RANDGOLD RESOURCES LTD
Form 20-F
May 15, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F

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

OR

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

OR

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

OR

o **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
(Translation of Registrant s name into English)
JERSEY, CHANNEL ISLANDS
(Jurisdiction of incorporation or organization)
La Motte Chambers, La Motte Street, St. Helier, Jersey JE1 1BJ, Channel Islands
(Address of principal executive offices)

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

Title of each class	Name of each exchange on which registered
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, 2008, the Registrant had outstanding 76,506,150 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.

þ Yes o 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.

o Yes þ 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.

þ Yes o 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).

o Yes o No

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 þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
			(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 þ	Other o

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.

o Item 17 þ 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).

o Yes þ 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.

Aureole:	A zone of altered country rock around an igneous intrusion.
bcm:	Bank cubic meter, a volumetric mining measure, equivalent to a cubic meter.
Birrimian:	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.
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.
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.
EP:	Exploration permit.
Exploration:	Activities associated with ascertaining the existence, location, extent or quality of mineralized material, including economic and technical evaluations of mineralized material.
Fault:	A fracture or a zone of fractures within a body of rock.
Feldspar:	An alumino-silicate mineral.
Fold:	A flexure of planar structures within the rocks.
Foliation:	A term used to describe planar arrangements of minerals or mineral bands within rocks.
Footwall:	The underlying side of a fault, orebody or stope.
Fragmentation:	The breakage of rock during blasting in which explosive energy fractures the solid mass into pieces; the distribution of rock particle sizes after blasting.

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g/t: Gram of gold per metric tonne.

Gabbro: A dark granular igneous rock composed essentially of labradorite and augite.

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

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.

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.

Kriging: An interpolation method that minimizes the estimation error in the determination of reserves.

Landsat: Spectral images of the Earth s surface.

Leaching: Dissolution of gold from the crushed and milled material, including reclaimed slime, for absorption and concentration on to the activated carbon.

Lower proterozoic: Era of geological time between 2.5 billion and 1.8 billion years before the present.

Measures: Conversion factors from metric units to 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 tonne	= 1 g/t	0.02917 ounces per ton
1 kilogram per tonne	= 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
	2	

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.
Orebody:	A continuous, well-defined mass of material containing sufficient minerals of economic value to make extraction economically feasible.
Orogenic:	Of or related to mountain building, such as when a belt of the Earth s crust is compressed by lateral forces to form a chain of mountains.
Ounce:	One troy ounce, which equals 31.1035 grams.
Oxide Ore:	Soft, weathered rock that is oxidized.
Payshoot:	A defined zone of economically viable mineralization.
Portal:	An entrance to a tunnel or mine.
Probable reserves:	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Prospect:	An area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.
Prospecting license or permits:	An area for which permission to explore has been granted.
PL:	Prospecting License.

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

Stripping 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.
Tonalite:	A type of igneous rock.
Tonnage:	Quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.
Tonne:	One tonne is equal to 1,000 kilograms (also known as a metric ton).
Total cash costs:	Total cash costs, as defined in the Gold Institute standard, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, transfers to and from deferred stripping 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.
Waste:	Rock mined with an insufficient gold content to justify processing.
Weathered:	Rock broken down by erosion.

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

We are incorporated under the laws of Jersey, Channel Islands with the majority of our operations located in West Africa. Our books of account are maintained in US dollars and our annual and interim financial statements are prepared on a historical cost basis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, or 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. We have also included in this Annual Report the audited financial information for the years ended December 31, 2008, 2007 and 2006 of Société des Mines de Morila SA, or Morila SA. The financial information included in this Annual Report has been prepared in accordance with IFRS and, except where otherwise indicated, is presented in 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 , 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.

Item 3. Key Information

A. SELECTED FINANCIAL DATA

The following selected historical consolidated financial data have been derived from, and should be read in conjunction with, the more detailed information and financial statements, including our audited consolidated financial statements for the years ended December 31, 2008, 2007, and 2006 and as at December 31, 2008 and 2007, which appear elsewhere in this Annual Report. The historical consolidated financial data as at December 31, 2006, 2005 and 2004, and for the years ended December 31, 2005 and 2004 have been derived from our audited consolidated financial statements not included in this Annual Report, as adjusted for the accounting changes relating to stripping costs under IFRS.

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

$000:	**Year Ended December 31, 2008**	**Year Ended December 31, 2007**	**Year Ended December 31, 2006**	**Year Ended December 31, 2005**	**Year Ended December 31, 2004**
STATEMENT OF OPERATIONS DATA:					
Amounts in accordance with IFRS					
Revenues	338,572	282,805	258,304	151,502	73,330
Profit from operations#	75,937	63,539	71,616	49,437	7,227
Net profit attributable to equity shareholders	41,569	42,041	47,564	45,507	13,707
Basic earnings per share ($)	0.54	0.60	0.70	0.74	0.23
Fully diluted earnings per share ($)	0.54	0.60	0.69	0.71	0.23
Weighted average number of shares used in computation of basic earnings per share (2)	76,300,116	69,588,983	68,391,792	61,701,782	58,870,632
Weighted average number of shares used in computation of fully diluted earnings per share (2)	77,540,198	70,271,915	69,331,035	63,828,996	59,996,257
Other data					
Total cash costs ($ per ounce) (1)	467	356	296	201	208

Profit from operations is calculated as profit before income tax under IFRS, excluding finance income/(loss)-net and profit on sale of Syama.

*

Reflects adjustments resulting from the sub-division of shares.

$000:	At December 31, 2008	At December 31, 2007	At December 31, 2006	At December 31, 2005	At December 31, 2004
BALANCE SHEET: AMOUNTS IN ACCORDANCE WITH IFRS					
Total assets	821,442	780,719	512,164	462,349	253,577
Long-term loans	1,284	2,773	25,666	49,538	40,718
Share capital	3,827	3,809	3,440	3,404	2,961
Share premium	455,974	450,814	213,653	208,582	102,342
Accumulated profit	245,982	213,567	178,400	130,836	85,329
Other reserves	(31,387)	(69,391)	(59,430)	(41,000)	(14,347)
Shareholders equity	674,396	598,799	336,063	301,822	176,285

1. Randgold Resources has identified certain measures that it believes will assist understanding of the performance of the business. As the measures are not defined under IFRS, they may not be directly comparable with other companies adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures 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 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.

Under our accounting policies, there are no transfers to and from deferred stripping. Total cash costs per ounce are calculated by dividing total cash costs, as determined using the Gold Institute guidance, by gold ounces produced for the periods presented. We have calculated total cash costs and total cash costs per ounce on a consistent basis for 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.

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, 2008**	**Year Ended December 31, 2007**	**Year Ended December 31, 2006**	**Year Ended December 31, 2005**	**Year Ended December 31, 2004**
Mine production costs	$ 186,377	$ 136,312	$ 115,217	$ 66,612	$ 37,468
Depreciation and amortization	21,333	20,987	22,844	11,910	8,738
Other mining and processing costs	13,675	13,638	13,006	7,438	6,809
Transport and refinery costs	2,053	1,595	711	360	233
Royalties	19,730	18,307	16,979	10,273	5,304
Movement in production inventory and ore stockpiles	(21,865)	(11,534)	(13,373)	(18,744)	(7,425)
Total cost of producing gold determined in accordance with IFRS	221,303	179,305	155,384	77,849	51,127
Less: Non-cash costs included in total cost of producing gold:					
Depreciation and amortization	(21,333)	(20,987)	(22,844)	(11,910)	(8,738)
Total cash costs using the Gold Institute s guidance	199,970	158,318	132,540	65,939	42,389
Ounces produced *	428,426	444,573	448,242	328,428	204,194
Total production cost per ounce under IFRS ($ per ounce)	517	403	347	237	250

Total cash cost per ounce ($ per ounce)	467	356	296	201	208

* 40% share of Morila and 100% share of Loulo.

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

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

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

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.

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

the demand for gold for 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 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.

	Price Per Ounce ($)		
Year	**High**	**Low**	**Average**
1999	326	253	279
2000	313	264	279
2001	293	256	271
2002	349	278	310
2003	416	320	363
2004	454	375	409
2005	537	411	444
2006	725	525	604

	Price Per Ounce ($)		
Year	**High**	**Low**	**Average**
2007	841	608	695
2008	1,011	712	871
2009 (through April)	947	867	904

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

If gold prices should fall below and remain below our cost of production for any sustained period we may experience losses, and if gold prices should fall below our cash costs of production we may be forced to curtail or suspend some or all of our mining operations. In addition, we would also have to assess the economic impact of low gold prices on our ability to recover 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 $467 in the year ended December 31, 2008, $356 in the year ended December 31, 2007, and $296 in the year ended December 31, 2006. 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.

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;

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 materially adverse effect on our business, financial condition and results of operations.

The profitability of operations and the cash flows generated by these operations are significantly affected by the fluctuations in the price, cost and supply of 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 a greater or lesser extent, by fluctuations in the price of oil, exchange rates and a shortage 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.

In addition, 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. Accordingly, any appreciation in such other currencies could adversely affect our results of operations.

Our results of operations have been adversely affected by increases in fuel prices, and we would be adversely affected by future increases in fuel prices or disruptions in the supply of fuel.

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 and increased significantly in 2008. While prices have decreased significantly in 2009, they remain higher than historical standards. In 2008, the cost of fuel and other power generation costs comprised approximately 35% of our operating costs and the annual price increase of our landed fuel was 38%.

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. 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 Government 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 Government of Mali s audit of the taxpayer s payments, at which time the Government of Mali recognizes a liability.

By December 2007, Morila had successfully concluded a reimbursement protocol with the Government 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 Government of Mali. As a result of the offsets, the TVA owed by the Government of Mali to Morila declined by $5.0 million between December 31, 2008 ($12.3 million) and April 30, 2009 ($7.3 million). Morila is in discussions with the Malian fiscal authorities in order to ensure that the tax offsets are accurately recorded and recognized, although we cannot assure you that the Government of Mali will ultimately recognize the tax offsets.

At December 31, 2008, TVA owed by the Government of Mali to Loulo stood at $1.8 million. This amount has increased by $7.4 million to $9.2 million at April 30, 2009 due to the end of the exoneration period on November 8, 2008.

If Morila and Loulo are unable to recover these funds, or if the tax offsets are not recognized, then their results of 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.

Our business may be adversely affected if the Government of Mali fails to repay fuel duties owing to Morila and Loulo.

Up to June 2005, Morila was responsible for paying to diesel suppliers the customs duties which were then paid to the Government of Mali. Our operations at Morila and Loulo could claim reimbursement of these duties from the Government of Mali on presentation of a certificate from Société Générale de Surveillance. During the

third quarter of 2003, the Government of Mali began to reduce payments to all the mines in Mali due to irregularities involving certain small exploration companies. The Government of Mali has since given full exoneration from fuel duties to the mining industry so that fuel duties are no longer payable. However, a portion of previously paid duties remain outstanding, principally, the duties paid for the period June 2005 to December 2005. Our share of the amounts owing to Morila was $2.1 million on December 31, 2008 and $4 million on December 31, 2007. Amounts owing to Loulo were $0.7 million on December 31, 2008 and $0.7 million on December 31, 2007. At April 30, 2009, amounts owing to Loulo were $0.7 million. At April 30, 2009, Morila s outstanding fuel duties were offset in full against corporate and other taxes payable by the mine.

If Morila and Loulo are unable to recover these amounts, or if the amounts offset are not recognized, then their results of 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 balance sheet.

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.

During 2008, we recorded impairment charges against our auction rate securities, or ARS, which is described in the following paragraph.

We have invested in debt instruments for which the market has become substantially illiquid.

We have invested in debt instruments for which the market has become substantially illiquid. We had cash and cash equivalents of $257.6 million as of December 31, 2008 and $248.4 million as of March 31. 2009. In addition, we had available-for-sale financial assets with a carrying value of approximately $38.6 million as of December 31, 2008 and $37.5 million as of March 31, 2009. The available-for-sale financial assets consist of auction rate securities, or ARS. In the third quarter of fiscal year 2007, ARS with a cost value of $49 million failed at auctions due to the sudden and unusual deterioration in the global credit and capital markets, and have since experienced multiple failed auctions. Consequently, the funds associated with these investments will not be accessible until a successful auction occurs, a buyer is found outside of the auction process or the underlying securities have matured.

We made provisions against these ARS of $10.35 million in the second half of 2008 and an additional $1.09 million in the first quarter of 2009, in each case following the deterioration of the underlying credit ratings of the collateral of certain of the ARS. The trading market for these instruments has become substantially illiquid as a result of unusual conditions in the credit markets. We continue to receive interest payable on these securities. As these investments have been illiquid for more than twelve months and there is no certainty that they will become liquid within the next twelve months, the assets have been reclassified into the non-current section of available-for-sale financial assets to more accurately reflect their nature. Management estimates the fair value of these investments at each reporting period. Management applies a mark to model valuation method. Continued uncertainties in the credit and capital markets may result in additional impairment provisions, which could adversely impact our financial condition, current asset position and reported earnings. Furthermore, there can be no assurance that we will be successful in our actions against the bank or the individual brokers that we have commenced, which are described in this Annual Report under Item 4. Business Overview-Legal Proceedings.

We may not be able to recover certain funds from MDM Ferroman (Pty) Limited.

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 believe that we are entitled to recover certain amounts from MDM, including advances of $12.1 million (December 31, 2007: $12.1 million) included in receivables as at December 31, 2008. Of this latter amount, $7 million is secured by performance bonds and the remainder is secured by various personal guarantees and other assets. In January 2009, the liquidator declared and paid the first dividend of $0.1 million from the insolvent estate, leaving an outstanding balance of $12 million as at April 30, 2009.

As part of our efforts to recoup the monies owed to us, MDM was put into liquidation on February 1, 2006. This resulted in a South African Companies Act Section 417 investigation into the business and financial activities of MDM, its affiliated companies and their directors. The investigation was completed and summons has been issued against those MDM creditors deemed as preferential creditors. These legal proceedings are continuing with pleadings having been closed and court dates been set in the South African courts.

Our ability to recover in full the $12 million included in receivables is dependent on the amounts which can be recovered from the performance bonds, personal guarantees and other assets provided as security. Any shortfall is expected to be recovered from any free residue accruing to the insolvent estate. The aggregate amount which will ultimately be recovered cannot presently be determined. The financial statements do not reflect any additional provision that may be required if the $12 million cannot be recovered in full. Our results of operations may be adversely affected if we are unable to recover the amounts advanced by us to MDM. Any part of the $12 million included in accounts receivable which cannot in fact be recovered will need to be charged as an expense. The ultimate outcome of this claim cannot presently be determined and there is significant uncertainty surrounding the amount that will ultimately be recovered.

