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**
L3NRCDHO8	111.50	113.50	2.00	1.37	0.60m @ 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	
L3NRCDH05	176.60	183.70	7.10	7.77	0.90m @ 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 total cash costs. Direct labor costs accounted for approximately 6% of total cash costs. For a definition of total cash costs, please refer to Item 3 Key Information .

The price of diesel acquired for the Morila and Loulo operations increased during the year ended December 31, 2008 which negatively impacted total cash costs. In 2009, the price of diesel has significantly declined. Should these prices increase again, this could significantly impact total cash costs mainly as a result of the high volume of diesel consumed to generate power and to run the mining fleet. Mining contractor costs, which are Euro denominated at Morila, also increased during 2008. Higher oil prices together with a stronger Euro, as well as the increase in tonnes mined at Loulo, impacted costs during the past year.

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

Loulo benefited from a three-year duty exemption period, which ended on November 8, 2008. Duties became payable in accordance with the Malian duty regime on all imported goods. On average, it is anticipated that this has the effect of increasing the costs of imported goods by 7%, which equates to an overall increase of 1% on total costs.

Looking Forward

The current mine plan at Morila anticipates production for 2009 to be approximately 330,000 ounces. In pit mining is expected to cease in the second quarter of 2009 after which the lower grade stockpiles currently on surface will be processed until 2013. This will ensure the mine continues to be a significant cash generator for the group, despite the fact that the reported cash costs will be higher, owing to the accounting adjustment relating to the stockpiles.

Loulo s 2009 production is expected to increase by 100,000 ounces to approximately 360,000 ounces. The underground mining at Yalea is making progress and is expected to reach 120,000 tonnes per month by the end of the year. Yalea is the first of the two Loulo underground mines and is currently a bigger orebody with higher grades than the Gara deposit, which is scheduled to be developed from the beginning of 2010 and to be in production by the end of 2010. The underground mines are expected to not only add life to Loulo but to increase levels of annual production to in excess of 400,000 ounces in 2010. At the same time we continue to explore in and around Loulo, and as noted earlier, have identified a number of promising exploration targets.

Notwithstanding the additional non cash adjustments relating to the Morila stockpiles, total cash costs per ounce for the group are forecast to be lower than the costs reported in 2008, depending on oil price and actual Euro/Dollar exchange rates assumptions, which have a material impact on operating costs.

Construction at Tongon is well underway, and the capital projects team remains on track to produce first gold in the fourth quarter of 2010.

In the coming year, exploration expenditure is expected to remain high, with significant drill programmes scheduled for Mali and Côte d Ivoire, and especially for Senegal at the Massawa project, where a scoping study is underway and a prefeasibility study is planned for 2009.

While we continue to retain our focus on organic growth through discovery and development of world class orebodies, we also continue to actively engage in reviewing corporate and asset acquisition opportunities. The focus of these new business initiatives will be in West and East Africa.

Critical Accounting Policies

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

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

Joint Venture Accounting

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

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

Depreciation and Amortization of Mining Assets

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

Valuation of Long-Lived Assets

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

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

Hedging and Financial Derivatives

We account for our hedging and financial derivatives in accordance with International Accounting Standard No. 39 Financial Instruments: Recognition and Measurement, or IAS 39. The determination of the fair value of hedging instruments and financial derivatives, when marked-to-market, takes into account estimates such as projected interest rates under prevailing market conditions, depending on the nature of the hedging and financial derivatives.

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

determination of reserves, as discussed above under amortization of mining assets, gains and losses deferred in other reserves would be reclassified to the consolidated income statement immediately.

Environmental Rehabilitation Costs

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

Exploration and evaluation costs

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

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

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

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

Receivables

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

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

Share-based payments

The fair value of the employee services received in exchange for the grant of options or shares after November 7, 2002 is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the difference is charged or credited to the income statement, with a corresponding adjustment to equity. The proceeds received on exercise of the options net of any directly attributable transaction costs are credited to equity.

Classification and valuation methodology of auction rate securities (ARS)

The group has applied judgment in the classification of the ARS. These financial assets consist of ARS with a par value of $49 million and a carrying value of $38.6 million at December 31, 2008. The trading market for these instruments has become substantially illiquid as a result of unusual conditions in the credit markets. The company continues 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 and the model is based upon observable market inputs . This method relies upon inputs from the ratings agencies in respect of the underlying collateral, including credit ratings, likelihood of default and recoverability in the event of default. Management considers the primary indication of the carrying value of the ARS to be the credit rating and the continued receipt of interest. Where the ARS investments have been down-graded below investment grade, this is deemed to be an indication of impairment.

