3rd Floor Unity Chambers, 28 Halkett Street, St. Helier, Jersey JE2 4WJ, Channel Islands.

Holder	Shares Beneficially Owned	
	Number	%
D.M. Bristow (1)	724,250	0.79&nbs