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

We use derivative instruments to protect the selling price of some of our anticipated gold production at Loulo. The intended effect of our derivative transactions is to lock in a fixed sale price for some of our future gold production to provide some protection against a subsequent fall in gold prices. No such protection is in place for our production at Morila.

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 is based upon market assumptions. If these assumptions are not met, significant losses or lost opportunities for significant gains may result. In all, the use of these instruments may result in significant losses 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 underground mining.

Development of the underground mine at Yalea commenced in December 2006 and first ore was mined in April 2008. These planned mines represent our entry into the business of underground mining. 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, we have experienced a number of technical challenges, principally the availability of the underground fleet and the ability to drill and blast up holes. While we believe these issues will ultimately be resolved, the development and operation of the underground mine will be negatively impacted should they continue.

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 and safety 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. 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 and safety of our employees, the environment or the communities in which we operate.

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

It can take a number of years from initial feasibility studies until development is completed and, during that time, the economic feasibility of production may change. 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.

At our Tongon project in Côte d Ivoire, our board approved the development of the new mine based on the strength of a feasibility study. A final draft of the proposed mining convention has been submitted to Côte d Ivoire s Ministry of Mines and Energy and we expected to sign the convention during the second quarter of 2009. Construction of the mine commenced at the end of 2008 with first gold production scheduled for the fourth quarter of 2010. We cannot provide any assurance that the project will ultimately result in a new commercial mining operation, or that a new commercial mining operation 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.

The countries of Mali, Senegal, Burkina Faso, Ghana, Tanzania and Côte d Ivoire have, since independence, experienced some form of political upheaval with varying forms of changes of government taking place. Côte d Ivoire has experienced several years of political chaos, including an attempted coup d état. The political situation in that country is normalizing and national elections are anticipated in the fourth quarter of 2009.

Goods are supplied to our operations in Mali through Ghana, Burkina Faso 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.

The mining laws of Mali, Côte d Ivoire, Senegal, Burkina Faso, Ghana and Tanzania stipulate that, should an economic orebody be discovered on a property subject to an exploration permit, a permit that allows processing operations to be undertaken must be issued to the holder. Except for Tanzania, legislation in these countries currently provides for the relevant government to acquire a free ownership interest, normally of at least 10%, in any mining project. For example, the Malian government holds a 20% interest in Morila SA and Somilo SA, and cannot be diluted below 10%, as a result of this type of legislation. The requirements of the various governments as to the foreign ownership and control of mining companies may change in a manner which adversely affects us.

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

We jointly control Morila Limited with AngloGold Ashanti under a joint venture agreement. Since February 15, 2008, we have been responsible for the day-to-day operations of Morila, subject to the overall management control of the Morila Limited board. Substantially all major management decisions, including approval of a budget for Morila, must be approved by the Morila Limited board. We and AngloGold Ashanti retain equal control over the board, with neither party holding a deciding vote. If a dispute arises between us and AngloGold Ashanti with respect to the management of Morila Limited and we are unable to amicably resolve the dispute, we may have to participate in arbitration or other proceeding to resolve the dispute, which could materially and adversely affect our business.

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 Loulo 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.

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.

The credit and capital markets experienced significant deterioration in 2008, including the failure of significant and established financial institutions in the US and abroad, and may continue to deteriorate in 2009, all of which will have an impact on the availability and terms of credit and capital in the near term. 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.

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

We paid our third dividend to ordinary shareholders in March 2009. 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. 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 or attracting highly qualified individuals in key management positions our business may be harmed. The loss of any of our key personnel could adversely impact our ability to execute our business plan.

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

We may become subject to liabilities, including liabilities for pollution or other hazards, against which we have not insured adequately or at all, or cannot insure. Our insurance policies contain exclusions and limitations on coverage. Our current insurance policies provide worldwide indemnity of £50 million in relation to legal liability incurred as a result of death, injury, disease of persons and/or loss of or damage to property. Main exclusions under this insurance policy, which relates to our industry, include war, nuclear risks, silicosis, asbestosis or other fibrosis of the lungs or diseases of the respiratory system with regard to employees, and gradual pollution. In addition, our insurance policies may not continue to be available at economically acceptable premiums. As a result, in the future our insurance coverage may not cover the extent of claims against us.

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

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

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

- the court which pronounced the judgment has jurisdiction to entertain the case according to the principles recognized by Jersey law with reference to the jurisdiction of the foreign courts;
- the judgment is final and conclusive it cannot be altered by the courts which pronounced it;
- there is payable pursuant to a judgment a sum of money, not being a sum payable in respect of tax or other charges of a like nature or in respect of a fine or other penalty;
- the judgment has not been prescribed;

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

the judgment was not obtained by fraud; and

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

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

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.

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.

Risks Relating to Our Industry

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

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

encountering unusual or unexpected formations;

environmental pollution;

personal injury and flooding; and

decrease in reserves due to a lower gold price.

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

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

If management determines that capitalized costs associated with any of our gold interests are not likely to be recovered, we would 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.

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

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

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

Any failure on our part to be in compliance with these laws, regulations, and requirements with respect to our properties could result in us being subject to substantial penalties, fees and expenses, significant delays in our operations or even the complete shutdown of our operations. We 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 poses risks to us in terms of productivity and costs.

The incidence of AIDS in Mali and Côte d Ivoire, which has been forecasted to increase over the next decade, poses risks to us in terms of potentially reduced productivity and increased medical and insurance costs. The exact extent to which our workforce is infected is not known at present. The prevalence of AIDS could become significant. Significant increases in the incidence of AIDS infection and AIDS-related diseases among members of our workforce in the future could adversely impact our operations and financial condition.

Item 4. Information on the Company

A. HISTORY AND DEVELOPMENT OF THE COMPANY

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

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

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

We have an 80% controlling interest in Société des Mines de Loulo S.A., 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 conduct our mining operations through:

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

an 80% interest in Somilo.

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 April 2003, we entered into a heads of agreement with Resolute Mining Limited, or Resolute. Under this agreement we gave Resolute a 12 month option to acquire our entire interest in our wholly-owned subsidiary, Randgold Resources (Somisy) Limited, or RRL Somisy, for $6 million, plus a quarterly royalty payment based on the gold price, and the assumption of certain liabilities. RRL Somisy owned 80% of Somisy which owned the Syama mine.

As of June 13, 2003, Randgold & Exploration owned approximately 43% of our outstanding share capital. Since that time, a number of transactions have taken place resulting in all of our shares which were held by Randgold & Exploration being sold. Currently Randgold & Exploration has no interest in us.

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. This boxcut has been completed and the first blast into hard rock took place on December 22, 2006. First ore was mined in the second quarter of 2008 and full production is scheduled for 2009. Development at Loulo s second underground mine, Gara, is due to start at the beginning of 2010 with first ore being delivered to the plant by the end of that year.

In April 2004, Resolute exercised its option to acquire the Syama mine. Resolute has subsequently paid us $6 million in cash and has assumed liabilities of $7 million, of which $4 million owing to ourselves has been settled. The agreement entered into in June 2004 between the parties makes provision for the payment of a royalty by Resolute. At a gold price of more than $350 per ounce, we would receive a royalty on Syama s production of $10 per ounce on the first million of ounces attributable to Resolute and $5 per ounce on the next three million of attributable ounces entered. This royalty payment is capped at $25 million. In April 2007, Resolute officially reopened the mine and announced that it would commence a recommissioning. We did not receive any royalties in respect of the years ended December 31, 2008, 2007 or 2006.

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. The proceeds from the offering are being used for the development of the Tongon project, together with such organic and corporate opportunities, including possible acquisitions, as might arise.

During 2007, peace initiatives in Côte d Ivoire continued and we completed a feasibility study which allowed our board to approve the development of the new mine subject to the approval of the mining convention by the Côte d Ivoire Minister of Mines and Energy. Construction of the mine started at the end of 2008 and first gold production is scheduled for the fourth quarter of 2010.

Developments during 2008 relating to MDM are discussed more fully in Item 4. Information on the Company B. Business Overview Legal Proceedings .

Principal Capital Expenditures

Capital expenditures incurred for the year ended December 31, 2008 totaled $85 million compared to $47.9 million for the year ended December 31, 2007 and $61.5 million for the year ended December 31, 2006. As of December 31, 2008, our capital commitments amounted to $40.3 million, principally for the Loulo underground project and Tongon Project. The capital expenditures will be financed out of internal funds. The capital cost for both Loulo underground mines is expected to amount to $113 million for the next three years. The capital cost for the Tongon mine is expected to amount to $247 million for the next three years.

Recent Developments

During 2008, we concluded an addendum to our joint venture agreement in Côte d Ivoire. As a result, we acquired a further 5% interest in the joint venture increasing our stake from 76% to 81%. During the third quarter of 2008, our joint venture partner agreed that we should fund their portion of the capital required for the Tongon project in exchange for an additional 3% interest in the project. The funding of their share of the capital will be repaid from the project s cashflows. This increases our participation in the project to 84% and reduces their participation to 6%. Government participation remains at 10% and will also be funded by us and repaid from project cashflows.

B. BUSINESS OVERVIEW

Overview

We engage in gold mining, exploration and related activities. Our activities are focused on West and East Africa, some of the most promising areas for gold discovery in the world. In Mali, we have an 80% controlling interest in the Loulo mine through Somilo SA.

The Loulo mine is currently mining from two open pits and one underground mine and is developing a further underground mine. We also 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 84% controlling interest in the development stage Tongon project located in the neighboring country of Côte d Ivoire, which is scheduled to be in production by the end of 2010. We also own an effective 83% controlling interest in the Massawa project in Senegal where we completed a scoping study in March 2009, and where we have now commenced a prefeasibility study which is expected to be completed by the end of 2009. We also have exploration permits and licenses covering substantial areas in Mali, Côte d Ivoire, Burkina Faso, Ghana, Senegal and Tanzania. At April 30, 2009, we declared proven and probable reserves of 8.87 million ounces attributable to our percentage ownership interests in Loulo, Morila, and Tongon.

Our strategy is to create value through the discovery, development and profitable exploitation of resource opportunities, focusing on gold. 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, as well as other smaller satellite pits. In 2008, its third year of production, the Loulo mine produced 258,095 ounces of gold at a total cash cost of $511 per ounce. We estimate that the mine will produce approximately 360,000 ounces in 2009. We currently anticipate that mining at Loulo will continue through 2029.

We commenced development of the Yalea underground mine in August 2006 and first ore was accessed in the April of 2008 with full production scheduled for the end of 2009. We anticipate that we will commence development of Loulo s second underground mine, Gara, in the first quarter of 2010 with first ore scheduled to be delivered to the plant at the end of that year.

The focus of exploration at Loulo is to continue to explore and discover additional orebodies within the 372 square kilometer permit. To date, we have succeeded in identifying numerous additional targets including one significant advanced stage target, Gounkoto, which are subject to further exploration and drilling.

Morila

In 1996, we discovered the Morila deposit, which we financed and developed and has been our major gold producing asset to date. Since production began in October 2000, Morila has produced more than 5 million ounces of gold at a total cash cost of $187 per ounce. Morila s total production for 2008 was 425,828 ounces, with mining continuing through to April 2009 and processing of lower grade stockpiles continuing through 2013.

Morila focuses its exploration activities on extending the existing orebody and discovering new deposits that can be processed using the Morila plant. We continually seek to extend the life of mine at Morila, and have targeted areas within the Morila joint venture for further drilling. Outside of the Morila joint venture, we hold exploration permits covering 382 square kilometers in the Morila region, where we are engaged in early stage exploration work.

Tongon

At our Tongon project located in Côte d Ivoire we have initiated a 433 hole, 39,099 meter advanced grade control program over the planned pits of the southern and northern zones, prior to the start of mining which is scheduled for early 2010. Construction has commenced and the issuing of the mining license has progressed with the new mining area having been agreed and drafting of the decree for final signature and approval is in progress.

Massawa

At our Massawa project located in Senegal, we have successfully completed a 5,000 meter drilling program as part of the scoping study that was completed in March 2009. The results of the study have demonstrated that the project is economic and we have commenced a further 35,000 meter drilling program as part of a prefeasibility study which is expected to be completed by the end of 2009.

Exploration

We have a quality portfolio of exploration projects in both West and East Africa. In 2008, we concentrated our exploration activities on the extension of known orebodies and on the discovery of new orebodies both at producing mines and exploration sites. We continued with our strategy to expand our footprint in Africa, including newly emerging countries. We are exploring in six African countries with a portfolio of 177 targets on 12,126 square kilometers of groundholding. Our business strategy of organic growth through exploration has been validated by our discovery and development track record, including the Morila and Loulo mines, the Tongon project and the Massawa discovery.

Ownership of Mines and Subsidiaries

The Morila mine is owned by a Malian company, Morila SA. The mine is controlled by a 50/50 joint venture management committee, created pursuant to a joint venture agreement between AngloGold Ashanti and us. Effective on February 15, 2008, responsibility for day-to-day operations of the mine passed to us.

Under the joint venture agreement, we and Anglogold Ashanti are each entitled to appoint four directors to the board of directors of Morila Limited, which owns 80% of Morila SA. Pursuant to terms of an addendum to the joint venture agreement concluded in April 2008, we are entitled to appoint one of our four directors as chairman, which position does not possess an additional vote. A quorum of the board for any meeting may only be achieved if at least two directors appointed by each of us are present. We have further agreed that all major decisions involving Morila Limited must be decided upon at the board level on a consensus basis, though following the conclusion of an addendum to the operating agreement, responsibility for and authority regarding the day-to-day operation of Morila has been transferred to us. Under the joint venture agreement, if either party wishes to sell its interest in Morila Limited, the other has a right of first refusal regarding that interest.

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

During the first quarter of 2009, we formed a new Côte d Ivoire company in which ownership of the Tongon Project vests. Our interest of 84% in this company will be held through our wholly-owned subsidiary Randgold Resources (Côte d Ivoire) Limited. The Government of Côte d Ivoire has a 10% free-carried interest and the right to acquire additional shares at market prices. The remaining 6% is held by New Mining CI, our joint venture partner in Côte d Ivoire.

Geology

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

West Africa is one of the more geologically prospective regions for gold deposits in the world. Lower Proterozoic rocks are known to contain significant gold occurrences and exist in West Africa in abundance. The Birrimian greenstone belts, part of the Lower Proterozoic, which are younger than the Archaean greenstones of Canada, Australia and South Africa, contain similar types of ore deposits 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 Birrimian Formation, a series of Lower Proterozoic volcanic and sedimentary rocks. The West African Birrimian sequences host a number of world class gold deposits and producing gold mines.

Our strategy was initiated before the current entry of our competitors into West 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.