Recent accounting pronouncements

The following standards and interpretations which have been recently issued or revised have not been adopted early by us. Their expected impact is discussed below:

AMENDMENT TO IAS 23 BORROWING COSTS (effective for annual periods beginning on or after January 1, 2009).

The amendment removes the option of immediately recognizing as an expense borrowing costs that relate to qualifying assets (assets that take a substantial period of time to get ready for use or sale). Instead, an entity will be required to capitalize borrowing costs whenever the conditions for capitalization are met. We will apply amendments to IAS 23 from January 1, 2009, but it is not expected to have any significant impact on our accounts.

AMENDMENT TO IFRS 2 SHARE-BASED PAYMENT: VESTING CONDITIONS AND CANCELLATIONS (effective for annual periods beginning on or after January 1, 2009).

This amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. The purpose of making the distinction is so as to be able to address the accounting for non-vesting conditions, which were not previously covered by IFRS 2. The guidance in IFRS 2 covering the accounting for vesting conditions is not affected by the amendment. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is likely to have a particular impact on entities operating Save As You Earn (SAYE) schemes because it results in an immediate acceleration of the IFRS 2 expense if an employee decides to stop expense if an employee decides to stop contributing to the savings plan, as well as a potential revision to the fair value of the awards granted to factor in the probability of employees withdrawing from such a plan. We will apply amendments to IFRS 2 from January 1, 2009, but it is not expected to have any significant impact on our accounts.

AMENDMENTS TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS: A REVISED PRESENTATION (effective for annual periods beginning on or after January 1, 2009).

The amendment to IAS 1 affects the presentation of owner change in equity and of comprehensive income. An entity will be required to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The standard does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. This revision is not applicable to the Company, as it already prepares its financial statements under IFRS.

AMENDMENTS TO IAS 27 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (effective for annual periods beginning on or after July 1, 2009).

This amendment relates in particular to acquisitions of subsidiaries achieved in stages and disposals of interests, with significant differences in the accounting treatment depending on whether control is gained or not, or a transaction simply results in a change in the percentage of the controlling interest. The amendment does not require the restatement of previous transactions. The amendment to IAS 27 must be adopted at the same time as IFRS 3 Revised. This revision is not applicable to the Company, as it already prepares its financial statements under IFRS.

AMENDMENTS TO IAS 32 AND IAS 1 PUTTABLE FINANCIAL INSTRUMENTS AND OBLIGATIONS ARISING ON LIQUIDATION (effective for annual periods beginning on or after January 1, 2009).

This amendment results in certain types of financial instrument that meet the definition of a liability, but represent the residual interest in the net assets of the entity, being classified as equity.

The amendment requires entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: (a) puttable financial instruments; and, (b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. We will apply amendments to IAS 32 from January 1, 2009, but it is not expected to have any significant impact on our accounts.

AMENDMENTS TO IFRS 1 AND IAS 27 COST OF AN INVESTMENT IN A SUBSIDIARY, JOINTLY CONTROLLED ENTITY OR ASSOCIATE (effective for annual periods beginning on or after January 1, 2009).

This amendment allows a first-time adopter that, in its separate financial statements, elects to measure its investments in subsidiaries, jointly controlled entities or associates at cost to initially recognize these investments either at cost determined in accordance with IAS 27 or deemed cost (being either its fair value at the date of transition to IFRSs or its previous GAAP carrying amount at that date). We will apply amendments to IFRS 1 and IAS 27 from January 1, 2009, but it is not expected to have any impact on our accounts.

AMENDMENT TO IAS39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT: ELIGIBLE HEDGED ITEMS (effective for annual periods beginning on or after July 1, 2009).

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in the designation of a one-sided risk in a hedged item and inflation in a financial hedged item. We will apply amendments to IAS 39 from January 1, 2010, but it is not expected to have any impact on the accounts.

IFRIC 13 CUSTOMER LOYALTY PROGRAMMES (effective for annual periods beginning on or after July 1, 2008).