Reserves

Only those reserves which qualify as proven and probable reserves for purposes of the SEC s industry guide number 7 are presented in this Annual Report. Pit optimization is carried out at a gold price of $650 per ounce. Underground reserves are also based on a gold price of $650 per ounce.

Morila reserves have been estimated by Mr. D. Kamugisha, Morila Mine Planner and signed off by Mr. S. Ndede, Morila Manager Mining. The Loulo mine and Tongon project reserves were estimated by Mr. O. Ten Brinke, Chief Mine Planning Engineer. All reserves were verified and approved by Mr. R.B. Quick, our General Manager: Project Development, Evaluation and Environment.

Total reserves as of December 31, 2008, amounted to 109.46 million tonnes at an average grade of 3.27 g/t, for 11.51 million ounces of gold of which 8.87 million ounces are attributable to us. In calculating proven and probable reserves, current industry standard estimation methods are used. The reserves were calculated using classical geostatistical techniques, following geological modeling of the borehole information. The sampling and assaying is done to internationally acceptable standards and routine quality control procedures are in place.

All reserves are based on feasibility 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 and project as of December 31, 2008:

	Proven Reserves			Probable Reserves			Total Reserves		
Operation/ Project	**Tonnes (Mt)**	**Grade (G/T)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (G/T)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (G/T)**	**Gold (Moz)**
Morila +	13.74	2.02	0.89	6.88	1.14	0.25	20.62	1.72	1.14
Loulo * +	7.08	3.38	0.77	43.51	4.60	6.43	50.59	4.42	7.20
Tongon +				38.25	2.57	3.16	38.25	2.57	3.16

* Includes Loulo underground.

\+ Our attributable share of Morila is 40%, of Loulo 80% and Tongon 84%.

At Loulo and Morila mines a 10% mining dilution at zero grade and an ore loss of 5% 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 15% at zero grade and an ore loss of 2% has been modelled for the Southern zone and for the Northern zone, dilution has been set at 10% with ore loss at 3%. Metallurgical recovery factors have not been applied to the reserve figures. The approximate metallurgical recovery factors are 91.5% for the Morila mine, 89.6% for the Loulo mine and 90.9% for the Tongon project.

Mining Operations

Loulo

Loulo is controlled by a Malian company, Société des Mines de Loulo (Somilo), which is owned 80% by us and 20% by the Malian government.

The mine is located within the Kedougou-Kéniéba inlier of Birimian rocks which hosts several major gold deposits, namely Gara and Yalea on the Loulo lease as well as Sadiola and Yatela in Mali and the Senegalese deposits

of Sabodala and Massawa.

The mine was officially opened on November 12, 2005 with initial production from the two main open pit mines of Yalea and Gara. An underground mine is now being developed at Yalea to access the deeper high grade ore. Work on a second underground mine at Gara is planned to start in 2010. Since commissioning, Loulo has produced over 800,000 ounces at approximately 250,000 ounces per year, and is planned to ramp up to 400,000 ounces by 2011 once the underground mines are fully operational.

Increased plant throughput in 2008 partially offset the impact of lower head grades caused by the delay of the underground development which limited access to higher grade ore. Gold production for the year was 258,095 ounces, compared to 264,647 ounces in 2007. Industry-wide consumable cost pressures in 2008, especially from diesel, steel and reagents, together with the strengthening of the Euro and the slightly lower head grade, resulted in higher total cash costs of $511 per ounce compared to $372 per ounce in the previous year. Despite numerous challenges the mine still managed to come within 3% of forecast production.

LOULO: PRODUCTION RESULTS

12 months ending December 31,	**2008**	**2007**
Total mined (Mt)	26.23	21.00
Ore mined (Mt)	3.40	2.43
Mined grade (g/t)	3.02	3.32
Strip ratio (waste:ore)	6.9:1	7.6:1
Ore milled (Mt)	2.72	2.70
Head grade (g/t)	3.22	3.30
Recovery (%)	91.2	93.3
Ounces produced (oz)	258,095	264,647
Average gold price received ($/oz)	738	612
Cash operating cost (excluding royalty) ($/oz)	469	337
Total cash cost ($/oz)	511	372
Profit from mining activity ($ million)	58.52	63.60

Note to table:

We own 80% of Loulo and the Government of Mali the remaining 20%. The government s share is not a free carried interest. We have funded the government 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.

MINERALIZED MATERIAL AND RESERVES

Low grade material on stockpile increased during 2008 due to an effort to mine more material from the pits to offset lower production tonnes from underground.

LOULO: ORE RESERVES

As at December 31,	**Category**	**Tonnes (Mt) 2008**	**Tonnes (Mt) 2007**	**Grade (g/t) 2008**	**Grade (g/t) 2007**	**Ounces (Moz) 2008**	**Ounces (Moz) 2007**
ORE RESERVES							
Stockpiles	Proven	0.86	0.42	1.73	1.83	0.05	0.02
Gara open pit	Proven	4.49	5.57	3.32	3.16	0.48	0.57
	Probable	0.11	0.13	3.60	3.79	0.01	0.02
Yalea open pit	Proven	1.47	2.96	4.59	3.94	0.22	0.37
	Probable		0.03		2.04		0.002
Gara West open pit	Probable	1.07	1.07	2.03	2.03	0.07	0.07
Loulo 3 open pit	Proven	0.26		3.02		0.02	
	Probable	0.12		3.75		0.02	
P129 open pit	Probable	0.15	0.15	2.65	2.70	0.01	0.01
Total surface reserve	**Proven and probable**	**8.53**	**10.33**	**3.20**	**3.21**	**0.88**	**1.07**
Gara UG	Probable	17.35	17.08	4.07	3.91	2.27	2.14
Yalea UG	Probable	24.71	27.01	5.09	4.82	4.05	4.19

As at December 31,	Category	Tonnes (Mt) 2008	Tonnes (Mt) 2007	Grade (g/t) 2008	Grade (g/t) 2007	Ounces (Moz) 2008	Ounces (Moz) 2007	Attributable ounces (80%)
Total underground reserve	**Probable**	**42.06**	**44.08**	**4.67**	**4.47**	**6.32**	**6.33**	
Total proven mine reserves		7.08	8.95	3.38	3.36	0.77	0.97	0.62
Total probable mine reserves		43.51	45.47	4.60	4.40	6.43	6.43	5.14
Total mine reserves		**50.59**	**54.42**	**4.42**	**4.23**	**7.20**	**7.40**	**5.76**

Pit and underground optimizations carried out at a gold price of $650 per ounce for reserve definition. Dilution and ore loss are incorporated into calculation of reserves. Stockpiled ore included. For details on our attributable ounces, please see the reserve table on page 44 of this Annual Report.

PRODUCTION EXPANSION

During 2008, headway was made with a number of capital projects as the mine sought to expand production throughput and increase the Yalea high grade feed. The main projects were:

Start of power plant expansion with two new medium speed generator units increasing power supply to 27.5 MW.

Tailings thickener and clarifier installed, together with cyanide destruction module.

Oxygen plant capacity expanded together with the installation of high shear reactors to improve the quantity and efficiency of oxygen supply into the circuit.

New stockpile project started to link overland conveyor system from Yalea underground with current crushing plant feeding system together with crusher modifications to increase monthly process plant throughput to 300,000 tonnes per month.

UNDERGROUND

Loulo remains a very dynamic operation, particularly during this period of transition from a principally open pit operation to one that will be dominated by underground production. Delays during the year on underground development, largely due to poor availability of the development loaders, has been managed through the incorporation of extra open pit mining from the main pits and the smaller satellite pits at Loulo 3, together with the stockpiling of lower grade ores. The first six months of 2009 will require further waste push backs at Gara to ensure the mine retains this flexibility, together with a concerted exploration and drill out effort on Loulo 3 which is expected to deliver more open pit ounces in the short term.

The underground developments clearly represent the future of Loulo and there has been a determined effort between management and the equipment suppliers and service providers to overcome a series of technical challenges that delayed the project during the year, principally the availability of the underground fleet and the ability to drill and blast up holes. The service providers have agreed to stock more spares on site including complete engines and drive trains - and to increase the number of mechanics, thus ensuring better equipment availability. Furthermore, high-speed development crews are being recruited to add their specialist skills to the team. Despite delays some significant milestones were achieved during the year:

A total of 3,861 meters of development was completed and 107,805 tonnes of ore at a grade of 4.42g/t was mined from the initial stopes below P125 pit. The Yalea declines have now been advanced to a distance of 1,150 meters from surface and a vertical depth of 180 meters.

The first and second belts in the underground conveyor system were installed and commissioned and are currently making use of a temporary tipping arrangement, awaiting the introduction of the overland conveyor

system planned for completion in the first half of 2009.

A waste backfill trial was successfully completed during the final quarter of the year, utilizing waste rock from development. Drilling of backfill slurry holes from surface started in January 2009 with the first sill casting expected early in quarter two of 2009.

Construction work on the concrete tunnels was completed and the filling of the box cut is nearly complete.

Following a rescheduling exercise, the Life of Mine plan has been modified. The optimized plan envisages an increase in tonnes mined from the Yalea underground mine in 2009, while delaying the commissioning of the Gara underground development until 2010. The revised plan foresees a build-up to a production rate of 120,000 tonnes a month from the Yalea underground by year end. The new plan has the following key benefits:

The ounces produced from the mine over the next five years will be more evenly distributed.

The mine can commit more resources to ensuring the successful implementation of the Yalea underground operation before starting with the second underground mine development.

The increased tonnes from Yalea are higher in grade than ounces that were previously planned to be mined from Gara in 2009.

The capital costs associated with the Gara development can be deferred at a time when capital costs are at historical highs but could reduce in future.

During 2008 work continued on the positioning of the Gara portal, with sterilization and geotechnical drilling being completed. A position inside the south-western wall of the Gara pit has been identified as the most suitable for portal placement, allowing for the rapid access of ore from Gara underground.

Morila

Morila is owned by a Malian company 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 was transferred from AngloGold Ashanti to us with effect from 15 February 2008.

Morila produced its 5 millionth ounce during the year and has distributed an amount in excess of $1.3 billion to its stakeholders since the mine began production in October 2000.

Drilling of fringe areas during the year within the final pit resulted in model changes and a revised forecast. The mine produced 425,828 ounces at a total cash cost of $400 per ounce for the year. Morila did well in constraining costs which peaked in the third quarter due to world wide inflationary pressures.

A summary of the salient production and financial statistics as well as a comparison with the previous year s results is shown below.

MORILA: PRODUCTION RESULTS

12 months ending December 31,	**2008**	**2007**
Total mined (Mt)	19.8	23.9
Ore mined (Mt)	4.9	5.0
Mined grade (g/t)	3.19	3.48
Strip ratio (waste:ore)	3.0	3.8
Ore milled (Mt)	4.3	4.2
Head grade (g/t)	3.4	3.7
Recovery (%)	91.2	91.6
Ounces produced (oz)	425,828	449,815
Average gold price received ($/oz)	870	710

12 months ending December 31,	**2008**	**2007**
Cash operating cost (excluding royalty) ($/oz)	347	282
Total cash cost ($/oz)	400	332
Profit from mining activity ($ million)	200.2	169.8

MINERALIZED MATERIAL AND RESERVES

Infill pit drilling resulted in a decrease in the high grade, with high grade material being replaced by significant lower grade tonnes. The net result is a gain in overall Life of Mine ounces, but a decrease in available head grade for 2009.

Grade control drilling has confirmed a small tongue of high grade material extending beneath the northern extension of the final pit and a scoping study is underway to determine if it is possible to mine these ounces from underground.

Due to the ore body morphology and the fact that the pit is in its final stages, optimizations at higher gold prices do not affect the pit size no push backs are warranted. Ore reserves, based on the current ore body model and including depletion from mining to December 31, 2008, are shown below. Mining activities will cease during April 2009 which with processing of stockpiles is estimated to continue until 2013, dependent on the achieved gold price, throughput and input costs at the time.

Mining operations were carried out under contract by Somadex, a subsidiary of DTP Terrassement, the mining arm of the French construction company Bouygues. A partnership agreement, which incorporates the principle of sharing the potential savings achieved by the contractor, using agreed productivity assumptions and allowing for an agreed return, has been successful particularly in productivity improvements. A planned rightsizing program has been designed together with Somadex and the union of mineworkers to align the workforce to the operation s requirements after April 2009.

MORILA: ORE RESERVES

	Tonnes (Mt) 2008	**Tonnes (Mt) 2007**	**Grade (g/t) 2008**	**Grade (g/t) 2007**	**Gold (Moz) 2008**	**Gold (Moz) 2007**
Proven	13.74	13.11	2.02	2.21	0.89	0.93
Probable	6.88	9.95	1.14	2.01	0.25	0.64
Proven and probable	20.62	23.06	1.72	2.13	1.14	1.58

Cut-off grade for reserves = 1g/t. Reserves are updated within the $650 per ounce pit design. Stockpiled ore included. Dilution and ore loss are included in reserve calculation. For details on our attributable ounces, please see the reserve table on page 44 of this Annual Report.

Tongon project

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

We hold an effective 84% interest in the project. The Côte d Ivoire state holds a carried interest of 10% with the option to acquire a further 10% participatory right at market rates. New Mining CI, (NMCI), by virtue of a joint venture agreement with us, holds a 6% interest. Funding for their interest in the project will be provided by ourselves and repaid from project cash flows, as will the state s carried interest of 10%.

Following the approval of the environmental impact assessment, we have fulfiled all the prerequisites for the mining license and await its issuance. The fiscal regime governing the mine has been agreed and incorporated in a mining convention which is progressing through the interministerial approval process.

GEOLOGY AND ORE RESERVES

The Tongon deposits are located within the Lower Proterozoic Senoufo Belt, which is a 200 kilometers long, volcanisedimentary belt of greenschist grade metamorphism bounded on either side by variably tectonized granitoid gneiss terranes.

Mineralization at Tongon is defined in two zones. In the Northern Zone, the major part of the mineralization is located within volcaniclastic rocks which have been intruded by granodiorite and diorite intrusives and is bounded by sheared footwall and hangingwall shale units. The mineralized zone varies in thickness from 3 meters to 35 meters and averages 25 meters in zones of dilation. The mineralization is associated with increased silicification, sulfidation and fine brecciation.

The Southern Zone is more complex, with mineralization controlled by multiple north-east trending, north-west dipping shears that occur adjacent to a granodiorite intrusive body. Mineralization extends for 2 kilometers along strike and consists of a number of individual lodes. Host rocks include a package of volcaniclastics and intermittent carbonaceous shale units. Alteration is similar to the Northern Zone, being located adjacent to shears and within the predominantly brittle deformed ore zones. Sulfide mineralization includes arsenopyrite, pyrrhotite and pyrite.

Reserve estimation is based on the results of 275 drillholes (252 diamond drillholes and 23 RC drillholes) for a total of 52,686 meters. Fifty-eight additional trenches have been excavated for a total of 8,608 meters. Average drillhole spacing is 50 x 50 meters and in parts of the Southern Zone is reduced to 25 x 25 meters.

TONGON: PROBABLE ORE RESERVES

	Tonnes (Mt)	Grade (g/t)	Gold content (Moz)
NORTHERN ZONE			
Oxide	0.52	1.97	0.03
Transition	1.23	2.30	0.09
Fresh	5.71	2.32	0.43
Sub total	7.45	2.29	0.55
SOUTHERN ZONE			
Oxide	1.79	2.59	0.15
Transition	2.14	2.88	0.20
Fresh	26.88	2.63	2.27
Sub total	30.80	2.64	2.62
Total probable reserves	**38.25**	**2.57**	**3.16**

Reserves are calculated within the $650 per ounce pit design. Dilution and ore loss are included in reserve calculation. For details on our attributable ounces, please see the reserve table on page 44 of this Annual Report.

MINING

Mining at Tongon will be by open pit and pit optimization has been based on a spot gold price of $650 per ounce. Pit designs have been completed using 10 meter benches for waste rock and 5 meter benches for ore. Ramps are 25 meter wide for double lane and 12 meter wide for single lane. Dilution of 15% at zero grade and an ore loss of 2% has been modelled for the Southern Zone, and for the Northern Zone, dilution has been set at 10% with ore loss at 3%. Based on the pit optimization, design and schedule, an ore reserve amounting to 38.25 Mt at a grade of 2.57g/t for gold content of 3.16 Mozs has been estimated.

A mining schedule based on 3.6 Mt per annum plant throughput has been developed. Preference has been given to mining the larger, higher grade Southern Zone pit followed by the Northern Zone pit. The Life of Mine strip ratio is estimated at 4.3:1. The peak mining rate is estimated to reach 25 Mt per annum of waste and ore.

The ore from the pits will be hauled to the crushing point on the ROM (run of mine) pad and will be tipped directly into the crusher bin or stockpiled on the ROM pad in the vicinity of the bin for blending. The ROM pad will have an estimated capacity of some 700,000 tonnes of ore.

The load and haul fleet will consist of three 250 to 300 tonne class excavators, assisted by smaller 125 tonne excavators, loading 90 tonne dump trucks. Mining activities at Tongon, including grade control drilling, drill and blast, load and haul and crusher feeding will be contracted out. Negotiations with potential contractors are expected to be concluded around the middle of the year with the chosen contractor scheduled to start mining early in 2010.

Prior to start of mining we have initiated a 433 hole, 39,099 meter, advanced grade control program over the planned pits of the Southern and Northern Zones. Approximately half the holes have been completed and results to date confirm the existing grade model.

METALLURGY AND PLANT DESIGN

As noted above, the plant is designed to process 3.6 Mt per annum with ores being treated through a primary, secondary and tertiary crushing circuit. Milling will comprise two ball mills with the discharge from each mill being pumped into separate cyclone feed pump and classifier systems.

A flash flotation circuit will be used to recover floatable gold, with the balance gravitating to the ball mills for further size reduction. A thickener will be used to enhance the control around the milling and classification circuit, as well as ensuring constant feed density to the CIL (carbon in leach) circuit. The thickener underflow will be pumped to the leach/CIL circuit where gold will be dissolved and adsorbed onto activated carbon. The resultant CIL tailings slurry will be subjected to tailings thickening to recover the maximum amount of process water containing available unused cyanide, which will reduce the amount of fresh cyanide required for leaching as well as the amount of cyanide destruction required. A cyanide destruction process will be incorporated into the process design. The thickened underflow will be pumped to the tailings storage facility which will be located as a valley fill impoundment, approximately 6 kilometers to the west of the plant site.

Gold will be recovered from the flotation concentrates through a combination of fine grinding and cyanidation. Loaded carbon from the CIL circuit will be acid washed prior to elution, followed by regeneration of the eluted carbon. Gold will be deposited onto cathodes following electrowinning of the eluate. The dried gold sludge will be smelted to produce gold doré which will be shipped to the refinery. Average recoveries over the Life of Mine are expected to exceed 90%.

INFRASTRUCTURE

The footprint of the mine site has been delineated with the aim of keeping the project area to a minimum, thus reducing its impact on the environment and the local population. The design layout of the infrastructure has been completed. Electrical power will be supplied from the national grid via a dedicated overhead line. A full back-up power generation plant will also be installed. Water will be supplied via a stream diversion dam located approximately one kilometer upstream from the Southern Zone pit.

ENVIRONMENTAL IMPACT

A full environmental and social impact assessment study (ESIA) was carried out by independent consultants, Digby Wells & Associates, as required by Côte d Ivoire legislation as well as our own compliance with Equator Principles and the IFC performance standards on social and environmental sustainability. Project alternatives have been examined and a public participation process completed. The natural pre-mining environment has been described and the potential project impacts evaluated. No fatal flaws have been identified by the specialist studies on hydrology, geohydrology, flora, fauna or archaeology. A relocation action plan for affected farmers has been formulated and agreed with the local communities and state authorities. The ESIA was subjected to a public enquiry process and subsequently approved by the state, and the environmental permit to develop the mine has been issued.

HUMAN RESOURCES

Several hundred new job opportunities will be created in Northern Côte d Ivoire. The highest number of workers, exceeding 800, will be employed during the construction phase. Subsequent to that, during the production phase, employment should total approximately 536 permanent employees of which 278 will be employed by ourselves and 258 by contractors. Recruitment for the construction phase has already started through a labor broker.

FINANCIAL MODEL

While decreases in costs of diesel, steel, reagents and transport are expected to filter down in future, the financial analysis shown below is based on costs at September 2008, when the feasibility type 4 study was completed. The key parameters are summarized below:

A flat gold price of $800 per ounce has been used for modelling purposes, with sensitivities applied from $600 to $1,000 per ounce.

Total ore mined of 38.25 Mt at a strip ratio of 4.3:1 to give total tonnes mined of 203 Mt and total contained gold of 3.16 Mozs.

Mining costs average of $3.03 per tonne over the Life of Mine.

Mill throughput of 300,000 tonnes per month.

Plant costs average of $12.55 per tonne.

G&A cost of $2.90 per tonne over Life of Mine.

Capital cost of $280 million.

In order to illustrate the effect of costs reverting to pre-commodity-boom levels, we have detailed below a comparison of the September 2008 cost estimates with input costs approximating those experienced in the third quarter of 2007.

TONGON: FEASIBILITY STUDY COSTS AND COST COMPARISON

	Feasibility Q3 2008	**Cost estimate Q3 2007**
Cash operating costs	$420/oz	$357/oz
Total cash costs (@ $800/oz gold price)	$444/oz	$381/oz
Life of Mine mining cost (including fleet capital)	$3.03/tonne*	$2.64/tonne+
Life of Mine plant operating cost	$12.56/tonne*	$9.95/tonne+

* Based on a diesel cost of $1.15 per liter or approximately $111 per barrel of oil.

\+ Based on a diesel cost of $0.80 per liter or approximately $75 per barrel of oil.

PRODUCTION PROFILE

Gold production is projected to build up to average over 290,000 ounces in the first two years of operation and then average over 270,000 ounces per annum over 10 years to give a total of 2.88 Mozs. First gold is expected to be poured during the fourth quarter of 2010.

CONSTRUCTION

SENET has been appointed as lead E(P)CM contractor, focused on the engineering design and construction management for the process plant. Civil works and procurements, with the initial focus on roads, accommodation and messing facilities, will be managed in house by ourselves.

The civil earthworks contract for the project (outside of the mining earthmoving contract) has been awarded and mobilization of equipment started with the primary focus being the site airstrip, which is now serviceable. Other activities are bush-clearing and plant site terracing to allow the main process plant construction to start on schedule. Water boreholes have been drilled for the supply of water for construction purposes. Additional water boreholes have also been drilled for the communities at the five villages surrounding the mine site.

Early construction of the main village is underway to allow its use for construction accommodation. Ten blocks of single quarter units have been completed together with kitchen, dining hall and laundry facilities. Initial power for construction purposes will be provided by a 265kW generator. The overhead line to the camp/village, crusher and batching plant has been completed together with a mini-substation and associated infrastructure. The geotechnical studies for the process plant area, water storage dam and tailings storage facility (TSF) dam walls have been completed. Design and operations strategy with respect to the process plant, water storage dam and TSF incorporating a return water dam has been finalized.

Orders for long lead-time equipment (both ball mills and mill motors) and key items (reinforcing bar and CIL tank steel) have been placed. A 45 tonne rough terrain mobile crane has been procured and has been commissioned on site.

Exploration

In 2008, exploration concentrated on the extension of known orebodies and the discovery of new deposits both at producing mines and exploration sites. Our portfolio of projects covers some of the most prospective gold belts of West and East Africa and it has exploration programs staffed by a team of 50 geologists in six countries, with 177 targets on 12,126 km^2 of groundholding.

In Senegal, at Massawa, we announced a significant new gold discovery during the year. Diamond drilling has delineated bedrock mineralization over a distance of 7 kilometers of which 4 kilometers have been drilled to 100 meter by 50 meter spacing. Following the completion of a positive scoping study on the project, a prefeasibility drilling program has commenced.

At Loulo, a new discovery has been made at Gounkoto in the south of the Loulo permit and further drilling is ongoing. New exploration drilling on this target has confirmed continuous mineralization over an 800 meter strike length with high grades open at depth.

Following the successful consolidation of a 1,400 km^2 land package in the Loulo district straddling the highly prospective Senegal-Mali shear zone a helicopter-borne VTEM electromagnetic and magnetic survey has been flown. This work has improved the geological and structural framework of the district and has highlighted large intrusive bodies, extensive folding and large scale boudinage structures. Weak anomalies were also detected over the orebodies and a number of look-alike responses along the known structures in the area are being studied. The interpretation also provided more information on the nature of the extensive iron alteration system in Senegal and across the border in Mali.

In Côte d Ivoire, the exploration emphasis has shifted to the discovery of new ounces close to the existing orebodies, as well as the development of targets further afield.

In Burkina Faso at the Kiaka deposit, gravity and heap leach testwork suggests a recovery of above 60% while cyanide leach testwork increases this to above 90%. The results of a scoping study on the Kiaka project show that it does not compare to the other projects in our pipeline and, therefore, alternative options of bringing it to account are being contemplated.

During 2009 exploration will concentrate on three strategic areas:

Completing a prefeasibility study at Massawa for a decision to complete a feasibility study.

Adding to the resource base at Tongon through the evaluation of satellite targets in the Nielle permit.

Progressing the Gounkoto discovery.

We have deferred field exploration in Ghana, Burkina Faso and Tanzania while we evaluate new opportunities which have arisen as a result of the global economic slowdown.

Mali

Loulo

Exploration concentrated on a two stage strategy:

Providing above ROM grade, open pittable oxide ounces inside a 10 kilometer radius of the plant site.

Evaluation of targets within the greater lease area (372 km^2) and district to make a new discovery.

At Loulo 3, work concentrated on defining a mining reserve at Loulo 3 North, following the definition of two small oxide reserves, which have subsequently been mined out at the South (11,264 ounces at 3.32g/t) and Central (7,984 ounces at 3.45g/t) targets. Exploration is now evaluating the potential of the greater Loulo 3 target incorporating the Loulo 3 South, Center and North and linking them together, an approximate 1 kilometer of strike length. As a first phase, 6 RC holes with diamond tails have been completed, testing a 600 meter strike to vertical depths of 120 meters below the Northern deposit. Results returned two zones of mineralization, from South to North, which are presented in the table below:

Loulo 3: Drill Results

				Grade	
Hole id	**From (m)**	**To (m)**	**Downhole width (m)**	**Au g/t**	**Including**
					0.60m @
L3NRCDHO8	111.50	113.50	2.00	1.37	20.00g/t
	116.50	123.50	7.00	2.21	
	140.50	145.00	4.50	2.37	
L3NRCDH07	131.20	133.70	2.50	2.15	
	144.50	155.00	10.50	3.79	
L3NRCDH01	128.80	137.00	8.20	2.13	
	151.00	152.50	1.60	7.27	
					0.90m @
L3NRCDH05	176.60	183.70	7.10	7.77	46.10g/t
	193.93	194.94	1.00	4.44	
L3NRCDH06	185.50	186.50	1.00	0.89	
	197.65	200.45	2.80	2.46	
L3NRCDH09	102.80	112.55	10.80	1.35	

The Loulo 2 target includes three (North, Center and South) approximately 100 meter to 300 meter long dilation zones over a 2 kilometer strike and has been the focus of RC drilling during the quarter. The North target returned good gold intersections (13 meters at 6.59 g/t and 17 meters at 16.50 g/t), which confirmed earlier results and have shown that this target could provide a small mineable target. Immediately to the south of the northern zone, the Loulo 2 Center target was also further tested and work returned a number of good intersections (3 meters at 6.31 g/t, 5 meters at 3.03 g/t and 4 meters at 5.56 g/t) which, while significant, were generally narrower and lower grade than those of the northern zone. However, the Loulo 2 target, like most of the larger Yalea structure, remains completely untested at depth. To the south of this target a two kilometer gap between Loulo 2 and Loulo 3 was also tested by a number of RC fences. Low grade anomalism was encountered along this trend in most of the holes and while it indicated that there may be no high grade mineralization at surface, it further confirms the continuity and potential of the Yalea structure in this area.

At P129, a folded and mineralized quartz tourmaline unit, similar to Gara, has been confirmed by reconnaissance diamond drilling. P129QTDDH01 returned 4.85 meters at 2.53g/t from 71.70 meters and 2 meters at 1.40g/t from 99.30 meters.

At Yalea, underground mapping has identified a late structure which is intimately related with high grade mineralization at P125-Yalea. The structure, known as F1, is a late brittle structure which consistently contains a decimetric massive sulphide zone and high grades located along the main orebody at P125. The extension of this structure to the north of P125 is viewed as a high priority follow up target.

At Faraba, located in the southern half of the Loulo mining permit, a 9-hole 2,369 meter diamond drilling program was completed along the mineralized structure, concentrating on the 1.2 kilometer gap area between Faraba Main and Faraba North. Additionally, one hole was drilled in the south at Bandankoto and another hole was drilled to test the southern extension of a narrow structure which is located to the west of Faraba Main Zone. Detailed logging and interpretation resulted in the delineation of an eastern and western zone of mineralization over an 800 meter strike, in the gap area. However, mineralized intersections within these zones are complex, generally low grade, with high value spikes and discontinuous along strike and down dip. Work on this target has been halted while targets such as Gounkoto and Toronto are evaluated.