The Interpretation addresses accounting by entities that grant loyalty award credits (such as points or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services (awards) to customers who redeem award credits. The interpretation requires entities to allocate some of the proceeds of the initial sale to the award credits and recognize these proceeds as revenue only when they have fulfiled their obligations. They may fulfill their obligations by supplying awards themselves or engaging (and paying) a third party to do so. We will apply IFRIC 13 from January 1, 2009, but it is not expected to have any impact on our accounts.

IFRIC 15 AGREEMENTS FOR THE CONSTRUCTION OF REAL ESTATE (effective for annual periods beginning on or after January 1, 2009).

This interpretation clarifies the definition of a construction contract, the interaction between IAS 11 and IAS 18 and provides guidance on how to account for revenue when the agreement for the construction of real estate falls within the scope of IAS 18.

For some entities, the interpretation may give rise to a shift from the recognition of revenue using the percentage of completion method to the recognition of revenue at a single time (e.g. at completion, upon or after delivery). Affected agreements will be mainly those accounted for in accordance with IAS 11 that do not meet the definition of a construction contract as interpreted by the IFRIC and do not result in a continuous transfer (i.e. agreements in which the entity transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses). We will apply IFRIC 15 from January 1, 2009, but it is not expected to have any significant impact on our accounts.

IFRIC 16 HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION (effective for annual periods beginning on or after October 1, 2008).

IFRIC 16 clarifies that: (a) the presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation; (b) the hedging instrument(s) may beheld by any entity or entities within the group, other than the entity being hedged; (c) while IAS 39 Financial Instruments: Recognition and Measurement must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21. The Effects of Changes in Foreign Exchange Rates must be applied in respect of the hedged item. IFRIC 16 applies prospectively from its effective date. We will apply IFRIC 16 from January 1, 2009, but it is not expected to have any impact on our accounts.

IFRIC 17 DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS ESTATE (effective for annual periods beginning on or after July 1, 2009)

Prior to this interpretation, IFRSs did not address how an entity should measure distributions of assets other than cash when it pays dividends. Dividends payable were sometimes recognized the carrying amount of the assets to be distributed and sometimes at their fair value. The interpretation clarifies that: a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity; that an entity should measure the dividend payable at the fair value o the net assets to be distributed; and, that an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. It does not have to be applied retrospectively. We will apply IFRIC 17 from January 1, 2010, but it is not expected to have any impact on our accounts.

IFRS 8 OPERATING SEGMENTS ESTATE (effective for annual periods beginning on or after January 1, 2009).

This standard requires an entity to adopt the management approach to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The standard also requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognized in the income statement and balance sheet. We will apply IFRS 8 from January 1, 2009, but it is not expected to have any significant impact on our accounts.

IMPROVEMENTS TO IFRSs (effective for annual periods beginning on or after January 1, 2009).

This amendment takes various forms, including the clarification of the requirements of IFRSs and the elimination of inconsistencies between standards. The most significant changes cover the following issues: the classification of assets and liabilities as held for sale where a non-controlling interest is retained; accounting by companies that routinely sells assets previously held for rental to others; accounting for loans given at a nil or below market rate of interest; the reversal of impairments against investments in associates accounted for using the equity method; the

timing of expense recognition for costs incurred on advertising and other promotional activity; and

accounting for properties in the course of construction. We will apply improvements to IFRSs from January 1, 2009, but it is not expected to have any significant impact on our accounts.

REVISED IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (effective for annual periods beginning on or after January 1, 2009).

The revised version of IFRS 1 has an improved structure but does not contain any technical changes. This revision is not applicable to us, as we already prepare our financial statements under IFRS.

REVISED IFRS 3 BUSINESS COMBINATIONS (effective for annual periods beginning on or after July 1, 2009).

The basic approach of the existing IFRS 3 to apply acquisition accounting in all cases and identify an acquirer is retained in this revised version of the standard. This includes much of the current guidance for the identification and recognition of intangible assets separately from goodwill. However, in some respects the revised standard may result in very significant changes, including: the requirement to write off all acquisition costs to profit or loss instead of including them in the cost of investment; the requirement to recognize an intangible asset even if it cannot be reliably measured; and, an option to gross up the balance sheet for goodwill attributable to minority interests (which are renamed non-controlling interests). The revised standard does not require the restatement of previous business combinations. Revised IFRS 3 must be adopted at the same time as the amendment to IAS 27. We will apply revised IFRS 3 from January 1, 2010, but it is not expected to have any significant impact on our accounts.