FARABA: DIAMOND DRILL RESULTS

Hole ID	From (m)	To (m)	Interval (m)	Inter-section (g/t)	Including
FADH023	6.00	10.80	4.80	1.54	
	61.20	71.70	10.50	1.76	
	75.50	78.00	2.50	1.00	
	130.80	134.00	3.20	1.43	

Hole ID	From (m)	To (m)	Interval (m)	Inter-section (g/t)	Including
					0.80m @
	147.40	152.00	4.60	2.14	8.90g/t
					1.00m @
	155.00	161.90	6.90	2.90	7.76g/t
FADH024	127.00	132.80	5.80	0.94	
					2.20m @
FADH025	53.40	58.90	5.50	6.91	31.80g/t
	95.25	104.00	8.75	1.16	
	108.90	115.10	6.20	1.19	
	133.10	135.00	1.90	1.95	
	141.00	143.05	2.05	1.56	
					0.80m @
	195.45	203.80	8.35	3.46	13.10g/t
					1.00m @ 8.30g/t
					0.80m @
	227.30	235.90	8.60	4.46	23.20g/t
FADH027	140.65	141.45	0.80	12.70	
FADH032	32.60	39.00	6.40	1.70	
	46.50	56.85	10.35	1.42	
					1.00m @
	80.60	90.15	9.55	1.73	9.70g/t
FADH031	162.80	164.90	2.10	2.24	
					1.00m @
	168.20	171.50	3.30	7.53	22.00g/t
					0.95m @
	195.30	205.70	10.40	1.79	5.34g/t
					1.05m @ 5.14g/t
	211.80	224.60	12.80	0.94	
					1.10m @
	226.70	233.00	6.30	2.16	6.74g/t
	237.10	243.80	6.70	4.67	1.10m @

				22.70g/t
	253.10	257.00	3.90	1.03
	286.00	287.70	1.70	1.05
FADH033	18.60	23.40	4.80	0.56
FADH004ext	326.10	327.90	1.80	4.27

Gounkoto, a new target identified from electromagnetic data, is located in the southern part of the Loulo mining permit to the north of Faraba. The target is underlain by a 2 kilometer long north-northwest trending plus 30ppb gold in soil anomaly. Initial follow up work consisted of lithosampling which returned a number of strongly mineralized results (24.6g/t, 83.8g/t, 48.6g/t and 7.3g/t). These locations were subsequently trenched and results confirmed the prospectivity of the target (FRT03: 9.70 meters at 15.26g/t and FRT05: 35.75 meters at 10.66g/t). Nine diamond drill holes have now been completed, two of which were initial reconnaissance diamond holes to provide information on the bedrock geology, structure, alteration and mineralization to help assess the potential of this target.

FRDH01 was drilled under FRT05 and intersected 46.60 meters at 13.63g/t from 65.70 meters (including 7.40 meters at 13.78g/t from 65.70 meters and 14 meters at 33.40g/t from 95 meters). FRDH02, drilled beneath FRT03, returned 5.80 meters at 2.55g/t. Both drill holes intersected strong brittle-ductile deformed rocks with intense alteration and sulfide (pyrite) mineralization. RAB drilling, as further follow up, confirms bedrock mineralization along a 1.3 kilometer north-northwest trending structural corridor, which is open in all directions.

The first results have been received from a seven hole diamond drilling program and confirm the target as a new discovery in the south of the Loulo permit 200 meters along strike to the north FRDH0011 (46.60 meters at 13.63 g/t), hole FRDH005 intersected 60.17 meters at 16.53 g/t from 126 meters (including 36.40 meters at 25.83 g/t) in the same heavily altered, consistently mineralized structure. Results from borehole FRDH06, drilled another 225 meters further north, returned an average grade of 43.52 g/t over 10.9 meters. This high grade gold mineralization has so far been identified over 425 meters, however the results for the remaining five holes drilled during this program are pending; all have intersected Gounkoto-type alteration of varying widths along the 1.3 kilometer Gounkoto-P64 corridor.

At Toronto, exploration has so far identified a 1 kilometer long structure based on anomalous intersections from RAB drilling, pitting and a trench which returned 28 meters at 1.25g/t. Mineralization is hosted in pink, altered quartzites and shear-breccias which dip at a low angle (40°) to the east. The main structure, which strikes between 350° and 020°, is intersected by both northeast and northwest structures and there are prominent quartz tourmaline units within the corridor.

Baboto is part of a more than 5 kilometer mineralized structure which hosts the known targets of Baboto South, Central and North. During the year 4,400 meters of RAB drilling, along 16 lines, were completed. The purpose of this program was to further extend the known targets at Baboto. Weakly mineralized results, including a best intersection of 24 meters at 1.21g/t extended the Baboto South target by an additional 600 meters of strike to the north. At Baboto Center mineralization has been extended by a further 100 meters, with best results of 30 meters at 2.15g/t and 21 meters at 2.93g/t. Two diamond holes were drilled to follow up the RAB results on the Central target. BADH027 returned 1 meter at 5.01g/t from 273 meters and BADH028 returned 1 meter at 1.69g/t from 160 meters.

Despite extensive work at Baboto over the past two years we have been unable to identify above ROM grade mineralization with the average being less than 2g/t gold. While the target area represents a large mineralized structure, albeit at low grade, we have placed short term exploration on hold in order to explore targets with the potential for higher grades.

Regional work

Following the successful implementation of the ground consolidation strategy in the Loulo district a VTEM airborne electromagnetic (AEM) and magnetic survey was flown over the area. Interpretation of this data is continuing to develop new ideas and identify zones of interest across the district. A number of faint linear anomalies in the data coincide with known mineralized structures on the permit as well as the Gara and Yalea orebodies. Interpretation is identifying new structural domains, the presence of deep intrusives and improved geological control. A prospectivity analysis is being conducted to prioritize targets for follow up work across the greater Loulo district. Kolya and Mananord targets in the Bambadji permit are at the head of the queue. Kolya is a 2 kilometer long, folded and quartz veined quartz tourmaline unit similar to Gara. Previously this target was tested by 4 RC holes, all returning gold mineralization (4 meters at 1.40g/t, 6 meters at 3.60g/t, 3 meters at 2.50g/t and 5 meters at 3.94g/t). Mananord is an 8.7 kilometer long structural corridor, anomalous in gold, with contrasting geological units and intrusives. Very little follow up work has been conducted and RAB drilling has started on both target areas to delineate locations for reconnaissance diamond drilling in 2009.

Morila exploitation lease

At Morila, integration of all data sets shows the deposit to have characteristics which include post-collisional mineralization, arc-related magmatic signatures, the presence of a low-pressure contact metamorphic aureole, structural and lithological controls on mineralization. This all supports a reduced intrusion-related gold system (RIRGS). The intrusives at Morila define two distinct magma series:

A high-K, high-Ti calc-alkaline suite.

A normal medium-K, calc-alkaline suite represented by composite diorite-tonalite-granodiorite-granite intrusions. Conceptual models have been generated for targets at Sirakoro, SW Extension, Eastern Margin and Morila Deeps which require deep diamond drill holes to test.

A diamond drilling program is underway to test conceptual targets at Sirakoro, Eastern Margin, SW Extension and Morila Deeps.

Southern Mali

The Southern Mali region is a highly prospective terrain as shown by the discoveries of the Morila and Syama deposits. The entire region is heavily lateritized, however, and rock outcrop is very limited. The most obvious regional soil geochemical anomalies have been investigated and no recent discoveries have been made in the region. We continue with generative programs and the development of conceptual ideas. As part of the regional program our teams have prioritized areas of interest and carried out a number of due diligence reviews.

Senegal

We made a significant new gold discovery at Massawa during 2008. The Massawa target was first identified in 2007 and is located on the Main Transcurrent Shear Zone (MTZ) at the contact between the Mako volcanic belt and the Dalama sedimentary basin, in the Kounemba permit. During the course of 2008 a total of 58 diamond holes for 11,500 meters were drilled to further evaluate the target and delineate the geometry of gold mineralization.

The host rocks which underlie the target comprise a sequence of intermediate volcaniclastics (lapilli tuff with angular lithic fragments of different sizes and compositions, tuff, ash-tuff, and fine-grained carbonaceous ash-tuff) and sedimentary rocks composed of lithic grit, greywacke, lithic quartzwacke and carbonaceous shale. The bedding strikes 020°, dips 60° to 76° to the west. Graded-bedding is common and suggests the sequence is overturned.

Mineralization locates in various lithologies but is structurally controlled. There are varying degrees to the intensity of alteration (silica-carbonate-sericite-pyrite-arsenopyrite) and locally brecciation and brittle fracturing are associated with the gold mineralization. To date two main zones have been defined: a Central Zone and a Northern Zone. Within these zones there are multiple mineralized lodes but the principal lode in each zone is defined below:

Central Zone 1: 22.68 meters at 2.03g/t over a strike length of 983 meters (based on 13 holes). Mineralization is associated with an altered and sulfidized gabbro, which has intruded along the main structure.

Central Zone 2: 13.29 meters at 2.59g/t over a strike length of 600 meters (based on 8 holes). Mineralization is shear zone hosted; a lapilli tuff acts as a prominent marker horizon in the hangingwall of mineralization.

The Northern Zone is shear zone hosted, at the contact between volcaniclastics and sediments. This has now been divided into two zones:

Northern Zone 1: 8.74 meters at 2.84g/t over a strike length of 1.13 kilometers (based on 17 holes).

Northern Zone 2: 11.30 meters at 6.37g/t over a strike length of 821 meters (based on 10 holes). Mineralization in both zones is similar to the 600 meter shear zone hosted Central Zone.

The results from diamond drilling completed in 2008 are presented in the table below.

MASSAWA: DIAMOND DRILL RESULTS

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Including
MWDDH008	86.30	89.20	2.90	6.39	
	98.40	105.7	7.30	31.04	
	109.50	125.00	15.50	1.93	
MWDDH009	70.70	121.00	50.30	1.42	
	253.35	259.20	5.85	1.55	
MWDDH010	88.80	94.00	5.20	3.40	
	113.10	119.90	6.80	4.72	
	123.00	142.25	19.25	1.50	
MWDDH011	69.50	73.50	4.00	4.20	
MWDDH012	48.70	49.70	1.00	4.15	
MWDDH013	46.00	53.00	7.00	1.13	
	97.00	103.00	6.00	2.00	
	129.00	137.00	8.00	1.10	
	140.00	141.00	1.00	10.20	
	183.50	193.06	9.56	1.10	
					1.00m @
MWDDH014	30.70	42.00	11.30	5.00	43.70g/t
	114.60	133.50	18.90	1.06	
MWDDH015	26.70	33.70	7.00	3.19	
	39.70	44.70	5.00	1.91	
					0.80m @
	156.20	164.50	8.30	2.30	12.60g/t
					1.00m @
MWDDH016	22.80	47.70	24.90	1.61	7.81g/t
					1.20m @ 7.94g/t
					0.80m @
	119.55	122.40	2.85	3.45	7.37g/t
					3.00m @
MWDDH017	10.70	47.10	36.40	0.48	1.31g/t
	126.20	132.35	6.15	0.77	
					1.00m @
MWDDH018	7.70	21.70	14.00	1.55	11.20g/t
	41.70	45.70	4.00	1.20	
MWDDH019	7.70	23.70	16.00	0.94	
					3.00m @
	38.50	53.45	14.95	5.63	14.23g/t

					0.75m @ 22.00g/t
					3.00m @
MWDDH020	20.70	31.70	11.00	5.32	16.57g/t
					2.00m @
MWDDH021	61.70	67.70	6.00	3.96	11.05g/t
MWDDH022	152.40	153.50	1.10	1.14	
					5.00m @
MWDDH023	64.50	94.70	30.20	2.83	10.00g/t
					2.00m @ 4.40g/t
					2.00m @
MWDDH024	40.70	68.70	28.00	2.15	3.18g/t
					2.70m @ 6.10g/t
					2.10m @ 5.10g/t

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Including
MWDDH025	25.70	35.70	10.00	0.53	
MWDDH026	10.70	12.70	2.00	3.40	
MWDDH027	76.64	82.00	5.36	1.45	1.20m @ 3.08g/t
	96.20	96.90	0.70	7.80	
MWDDH028	148.50	157.80	9.30	3.43	4.30m @ 5.96g/t
	162.20	165.00	2.80	1.57	
MWDDH029	152.35	167.15	14.80	6.16	7.00m @ 10.00g/t
	176.70	182.00	5.30	1.25	
MWDDH030	99.20	104.20	5.00	0.65	2.00m @ 1.10g/t
	110.20	114.20	4.00	0.53	
	148.80	150.80	2.00	1.20	
MWDDH031	109.00	112.00	3.00	0.87	
	128.50	130.50	2.00	2.22	
MWDDH032	98.60	99.80	1.20	6.30	
	114.00	115.20	1.20	12.00	
MWDDH033	109.00	116.00	7.00	1.52	1.00m @ 4.17g/t
	119.00	135.00	15.40	0.70	
MWDDH034	41.10	45.20	4.10	2.39	0.90m @ 6.63g/t
	66.80	86.70	19.90	0.59	
MWDDH035	21.20	25.85	4.65	0.67	
MWDDH036	73.50	76.50	3.00	3.15	1.00m @ 8.10g/t
MWDDH037	173.30	176.70	3.40	0.66	
MWDDH038	48.50	66.00	17.50	1.33	4.00m @ 3.00g/t
MWDDH039	198.20	229.00	30.80	5.74	24.65m @ 7.13g/t
MWDDH040	52.00	53.00	1.00	16.00	
MWDDH041	81.50	92.70	11.20	1.10	
	120.00	125.90	5.90	1.06	
	211.10	212.30	1.20	11.10	
	247.10	253.10	6.20	2.40	
MWDDH042	129.30	132.90	3.60	1.28	
MWDDH043	53.90	60.80	6.90	0.32	
MWDDH044	110.00	129.00	19.00	1.09	5.60m @ 2.70g/t
	145.00	157.00	12.00	0.45	
	160.00	172.30	12.30	0.81	
	191.40	198.50	7.10	1.83	
	203.00	228.50	25.50	0.79	2.15m @ 4.48g/t