We have adopted the following standards which are effective for the first time this year. The impact is discussed below:

IFRIC INTERPRETATION 11 IFRS 2 SHARE-BASED PAYMENT GROUP AND TREASURY SHARE TRANSACTIONS (effective for annual periods beginning on or after March 1, 2007).

This interpretation addresses the classification of a share-based payment transaction (as equity or cash-settled), in which equity instruments of the parent or another group entity are transferred, in the financial statements of the entity receiving accounts of the company. We have applied IFRIC Interpretation 11 from January 1, 2008, but it has not had any impact on our accounts.

IFRIC INTERPRETATION 12 SERVICE CONCESSION ARRANGEMENTS (effective for annual periods beginning on or after January 1, 2008).

This interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public to private service concession arrangements. We have applied IFRIC Interpretation 12 from January 1, 2008, but it has not had any impact on our accounts.

IFRIC 14 AND IAS 19 THE LIMITS ON DEFINED ASSET, MINIMUM FUNDING REQUIREMENTS AND THEIR INTERACTION (for annual periods beginning on or after January 1, 2008).

This interpretation clarifies when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19, how a minimum funding requirement might affect the availability of reductions in future contributions and when a funding requirement might give rise to a liability. We have applied IFRIC Interpretation 14 from January 1, 2008, but it has not had any impact on our accounts.

AMENDMENTS TO IAS 39 AND IFRS 7: RECLASSIFICATION OF FINANCIAL INSTRUMENTS EFFECTIVE DATE AND TRANSITION (effective July 1, 2008).

This amendment permits an entity to reclassify non derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans an receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. We have applied the amendment to IAS 39 and IFRS 7 from July 1, 2008, but it has not had any impact on our accounts.

A. OPERATING RESULTS

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

Years Ended December 31, 2008 and 2007

Total revenue

Total revenues from gold sales for the year ended December 31, 2008 increased by $55.8 million, or 20%, from $282.8 million to $338.6 million. This is mainly due to a year on year increase in the average gold price received of $156/oz from $636/oz in 2007 to $792/oz in 2008.

Other Income

Other income of $4.2 million for the year ended December 31, 2008 compared to $1 million for the year ended December 31, 2007. Other income for 2008 includes management fees received from Morila ($2 million net of eliminations) since we assumed operations of the mine from February 15, 2008. Other income also includes net exchange gains on operations of $1.3 million.

Costs and Expenses

Total Cash Costs

The following table sets out our total ounces produced and total cash cost and production cost per ounce for the years ended December 31, 2008 and 2007:

	Year Ended December 31,			
	2008		2007	
	Ounces	$ Per Ounce	Ounces	$ Per Ounce
Morila (40% share) cash costs	170,331	400	179,926	332
Loulo (100% share) cash costs	258,095	511	264,647	372
Total ounces (attributable production)	428,426		444,573	
Group total cash cost*		467		356
Total production cost per ounce under IFRS		517		403

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

Total production cost includes total cash costs and also the depreciation and amortization cost which is discussed below.

Total cash costs for the year ended December 31, 2008 of $200 million increased by 26% from 2007, mainly due to cost pressures associated with the high consumable input prices, especially oil prices, together with a stronger Euro/Dollar exchange rate as well as the increase in tonnes mined at Loulo. The total cash cost per ounce of $467/oz

increased by 31% year on year.

Royalties increased by $1.4 million, or 8%, to $19.7 million for the year ended December 31, 2008 from $18.3 million for the year ended December 31, 2007. The increased royalties reflect increased gold sales and a higher gold price received.

Other mining and processing costs comprise various expenses associated with providing on mine administration support services to the Morila and Loulo mine. These charges amounted to $13.7 million for the year ended December 31, 2008 and to $13.6 million for the year ended December 31, 2007.

Depreciation and Amortization

Depreciation and amortization of $21.3 million for the year ended December 31, 2008 compares to $21 million for the year ended December 31, 2007. This includes depreciation charged at both operations.