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Including
MWDDH045	59.30	66.00	6.70	1.25	
					2.00m @
	89.40	97.80	8.40	1.12	3.77g/t
					5.00m @
	134.60	159.40	24.80	1.62	5.30g/t
	173.10	190.00	16.90	0.68	
	210.00	214.45	4.45	5.21	
					2.00m @
MWDDH046	29.70	33.70	4.00	5.65	10.50g/t
	96.30	105.50	9.20	1.07	
					12.00m @
	109.40	155.70	46.30	1.79	3.96g/t
					5.00m @
	173.20	196.10	22.90	1.56	3.32g/t
					3.00m @
MWDDH047	113.00	122.30	9.30	3.51	8.27g/t
	125.90	133.00	7.10	0.76	
					0.90m @
	148.40	155.20	6.80	2.18	12.40g/t
					1.20m @
	188.00	191.60	3.60	15.55	44.60g/t
					5.00m @
MWDDH048	124.10	139.40	15.30	2.73	4.36g/t
					3.60m @
	144.45	155.10	10.65	2.20	5.47g/t
	169.00	172.40	3.40	2.79	
MWDDH049	16.30	22.70	6.40	0.90	
	50.40	55.87	5.47	1.62	
MWDDH050	3.58	9.58	6.00	0.91	
	13.30	20.50	7.20	1.03	
	37.50	45.60	8.10	0.91	
	102.50	108.30	5.80	1.41	
	126.60	133.50	6.90	1.21	
					1.20m @
MWDDH051	3.00	13.60	10.60	1.04	5.00g/t

					2.00m @
	164.50	171.20	6.70	1.86	5.25g/t
					1.90m @
MWDDH052	151.00	154.75	3.75	14.00	26.20g/t
					3.00m @
	179.00	189.80	10.80	2.47	7.53g/t
MWDDH053	116.85	121.30	4.45	0.61	
	130.23	131.30	1.07	2.74	
					0.90m @
MWDDH054	104.50	128.20	23.70	0.84	8.68g/t
	150.00	156.00	6.00	0.68	
	171.20	173.60	2.40	1.24	
MWDDH055	103.00	107.95	4.95	0.70	
	134.70	144.60	9.90	1.05	
					1.20m @
MWDDH056	126.45	142.00	15.55	1.70	15.50g/t
					3.01m @
	174.90	197.00	22.10	7.10	16.65g/t
					2.00m @
	212.30	225.10	12.80	4.25	18.20g/t

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Including
MWDDH057	197.65	206.75	9.10	7.97	
	211.85	215.00	3.15	2.96	
	221.20	222.80	1.60	3.38	
MWDDH058	114.70	116.70	2.00	5.35	
	201.65	213.90	12.25	3.50	0.80m @15.90g/t
MWDDH059	60.70	71.80	11.10	2.43	
	74.40	86.50	12.10	1.82	
	120.80	129.70	8.90	2.00	
MWDDH060	23.10	27.10	4.00	6.44	2.00m @ 12.24g/t
	71.50	81.00	9.50	9.62	2.00m @ 14.04g/t
MWDDH061	134.10	140.40	6.30	3.23	
	158.00	190.00	32.00	5.00	2.90m @ 15.68g/t
					9.50m @ 12.07g/t
MWDDH062	47.00	69.00	22.00	11.00	12.50m @ 16.36g/t
	79.50	84.90	5.40	2.39	
MWDDH063	49.20	51.60	2.40	8.90	
	61.70	64.10	2.40	12.90	
MWDDH064	97.50	100.75	3.25	3.96	
	122.00	139.90	17.90	1.66	4.00m @ 5.70g/t
	155.40	160.20	4.80	1.63	
MWDDH065	25.40	55.10	29.70	11.00	3.60m @ 21.90g/t
					3.00m @ 21.27g/t

To date the mineralized system at Massawa extends over a distance of 7 kilometers of which 4 kilometers have been drilled to a 100 meter by 50 meter spacing. Mineralization is open in all directions, especially along strike to the north, termed Lion Extension, where the last drill hole MWDH058 returned 12.25 meters at 3.50g/t, drilled below RAB hole MWRAB343: 42 meters at 7.60g/t. Further results from RAB drilling and rock chip sampling extend the potential in this area to an additional 1 kilometer to the north. Diamond drilling continues. Preliminary metallurgical testwork has been completed and confirms sulfide recoveries of approximately 90%. Drilling continued into the first quarter of 2009 to provide the necessary data for the completion of an initial scoping study. The results from this program are presented in the table below:

Results of infill drilling received during the first quarter of 2009:

Hole Id	From (m)	To (m)	Downhole width (m)	Grade Au g/t	Including
MWDDH066	205.00	214.00	9.0	2.50	5.00m @ 4.00 g/t
MWDDH067	95.80	107.00	11.20	2.27	5.00@ 4.30 g/t
MWDDH068	80.00	86.30	6.30	11.66	
	90.00	107.50	17.50	4.76	
MWDDH069	12.00	42.20	30.20	1.50	

Hole Id	From (m)	To (m)	Downhole width (m)	Grade Au g/t	Including
					4.00m @ 10.75 g/t
MWDDH070	9.00	24.80	15.80	3.19	
	34.80	37.20	2.40	1.69	
	47.50	49.90	2.40	1.52	
MWDDH071	66.30	73.50	7.20	1.52	
MWDDH072	62.40	65.40	3.00	1.88	
	93.00	96.00	3.00	1.49	
	126.00	128.00	2.00	10.98	
MWDDH073	100.20	102.50	2.30	7.00	
	121.20	123.70	2.50	3.66	
					6.90m @ 9.63 g/t
MWDDH074	163.90	177.00	13.10	5.86	
MWDDH075	37.20	40.20	3.00	1.40	
	45.20	55.20	10.00	1.16	
	60.60	63.20	2.60	3.99	
					2.20m @ 4.70 g/t
MWDDH076	51.50	59.50	8.00	1.89	
	62.70	76.50	13.80	0.69	
	79.40	104.10	24.70	2.21	
	107.70	110.90	3.20	2.90	
	118.00	124.10	6.10	0.66	
MWDDH077	10.50	14.40	3.90	3.56	
	73.70	75.70	2.00	1.44	
	118.40	135.90	17.50	0.60	
					12.40m @ 5.70 g/t
MWDDH078	29.50	106.00	76.50	2.00	
	163.40	166.00	2.60	6.07	
MWDDH079	43.20	44.20	1.00	6.15	
					1.60m @ 87.70 g/t
	52.80	61.00	8.20	17.60	
					7.15m @ 4.80 g/t
	83.00	106.40	23.40	2.55	
MWDDH080	11.50	21.80	10.30	0.80	
	36.00	43.60	7.60	4.19	
	49.00	60.60	11.60	3.80	
	64.20	68.90	4.70	1.16	
	80.20	99.60	19.40	1.70	

					6.40m @ 3.50 g/t
	112.40	127.20	14.80	1.55	
	130.30	146.80	16.50	0.60	
					9.10m @ 5.80 g/t
MWDDH081	32.50	51.90	19.40	3.25	
	73.50	82.60	9.10	1.12	
	92.00	94.80	2.80	1.25	
					4.10m @ 16.53 g/t
	104.30	130.75	26.45	3.17	
MWDDH082	190.00	212.50	22.50	13.42	
MWDDH083	83.00	96.00	13.00	8.35	

The Massawa deposit is open in all directions. In addition to the infill drilling, stepout drilling has been completed to the North in what we term Lion Extension. Drilling spaced 100 to 200 meters has been completed over a distance of 800 meters with a total of 10 holes for 2,355 meters. The results confirm the continuation of the Massawa system beyond the current wire frames.

Results for holes drilled in Lion Extension:

				Grade	
Hole Id	**From (m)**	**To (m)**	**Downhole width (m)**	**Au g/t**	**Including**
MWDDH084	208.30	210.50	2.20	0.57	
MWDDH085	97.00	99.00	2.00	3.64	

Hole Id	From (m)	To (m)	Downhole width (m)	Grade Au g/t	Including
					3.70m @ 22.17 g/t
MWDDH086	46.40	49.80	3.40	1.86	
	78.00	80.40	2.40	4.19	
	94.80	105.00	10.20	9.76	
MWDDH087	12.30	14.70	2.40	3.35	
MWDDH088	54.30	59.50	5.20	2.58	
	72.50	74.50	2.00	12.80	
MWDDH090	111.50	115.50	4.00	5.70	
MWDDH091	160.00	161.00	1.00	10.40	
MWDDH092	185.20	193.00	7.80	1.50	
					1.10m @ 4.20 g/t
MWDDH093	113.40	121.50	8.10	0.99	
	132.00	138.00	6.00	4.00	
	155.00	161.00	6.00	2.29	

A successful scoping study has been completed for Massawa and meets all of our investment criteria. A decision has been made to advance the project to prefeasibility. Three diamond drill rigs are now in operation completing prefeasibility drilling, with phase 1 of approximately 27,000 meters; an RC rig is being mobilized to complete 5,000 meters of shallow drilling. This drilling is due for completion by the end of July, before the start of the annual rains. Further geotechnical, metallurgical and mining studies, optimizations and designs, together with environmental and social economic baseline studies are planned to complete the prefeasibility report by the end of 2009.

While the exploration work concentrated on Massawa during the year, the Mako Belt as a whole is highly prospective and in addition to Massawa there are a number of satellite targets requiring follow up exploration. These include the Bakan Corridor, Sofia and Delaya. However, Massawa remains our strategic priority.

Côte d Ivoire

Nielle

In Côte d Ivoire, the emphasis has now moved to evaluating satellite targets in the Nielle permit as well as testing the Tongon orebodies at depth. A twofold strategy has been implemented:

Near mine targets, less than 10 kilometers from the plant site and within trucking distance. The priority is to evaluate targets which, although potentially small, have grades above ROM.

Targets beyond 10 kilometers with the potential to become stand-alone operations.

In the Northern Zone, drill results highlight the potential for higher grade plunging lodes at depth, confirmed by hole TND140 which intersected 27.51 meters at 5.32g/t. The preliminary down-dip potential of the orebody has been tested with the completion of four deep diamond drill holes, to target 350 meters below the surface. The results are presented in the table below:

NIELLE: NORTHERN ZONE DIAMOND DRILL RESULTS

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Including
TND230	369.20	377.20	8.00	3.91	

					2.40m @
TND235	389.04	402.24	13.20	3.46	7.65g/t
TND238	287.91	303.11	15.20	1.04	
					4.16m @
	315.11	324.69	9.58	1.69	2.83g/t
TND239	376.00	378.20	2.20	1.26	

An additional hole, drilled between the two pits of the Northern Zone (TND236), returned a very encouraging intersection: 14.85 meters at 6.42g/t. This highlights further opportunities to increase the potential of the pits. At surface the structure is narrow and weakly mineralized.

Satellite targets

Preliminary exploration work has started on three targets, Tongon South, Tongon East and Poungbe. Desktop studies were also completed on Koulivogo, Yvette-Nafoun and Soloni which form the next level of targets for follow up, due to their favorable geology, structural setting and surface gold anomalizm.

Reconnaissance diamond drilling was completed at Tongon East and Poungbe. At Tongon East, TED001 intersected 150 meters of strong alteration and pyrite mineralization below a trench returning 61 meters at 2.09g/t. Gold assay results returned multiple intersections: 8.49 meters at 1.07g/t from 38.15 meters; 7.20 meters at 2.92g/t from 62.10 meters; and 8.20 meters at 1.83g/t from 82.25 meters. At Poungbe, two diamond drill holes, totalling 304 meters, were completed to test a 1.1 kilometer long anomalous in gold, structural corridor. PED001 returned 12.00 meters at 3.79g/t in saprolite from a volcaniclastic protolith. PED002 returned 19.32 meters at 0.65g/t from 76.93 meters and 4.55 meters at 1.64g/t from 81.15 meters. RAB drill programs have been designed to test the broader target areas in the first quarter of 2009.

The Tongon South area is located approximately 6 kilometers southwest of the Tongon Southern Zone. Historical work by BHP Billiton and ourselves included the completion of regional and detailed soil sampling over the area, the excavation of 235 pits and litho sampling. Gold mineralization is largely hosted in quartz veins, and possible brittle fracturing with silicification close to a granodiorite-gabbro lithological boundary. Historical pitting and trenching over soil anomalies returned favorable results in particular in two trenches TST002: 16 meters at 8.08g/t (including 6 meters at 19.64g/t in quartz veins) and TST004: 10 meters at 1.36g/t. An initial program of RAB fence lines has been proposed to better delineate the target at surface prior to diamond drilling.

Boundiali

The Boundiali permit (1,314 km^2) is located approximately 60 kilometers west of Nielle and is host to numerous gold in soil anomalies, which have seen little follow up exploration.

At Tiasso, five diamond drill holes totalling 1,397 meters were completed to test the depth potential under mineralized trenches, along a 2 kilometer strike length. From east to west the geology consists of argillite, carbonaceous shale, conglomerate, gabbro and volcaniclastic sediment. The gabbro is a sill which intrudes along the contact between a western volcanoclastic unit and an eastern conglomerate. Hydrothermal mineralization is hosted in conglomerates which have been sheared and gabbro. Gold assay results returned narrow 2 to 10 meter zones of sub 1g/t and 1 meter high grade (5g/t to a maximum of 19.80g/t) from quartz veins. These results have lowered the prospectivity of Tiasso. However Sani is now taking the lead with positive trench results over 1.5 kilometers (15 meters at 3.25g/t, 14 meters at 3.10g/t and 4.0 meters at 1.38g/t) and together with the targets of Yelle, Fonondia and Koffre will be the focus of exploration programs in 2009.

Burkina Faso

In Burkina Faso, on the Kiaka target, a further six diamond drill holes for 2,805 meters were completed testing upside models to the main and hangingwall zones of mineralization.

KIAKA: DIAMOND DRILL RESULTS

Hole ID	Zone	From (m)	To (m)	Interval (m)	Grade (g/t)
KDH19	HW	50.00	76.00	26.00	0.60
	HW	82.00	116.00	34.00	0.64
	MZ	261.00	282.00	21.00	0.65
	MZ	294.00	317.00	23.00	0.58
KDH20	No mineralization intersected drilled outside the Kiaka system				
KDH21	HW	100.00	111.00	11.00	2.33
	HW	119.00	134.00	15.00	1.01
	HW	156.00	174.00	18.00	1.62
	MZ	193.00	204.00	11.00	0.63
KDH22	HW	2.00	4.00	2.00	84.70
	HW	85.00	93.00	8.00	6.24

	HW	100.00	126.00	26.00	0.76
		42			

Hole ID	Zone	From (m)	To (m)	Interval (m)	Grade (g/t)
KDH23	MZ	75.00	80.00	5.00	2.05
KDH24	MZ	115.00	170.00	55.00	0.53
	MZ	200.00	204.00	4.00	5.64
	MZ	210.00	212.00	2.00	1.69
	MZ	232.00	244.00	12.00	0.98
	MZ	313.00	324.00	11.00	0.49
	MZ	342.00	348.00	6.00	0.98

MZ: Main zone
HW: Hangingwall zone

The stratigraphy of the deposit, from west to east, consists of quartz garnet mica schist, quartz feldspar schist, amphibolite and quartz biotite schist. There are local intercalations of graphitic layers. These sequences have been intruded by gabbro in the northern and southern corner of the deposit. All these rocks have been variably altered and mineralized. Late mafic sills intrude the lithologies creating internal waste.

Gold mineralization at Kiaka is low grade, associated with a broad alteration system (silica-biotite-chlorite), and pyrrhotite (85%), fine pyrite (9%) and arsenopyrite (4%). These sulfides can be disseminated or aligned with the fabric, with a possible paragenetic sequence being: Ilmenite Leucoxene + Rutile Arsenopyrite + Gold Pyrite Pyrrhotite + Chalcopyrite + Pendlandite.

Petrographic analysis and gold count by Microsearch CC (56 blocks of core and outcrop material) found that gold was mainly included within metamorphic minerals (hornblende and biotite).

While the entire Kiaka system covers a strike length of 2.85 kilometers, modelling has concentrated on the best intercepts of the Kiaka Main Zone, (0.75 kilometers of the total 1.25 kilometer strike length) and the Hangingwall Zone (0.65 kilometer strike length). Gravity and heap leach testwork suggests a recovery of 67%, while cyanide leach testwork increases this to above 80%. This project does not pass all our filters for further investment and various options are being reviewed to bring it to account.

A 12,000 meter plus RAB drilling program was also completed on targets within the Burkina Faso portfolio; the most encouraging of these are Limsega and Goulanda where broad 3 to 5 kilometer long anomalous corridors are being identified for follow up work.

Ghana

In Ghana, we have deferred field exploration work while we compare our portfolio of four permits (1,841 km^2) against new opportunities.

Work during the year on targets within the Bole NE permit have delineated low grade bedrock mineralization, associated with the intersection of northeast trending shears and folds within metasedimentary rocks; adjacent to a major regional structure. While no economic mineralization has been discovered at surface, a conceptual model has been developed, that of a blind deposit associated with a folded lithological unit not exposed at surface and the gold anomalism represents the leakage from this buried mineralization.

Stream sediment surveys were also completed on two new permits: Wuru and Tongo, both adjacent to the Bole permit in the north of the country. At Wuru, anomalous gold assay results (up to 2g/t) were returned from the sampling program, along a 20 kilometer long by 20 kilometer wide volcano-sedimentary belt in association with the extension of the Markoye Fault from Burkina Faso. At Tongo, gold assay results returned an anomalous area measuring 10 kilometers by 6 kilometers, with a maximum value of 2.02g/t associated with a large regional fold within a metasedimentary unit wedged between basement granites.

Tanzania

In Tanzania, we have returned the majority of our permits to the government or joint venture partners following extensive exploration. We are currently completing an updated generative study to highlight areas of interest for new permit applications or joint venture opportunities. The Southern Lake Victoria Goldfield, the Proterozoic mobile belts and new greenstone belts within the Craton are our focus of attention.

This data is also being integrated into a much bigger study incorporating the Central African region of the continent: Cameroon, Democratic Republic of Congo, Central African Republic, Uganda and Kenya.

Ore Reserves

Annual reserve declaration

At December 31,	Category	Tonnes (Mt) 2008	Tonnes (Mt) 2007	Grade (g/t) 2008	Grade (g/t) 2007	Gold (Moz) 2008	Gold (Moz) 2007	Attributable gold (Moz)
PROVEN AND PROBABLE RESERVES								
Loulo								80%
	Proven	7.08	8.95	3.38	3.36	0.77	0.97	0.62
	Probable	43.51	45.47	4.60	4.40	6.43	6.43	5.14
Sub total	Proven and probable	50.59	54.42	4.42	4.23	7.20	7.40	5.76
Morila								40%
	Proven	13.74	13.11	2.02	2.21	0.89	0.93	0.36
	Probable	6.88	9.95	1.14	2.01	0.25	0.64	0.10
Sub total	Proven and probable	20.62	23.06	1.72	2.13	1.14	1.58	0.46
Tongon								84%
	Probable	38.25	21.88	2.57	2.29	3.16	1.61	2.66
Sub total	Proven and probable	38.25	21.88	2.57	2.29	3.16	1.61	2.66
TOTAL RESERVES	**Proven and probable**	**109.46**	**99.36**	**3.27**	**3.31**	**11.51**	**10.59**	**8.87**

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

Pit optimization is carried out at a gold price of $650 per ounce; underground reserves are also based on a gold price of $650 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.

Table of mineral rights at April 30, 2009

Country		Type	Area (km^2)	Area (sq miles)	Equity (%)
MALI					
	Loulo	EP	372	144	80
	Morila off lease	EEP	132	51	80
	Morila	EP	200	77	40
	Bena	EEP	31	12	80
	Walia West	EEP	46	18	40

Walia	EEP	45	17	40
Zaniena	EEP	257	99	80
Mena	EEP	250	96	80

Country		Type	Area (km²)	Area (sq miles)	Equity (%)
CÔTE D IVOIRE					
	Nielle	EEP	671	259	84
	Boundiali	EEP	1,314	507	84
	Dabakala	EEP	191	74	84
	Dignago	EEP	1,000	386	84
	Apouasso	EEP	1,000	386	84
	Mankono	RP	704	272	84
SENEGAL					
	Kanoumering	EEP	303	117	83
	Kounemba	EEP	305	118	83
	Miko	EEP	95	37	83
	Dalema	EEP	401	155	83
	Tomboronkoto	EEP	300	116	83
	Bambadji	EEP	344	133	51
TANZANIA					
	Nyabigena South	PL	9	3	100
	Nyabigena South	PL	18	7	100
	Kajimbura South	PL	23	9	100
	Kajimbura North	PL	23	9	100
	Simba Sirori South	PL	13	5	100
	Nyamakubi	PL	11	4	100
	Nyamakubi South	PL	21	8	100
	Kiabakari East	PL	31	12	100
	Mtamba	PL	62	24	100
	Buhemba South	PL	71	27	100
BURKINA FASO					
	Kiaka	EEP	244	94	90
	Basgana	EEP	250	97	90
	Bourou	EEP	122	47	90
	Tanema	EEP	247	95	90
	Yibogo	EEP	247	95	90
	Nakomgo	EEP	237	91	90
	Gogo	EEP	250	97	90
	Safoula	EEP	249	96	90
	Tiakane	EEP	196	76	90
GHANA					
	Wuru	RL	622	240	90
	Tongo	RL	203	78	90
	Bole NE	RL	866	334	90
	Zamsa	PL	150	58	90
TOTAL AREA			12,126	4,682	

AE Reconnaissance License

EP *Exploitation Permit*

EEP *Exclusive Exploration Permit*

PL *Prospecting License*

RL *Reconnaissance License*

RP *Reconnaissance Permit*

* *Joint venture in which we are currently earning an interest*

The following map indicates the locations of Morila and Loulo within Mali:

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 Africa and Tanzania:

Locality of Randgold Resources permits in West Africa

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Locality of Randgold Resources permits in Tanzania

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

New Business

We are expanding our exploration horizons to encompass the prospective rocks of the Congo Craton. This area which ranges from the well known deposits of Tanzania through the east of the Democratic Republic of Congo and the Central African Republic to Cameroon, could become the next gold belt to deliver multi-million ounce deposits.

The current financial crisis and its associated credit squeeze have generated potentially value-accretive opportunities in this region as well as in West Africa as companies, particularly juniors, run short of funds to develop their projects. We are considering a number of these with a view to possibly acquiring or participating in assets which meet our investment criteria.

Such external opportunities will be rated against our own organic growth prospects, which provide an accurate means of measuring value. Our success in making our own discoveries gives us the ability to increase our production without having to buy in ounces, and our core goal therefore remains the discovery and development of profitable mining opportunities, and the creation of value through organic growth.

Social Responsibility, Sustainability and Human Resources Report

We are committed to the integration of sustainable environmental and social impact management into our business activities. The optimum utilization of mineral and other resources encompasses the protection and conservation of the existing environment. Within this framework, we strive to assist the communities most affected by our operations to develop in a sustainable way and to give all our employees a high quality of work life, including a safe workplace.

Policy Statement

Our integrated social and environmental management process identifies potentially significant negative and positive impacts. The implementation of sustainable environmental and social responsibility strategies aims to minimize negative impacts and maximize the positive impacts of its activities, commensurate with our business strategy requiring compliance with Equator Principles and IFC performance standards and within national legislative standards.

The strategies we use to achieve this include the following:

Encourage and reward the use of integrated environmental management to ensure that management decision making processes include a sensitive and holistic consideration of environmental issues. To facilitate this, all projects must include a comprehensive environmental and social impact assessment. Where appropriate, specialist consultants are employed.

Maintain positive relationships with neighboring communities, local and national government authorities, NGOs and aid agencies and the public.

Respect and consult with the communities in the areas affected by our operations so that these communities receive fair treatment and where possible benefit from our activities.

Budget a percentage of profit to be used for sustainable community development projects. The projects are selected and prioritized in consultation with communities and carried out in cooperation with community members.

Aim to forge a pact with employees through having respect for fundamental human rights, including workplace rights, employee development and the need for a healthy and safe workplace.

Strive for the highest quality of rehabilitation, waste management and environmental protection in the most cost effective manner.

Strive to optimize the consumption of energy, water and other natural resources.

Through the introduction of new alternative environmentally friendly products and processes, as they become available, avoid the use or release of substances which, by themselves or through their manufacturing process, may damage the environment.

Practice responsible environmental stewardship to meet the demands of local communities, host country government requirements and international standards, and strive for continuous improvement of environmental performance.

In terms of this policy we recognize that a successful mining company is one which is profitable because it also meets its social responsibilities and makes a real contribution to the countries and communities within which it operates. On each of our new developments, a process of assessment and engagement is undertaken to ensure that the positive impacts are maximized and negative impacts minimized. Strong local relationships are one of the foundation stones on which we have been built and we thus take our social networking and interactions seriously. Our overall approach is guided by the recently updated IFC Guidelines on Environmental, Health and Safety as well as the IFC Mining and Performance Standards on Social and Environmental Sustainability.

During the early exploration stage our aim is to make as small a social impact as possible while respecting customs of the local communities. Once a target progresses to the feasibility stage, full social, medical and environmental baseline studies are conducted, which define the pre-mining conditions and are used as benchmarks throughout the duration of the project. Full environmental and social impact assessments are then carried out including public participation programs with the local communities where the impacts, both negative and positive, are discussed with the local communities.

A community liaison committee, consisting of a broad spectrum of community representatives, is set up prior to the start of construction and provides a forum where issues concerning the project can be discussed and mutually acceptable solutions found. We have now completed our third such process at Tongon and see this as instrumental for allaying suspicions and conflicts, while building relationships based on trust between the mines and surrounding communities.

Environment

Monthly monitoring programs incorporating dust fallout levels, physiochemical, cyanide, oil, grease and bacteriological levels of surface and groundwater across the mine site and TSF facilities as well as surrounding water courses continued through the year at Morila and Loulo. No pollution or breach of IFC guidelines was confirmed. Morila is ISO 14001 certified and Loulo and Tongon have started programs to become accredited within the next two to three years.

The underground environmental impact assessment and the environmental management plans for Loulo were updated based on the changes to the mine plan and with the onset of underground operations. Dust suppression is conducted by regularly watering and deposition of molasses on the site roads and through the main adjoining villages. Loulo has an onsite sorting and recycling facility of waste where useable recyclable waste is circulated into the communities. Domestic refuse collection has been contracted to the local women s association, which in turn helps the local economy. Parliamentary delegations visited the surrounding villages to check the environmental and social impact of the mine and reported their satisfaction.

At Tongon a full environmental and social impact assessment (ESIA) was carried out by independent consultants Digby Wells & Associates as required by Côte d Ivoire legislation as well as our compliance with Equator principles and the IFC performance standards on social and environmental sustainability. Project alternatives have been examined and a public participation program completed. The natural pre-mining environment has been described and the potential project impacts evaluated. Not fatal flaws were identified by the specialist studies on hydrology, geo-hydrology, flora, fauna or archaeology. A relocation action plan for affected farmers was formulated and has been agreed with the local communities and state authorities. The ESIA was submitted to the statem subjected to a public enquiry process and has been approved by the state and its environmental consultants. The environmental permit to develop the Tongon mine has now been issued.

Community

Relations with the communities in the villages surrounding our operations remained positive throughout the year. A community liaison committee was set up at Tongon in the first quarter of 2008 and following a three-day fact finding visit by the committee to our Morila mine by its members, has, like the community committees at Morila and Loulo, met on a monthly basis.

Loulo and Morila continued to implement their respective community development strategies which address projects recommended by their respective committees, with preference being given to projects related to basic health, primary education, food security, employment creation and potable water provision to those villages most affected by the operation of our mines.

At Tongon, the emphasis of the committee has been on potable water provision to the villages surrounding the project, the resettlement of hamlets, compensation for farmers on the mine footprint, employment opportunities and the fair distribution of these between the villages.

The projects recommended by the community committees and completed during the year included the following:

Health and Provision of Potable Water

Four new boreholes each equipped with a hand pump were installed at Djidian-Kéniéba village which is close to the Loulo mine. Four boreholes were drilled and equipped with pumps in Morila and Fongola villages which are close to the Morila mine. Potable water was supplied to five villages surrounding the Tongon project by digging traditional wells, drilling boreholes and equipping these with pumps, and repairing and refurbishing existing pumps that were in a state of disrepair.

The provision of treated mosquito nets to the most vulnerable people in villages surrounding our mines to prevent malaria. The fogging of the villages surrounding Loulo and Morila mines to kill mosquitos and stop them from breeding.

Grading of roads in local villages close to Loulo mine to assist with assess and waste removal.

Provision of basic healthcare to the population of local villages surrounding our mines. HIV/AIDS interventions by the mines medical officers in co-operation with a local non-government organization in both the local villages and our work sites. These interventions include HIV/AIDS education and awareness training, voluntary HIV testing for all villagers and for members of high risk groups such as sex workers and lorry drivers.

Education

The building of a primary school at Baboto village which is close to the Loulo mine.

The donation of school furniture and the fencing of schools for safety reasons in the villages close to the Loulo and Morila mines.

Agriculture

Seeds supplied to farmers and gardeners at Loulo, Tongon and Morila.

The repair of the water dam at Sitakili and Loulo village near to the Loulo mine.

Two grinding mills delivered to Sitikili and Sakola villages through a joint program between Loulo mine and the National Platform Project (NGO).

The purchase of a tractor at Loulo which is for hire out at preferential rates to local farmers in the Loulo area.

The construction of a road bridge at Sokéla near Morila.

The building of two grain stores in Morila and Finkola villages close to the Morila mine.

Agricultural projects set up by the Morila mine in cooperation with the local communities women s committees did well this year, with 20 tonnes of rice being harvested.

Special Project

Building of a mosque at Djidian-Kéniéba village for the local communities surrounding the Loulo mine.

Community radio station financed and installed at Sanso near Morila.