Exploration and Corporate Expenditure

Exploration and corporate expenditure was $45.2 million for the year ended December 31, 2008, and $35.9 million for the year ended December 31, 2007. Drilling programs were undertaken in all six African countries where we are active, but especially at the Massawa project in Senegal, where a scoping study is underway. The increase during 2008 was further due to executive bonuses being higher than what was paid in 2007 as a result of the substantial growth in the share price during the first quarter of 2008. Bonuses were paid in April each year and accrued over the preceding April to March period. During 2008, the bonus accrual period was furthermore changed to a calendar year basis.

Other expenses

Other expenses for the year ended December 31, 2008 of $0.4 million consists of an increase in the loss related to the ineffective portion of hedging contracts. Other expenses of $5 million for the year ended December 31, 2007 primarily consist of exchange losses and relate primarily to Loulo and Morila and result from the weakening of the Dollar against other currencies in which goods and services are denominated, as well as a tax adjustment mainly related to payroll and withholding taxes at Morila of $3.2 million.

Finance Income

Finance income amounts consist primarily of interest received on cash held at banks, as well as exchange gains on financing activities. Finance income of $9.3 million for the year ended December 31, 2008 is in line with the $9.2 million for the year ended December 31, 2007. The effective interest rate for 2008 of 2.7% was lower than the 5.1% which was achieved in 2007, however, cash balances were higher during 2008 compared to 2007, resulting from the $240 million capital raising in November 2007.

Finance costs

Finance costs for the year ended December 31, 2008 was $3.3 million compared to the finance cost for the year ended December 31, 2007 of $5.8 million, and the decrease year on year is mainly the result of the full repayment of the corporate revolving credit facility of $40.8 million at the beginning of December 2007. The $60 million corporate facility remains in place should it be required. This was partially offset by an increase in net foreign exchange losses on investment balances denominated in Euro and South African Rand of $1.3 million, as a result of the weakening of the Euro and South African Rand against the Dollar.

Provision for financial assets

At the end of 2007, we transferred $49.0 million from cash and cash equivalents to available-for-sale financial assets which was attributable to our portfolio of ARS. The trading market for these instruments has become substantially illiquid as a result of the unusual conditions in the credit markets. During 2008, following the deterioration of the underlying credit ratings of the collateral of certain of the ARS, we have provided $10.4 million (2007: $0) against these assets, and the assets have been reclassified into the non-current section of available-for-sale financial assets. We continue to receive interest on all of the ARS investments to date.

Income Tax Expense

The income tax expense amounted to $24.6 million for the year ended December 31, 2008 and $21.3 million for the year ended December 31, 2007. The increase in the tax expense is the result of a increase in profit before tax at Morila. Morila SA benefited from a five year tax holiday until November 14, 2005. Loulo SA also benefits from a five year tax holiday in Mali. The tax holiday commenced on November 8, 2005. Under Malian tax law, income tax is based on the greater of 35% taxable income or 0.75% of gross revenue.

Minority Interests

The minority interests for the years ended December 31, 2008 and December 31, 2007 represent the 20% minority share of the profits at Loulo since production commenced in November 2005.

Years Ended December 31, 2007 and 2006

Total revenue

From the year ended December 31, 2006 to the year ended December 31, 2007, total revenues from gold sales increased by $24.5 million, or 9%, from $258.3 million to $282.8 million. This is due to a year on year increase in the average gold price received of $652 from $586 in 2006 and an increase in the gold production of 23,072 ounces at Loulo, partially offset by a decrease in attributable production at Morila of 26,741 ounces.

Other Income

Other income totaled $1 million for the year ended December 31, 2007 compared to $1.2 million for the year ended December 31, 2006. It consists mainly of cost recoveries, which are fees recovered from exploration joint ventures.

Costs and Expenses

Total Cash Costs

The following table sets out our total ounces produced and total cash cost and production cost per ounce for the years ended December 31, 2007 and 2006:

	Year Ended December 31,			
	2007		2006	
	Ounces	$ Per Ounce	Ounces	$ Per Ounce
Morila (40% share) cash costs	179,926	332	206,667	258
Loulo (100% share) cash costs	264,647	372	241,575	328
Total ounces (attributable production)	444,573		448,242	
Group total cash cost*		356		296
Total production cost per ounce under IFRS		403		347

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

Total production cost includes total cash costs and also the depreciation and amortization cost which is discussed below.