Continuing administrative support to the Community Trust Fund set up by the mine with a donation from Morila SA of $500,000 in 2002.

The pioneering partnership between the aid agency USAID, the Commune of Sanso (comprising the villages in the mayoral district) and Morila continued its work for the third year. This included a continuing focus on democratic and good local governance, public health, education, communication, environmental practices and economic growth. The financial contributions made during 2008 by the partners as part of the partnership agreement were:

	$
USAID	100,000
Commune Sanso	100,000
Morila	150,000
Total	350,000

Additional social investment by Morila on health, education, agriculture, community development projects and art, culture and heritage, amounted to $102,403 during the year.

Total investment spending on all community projects during 2008 amounted to:

	$
Morila	252,403
Loulo	285,048
Tongon	550,000
Total	987,451

Human Resources

Group Manpower

Group Manpower levels, inclusive of contractor labor, rose during the year to 3,802 with the most significant increases being in capital staff, including underground employees at Loulo, and construction employees at Tongon, where construction started in the second half of 2008. During a year when shortages of professional, managerial and skilled employees were experienced across the industry, resulting in labor cost inflation and double digit turnover of such staff, we maintained its salary cost discipline and retained its core employees. Manning levels related to permanent, expatriate and temporary employees on the major projects are shown in the table below.

Manpower Table

Mine/function	**Dec 2008**	**Dec 2007**	**Variance**
LOULO			
Mine	290	267	23
Capital	135	131	4

Mine/function	Dec 2008	Dec 2007	Variance
Exploration	107	122	(15)
Contractors	1,568	1,361	207
Total	2,100	1,881	219
MORILA			
Mine	588	623	(35)
Exploration	7	5	2
Contractors	884	1,114	(230)
Total	1,479	1,742	(263)
TONGON			
Project management	9	2	7
Contractors	63	20	43
Total	72	22	50

It is planned to reduce Morila contractors employees by 600 and Morila employees by 100 during the first three months of 2009 as inpit mining ceases.

At Tongon several hundred new job opportunities will be provided in northern Côte d Ivoire. The highest number of workers, exceeding 800, will be employed during the construction phase in 2009/2010. Subsequent to that, during the production phase, employment will reduce and should total approximately 536 permanent employees of which 278 will be employed by ourselves and 258 by contractors. During the construction phase recruitment will be carried out by GSS, a Côte d Ivoire labor broker.

Employee Health

The most serious challenge for ensuring the health of our employees centers on the reduction of exposure to malaria and other diseases, airborne contaminants and noise on our sites. Personal protective equipment, supplied by the company, is utilized in all relevant areas. In terms of the former, malaria remains the most significant health risk for our operational personnel. The preventative measures that have been taken on the advice of our entomological consultant and our medical officers have led to a significant reduction in such cases.

Safety

We experienced one fatality in the group during the year as the result of a collision between two motorcycles at Loulo, en route to the Yalea underground mine. Stricter emphasis has been placed on the speed of motor vehicles on our mines to avoid a recurrence. While low injury frequency rates do not always translate into low fatality rates the Lost Time Injury Frequency Rate (LTIFR) (number of LTI per number of hours worked) x 1,000,000 was 1.57 at Loulo and 1.12 at Morila.

Daily toolbox meetings are held in workplaces across our mines to constantly remind employees of the need for each employee to be safety conscious. These meetings are based on the principle of individual responsibility where the onus is on each employee to practice a high level of safety in the workplace. We are proud to report that Morila achieved 1,000,000 LTI-free hours during 2008 and once again won the National INPS award as the safest mine in Mali.

Training

Strategic planning and team effectiveness workshops were held at Tongon. Loulo and Morila in the first half of 2008. They were attended by the chief executive members, mine and capital project managers and union general secretaries. Management and supervisory development programs continued on site and at South African and European universities.

A specific drive was made this year to enhance basic engineering skills, using a combination of competency testing, gap identification and action learning to strengthen any weak areas. Employees at both operating mines attended induction and safety courses throughout the year. Cyanide handling courses were held at Loulo and Morila during the year for all processing plant employees.

All new contractor employees are required to attend the mines induction and safety training courses before starting work. In addition, safety talks take place at the start of each shift at all working places. ISO 14001 and OSHAS 18001 certification was retained by Morila and plans were drawn up during 2008 to initiate the ISO 14001 and OSHA 18001 certification process at Loulo and Tongon. Training interventions were undertaken during 2008 to meet the requirements of the ISO 14001 and OSHA 18001 certification process.

Since we took over the operatorship of Morila the expatriate headcount on the mine has been reduced by eleven by implementing the company s localization philosophy which consists of employing high-potential local staff, while providing coaching and other support as required.

Industrial Relations

Since we became the operator at Morila, the general secretaries of the two unions on the mine have, for the first time, been invited to attend Morila SA board meetings. This practice is part of our initiative to build a pact with labor and has been successful in improving communications with the unions and the trust between management and unions at the mines.

In pursuit of our goal of having knowledgeable and empowered union representatives, representatives and delegates of personnel at Morila and Loulo attended capacity building courses during the year. The courses were conducted by the Malian human resources consultancy, Bara Services.

Loulo followed the example set by Morila in 2004 in successfully concluding a mine level agreement aimed at clarifying the industry collective agreement and in so doing improved industrial relations at Loulo.

Industrial relations at Morila and Loulo during 2008 were complicated by the rightsizing effected for economic reasons on both mines. The major factor was the reduction in open pit mining carried out by the mining contractors on both mines. Additional rightsizing commenced at Morila in 2009 due to the cessation of open pit mining. The prospect of rightsizing caused concern among employees and resulted in threats of industrial action at both mines. Due to positive relations on our mines the threatened industrial action was largely averted. At Morila, part of the contractor and Morila workforces stayed away from work for two days. The action was peaceful and operations returned to normal with minimum disruption to production. Following this, management and the unions have continued their efforts to consult with each other and to resolve disputes within the procedures and spirit of the pact.

The Loulo and Morila human resource managers and union representatives, together with their peers from the other large mines in Mali, took part in discussions held at the Ministry of Labor s offices in Bamako concerning a proposed new National Mining Industry Collective Agreement. The talks are expected to continue in 2009.

At Tongon, the project site has been visited by Mr. Koffi Assienin, the Federated Union secretary-general, following regular discussions with him in Abidjan to keep him and his union informed of progress and to explain the concept of our pact with labor initiative.

Social Responsibility and Community Development

The sustainable development and social responsibility strategy forms an integral part of our overall business strategy and is implemented throughout all offices, projects and operations. This strategy recognizes that the effectiveness of our community development efforts can be increased through forming synergistic alliances with professionals in the field, such as NGOs and aid agencies that have solid track records.

Regulatory and Environmental Matters

Our business is subject to extensive government and environment-related controls and regulations, including the regulation of the discharge of pollutants into the environment, disturbance of and threats to endangered species and other environmental matters. Generally, compliance with these regulations requires us to obtain permits issued by government agencies.

Some permits require periodic renewal or review of their conditions. We cannot predict whether we will be able to renew those permits or whether material changes in permit conditions will be imposed. To the extent that the countries in which we have exploration and mining permits have no established environmental laws, we are currently working to ensure that our operations are in compliance with environmental performance standards set by the IFC in relation to air emissions and water discharges. In accordance with our stated policy, we provide for estimated environmental rehabilitation costs based on the net present value of future rehabilitation cost estimates for disturbance to date.

We carry out our operations within the guidelines outlined in our social responsibility policy and in accordance with Equator Principles and IFC performance standards.

The Morila Mine maintained its International Standard Organization (ISO14001) certification during 2007. In the third year of production at the Loulo mine, ISO14001 training procedures continued with the aim of moving towards compliance.

At Loulo, the cyanide detoxification process continued and will be fully commissioned in May 2009.

We have established an environmental reporting committee comprising senior executives and chaired by our CEO. The committee considers all issues affecting the environment.

Marketing

We derive the majority of our income from the sale of gold produced by Morila and Loulo 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 annually on a tender basis from a selected pool of accredited refineries and international banks to ensure competitive refining and freight costs. Unlike other precious metal producers, gold mines do not compete to sell their product given that the price is not controlled by the producers.

Property

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

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

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

We have entered into a service agreement with Seven Bridges whereby Seven Bridges will provide certain administrative services to us, such as administrative and secretarial services, accounting, geological consultancy, purchase and logistics administration, legal and other general administrative services. Seven Bridges charges a monthly fee based on the total employment cost plus 50%.

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 believe that we are entitled to recover $59.3 million from MDM. This comprises payments totaling $32 million which have been capitalized as part of the cost of the project, $15.2 million in respect of damages arising from the delayed completion of the project, and advances of $12.1 million (December 31, 2007: $12.1 million) included in receivables. Of this latter amount, $7 million is secured by performance bonds and the remainder is secured by various personal guarantees and other assets.

As part of our efforts to recoup the monies owed to us, MDM was put into liquidation on February 1, 2006. This resulted in a South African Companies Act Section 417 investigation into the business and financial activities of MDM, its affiliated companies and their directors. This investigation was completed in the last quarter of 2007 and legal proceedings have been instituted by the liquidators against numerous creditors who had received preferential payments in the six months prior to MDM s liquidation. Proceedings are ongoing and it is expected that some of these claims will be heard by the South African courts during 2009. In January 2009, the liquidator declared and paid the first dividend of $0.1 million from the insolvent estate, leaving an outstanding balance of $12 million as at April 30, 2009.

We believe that we will be able to recover in full the $12 million included in receivables. However, this is dependent on the amounts which can be recovered from the performance bonds, personal guarantees and other assets provided as security. Any shortfall is expected to be recovered from any free residue accruing to the insolvent estate. The aggregate amount which will ultimately be recovered cannot presently be determined. The financial statements do not reflect any additional provision that may be required if the $12 million cannot be recovered in full.

Recovery of the other $47.1 million is dependent on the extent to which there is any amount in the free residue. The ultimate outcome of this claim cannot presently be determined and there is significant uncertainty surrounding the amount that will ultimately be recovered. The financial statements do not reflect any adjustment to the cost of the Loulo development that may arise from this claim, or any additional income that may arise from the claim for damages, or any charge that may arise from MDM s inability to settle amounts that are determined to be payable by MDM to us in respect of the Loulo development.

As of December 31, 2008 and March 31, 2009, we had approximately $257.6 million and $248.4 million of cash and cash equivalents, respectively. In addition, we had available-for-sale financial assets with a carrying value of approximately $38.6 million. The available-for-sale financial assets consists of ARS. In the third quarter of fiscal year 2007, certain ARS with a cost value of $49 million failed at an auction due to the sudden and unusual deterioration in the global credit and capital markets, and have since experienced multiple failed auctions.

We believe that we have been the subject of a fraud committed by brokers working for a large investment bank through material misrepresentations of the nature of the ARS in which we were invested. Consequently, we have engaged legal counsel and in October 2008 we commenced arbitration proceedings against the bank and the brokers for their misconduct. These individuals are the subject of criminal proceedings instigated by the US government and regulatory proceedings instigated by the SEC, which we believe reinforced our position.

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

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 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.

C. ORGANIZATIONAL STRUCTURE

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

Group Structure

Randgold Resources Limited

Société des Mines de Morila SA (2) 100% Jersey Ltd. (1) d Ltd. (1) (Mali) Ltd. (1) (Senegal) Ltd. (1) ( )) 100% 100% 100% 100% 100% 50% 100% 100% Ltd. (1) 80% 100% 100% 100% 100% 100% 100% 50% 100% 100% 80% Randgold Resources (Burkina) Ltd (1) Randgold Resources T1 Ltd (1) Randgold Resources T2 Ltd (1) 100% 100% 100% 80% Mining Investments Jersey Ltd. (1) Randgold Resources (Côte d Ivoire) Ltd. (1) Randgold Resources (Mali) Ltd. (1) Randgold Resources (Senegal) Ltd. (1) Randgold Resources (Somilo) Ltd. (1) Randgold Resources Tanzania (T) Ltd. (4) Seven Bridges Trading 14 (Proprietary) Ltd. (5) Morila Ltd. (1) Randgold Resources (Côte d Ivoire) SARL (3) Randgold Resources Mali SARL (2) Société des Mines de Loulo SA (2) Rangold Resources (U.K.) Ltd. (6) 100% 100% Randgold Resources Burkina Faso SARL (7) Randgold Resource s T3 Ltd. (1) 100% 100% (1) Incorporated in Jersey, Channel Islands (2) Incorporated in Mali (3) Incorporated in Côte d Ivoire (4) Incorporated in Tanzania (5) Incorporated in the Republic of South Africa (6) Incorporated in the United Kingdom (7) Incorporated in Burkina Faso (8) Incorporated subsequent to December 31, 2008 75% Kankou Moussa SARL (2) Société des Mines de Tongon, SA (3), (8) Randgold Resources (Côte d Ivoire SARL (3) 84% 100%

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, and Loulo in Mali to 2029.

The exploration permits in Côte d Ivoire, Mali, Senegal, Burkina Faso, Ghana and Tanzania 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, excluding the Morila mining contract which is partially denominated in Euros. We also have South African Rand, Communauté Financière Africaine franc and Pound Sterling denominated costs, which are primarily wages and material purchases.

Impact of Malian Economic and Political Environment

We are a Jersey incorporated company and are not subject to income taxes in Jersey. Our current significant operations are located in Mali and are therefore subject to various economic, fiscal, monetary and political policies and factors that affect companies operating in Mali, as discussed under Item 3. Key Information D. Risk Factors Risks Relating to Our Operations .

Impact of Favorable Tax Treaties

We are not subject to income tax in Jersey. Morila SA benefited from a five year tax holiday until November 14, 2005. Somilo SA also benefits from a five year tax holiday in Mali which commenced on November 8, 2005. The benefit of the tax holiday to the group was to increase its net profit by $9 million, $11 million and $9.1 million for the years ended December 31, 2008, 2007 and 2006 respectively.

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

The Morila and Loulo operations have no assessable capital expenditure carry forwards or assessable tax losses, as at December 31, 2008 and 2007 respectively, for deduction against future mining income.

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 are still in place. At March 31, 2009, 102,996 ounces had been sold forward at an average price of $460 per ounce. This represents approximately 14% of planned production at Loulo for the period ending December 2010.

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, 2008, 2007 and 2006.

	Year Ended December 31,		
	2008	**2007**	**2006**
Average	871	695	604
High	1,011	841	725
Low	712	608	525
Average realized gold price	792(1)	636(1)	571(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 two operations mined by contractors. Milling operations are undertaken by the group s own employees. Total cash costs in the year ended December 31, 2008 as defined by guidance issued by the Gold Institute made up approximately 75% 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 41% of total cash costs, with diesel and reagent costs making up 41% of to