Year on year the total cash costs increased by approximately 19%, attributable to higher mining contractor costs at both operations as well as the impact of higher diesel prices, the effect of the weak US dollar on the euro-based component of the operational costs, the increased royalties payable resulting from the higher average gold price

received and general cost increases in other commodities and consumables. Consequently, the total cash cost per ounce of $356/oz increased by 20% year on year.

Royalties increased by $1.3 million, or 8%, to $18.3 million for the year ended December 31, 2007 from $17 million for the year ended December 31, 2006. The increased royalties reflect increased gold sales and a higher gold price received.

Other mining and processing costs comprise various expenses associated with providing on mine administration support services to the Morila and Loulo mine. These charges amounted to $13.6 million for the year ended December 31, 2007 and to $13 million for the year ended December 31, 2006.

Depreciation and Amortization

Depreciation and amortization of $21 million for the year ended December 31, 2007 compares to $22.8 million for the year ended December 31, 2006. This includes depreciation charged at both operations.

Exploration and Corporate Expenditure

Exploration and corporate expenditure was $35.9 million for the year ended December 31, 2007, and $28.8 million for the year ended December 31, 2006. The increase of $7.1 million from the previous year is a consequence of the increased expenditure on the Tongon project during the year, as well as bonus accruals which were increased in line with our share price performance during the year.

Other expenses

Other expenses for the year ended December 31, 2007 of $5 million and of $3.7 million for the year ended December 31, 2006 primarily consist of exchange losses and relate primarily to Loulo and Morila and result from the weakening of the US dollar against other currencies in which goods and services are denominated, as well as a tax adjustment mainly related to payroll and withholding taxes at Morila of $3.2 million.

Finance Income

Finance income amounts consist primarily of interest received on cash held at banks, as well as exchange gains on financing activities. Finance income of $9.2 million for the year ended December 31, 2007 is in line with the $8.7 million for the year ended December 31, 2006. The effective interest rate for 2007 was 4.56% compared to 4.82% in 2006.

Finance costs

Finance costs for the year ended December 31, 2007 was $5.8 million and comprised mainly of the interest on the Loulo project loan, as well as interest on the Loulo Caterpillar finance lease. The interest expense for the year ended December 31, 2006 was $6.4 million and the decrease year on year is mainly the result of the full repayment of the corporate revolving credit facility of $40.8 million at the beginning of December 2007. The corporate facility remains in place should it be required.

Income Tax Expense

The income tax expense amounted to $21.3 million for the year ended December 31, 2007 and $23.1 million for the year ended December 31, 2006. The decrease in the tax expense is the result of a decrease in profit before tax from 2006 to 2007 at Morila. Morila SA benefited from a five year tax holiday until November 14, 2005. Loulo SA also benefits from a five year tax holiday in Mali. The tax holiday commenced on November 8, 2005. Under Malian tax law, income tax is based on the greater of 35% taxable income or 0.75% of gross revenue.

Minority Interests

The minority interests for the years ended December 31, 2007 and December 31, 2006 represent the 20% minority share of the profits at Loulo since production commenced in November 2005.

B. LIQUIDITY AND CAPITAL RESOURCES

Cash Resources

The group had $257.6 million cash and cash equivalents for the year ended December 31, 2008 and $294.2 million for the year ended December 31, 2007.

Operating Activities

Net cash generated from operating activities was $57.5 million for the year ended December 31, 2008 and $62.2 million for the year ended December 31, 2007. The $4.7 million decrease was mainly the result of the changes in operating working capital items, as well as movements in the actual tax paid for 2008 compared to 2007. Cash flows related to trade and other payables decreased significantly ($26.6 million) from December 31, 2007 to December 31, 2008, mainly due to the timing of payments of creditors. Cash flows related to receivables increased by $8.6 million during 2008 and decreased by $23.3 million during 2007, mainly as a result of the timing of receipts of gold sales. Less tax was also paid ($7.2 million less) during 2008, due to the offsets of corporation tax owed at Morila against the TVA and fuel duty balances owed by the government of Mali to Morila.

Net cash provided by operating activities was $62.2 million for the year ended December 31, 2007 and $70.4 million for the year ended December 31, 2006. The $8.2 million decrease was mainly the result of the decrease in profit after tax.

Investing

Investing activities for the year ended December 31, 2008 utilized $85 million compared to $96.9 million utilized for the year ended December 31, 2007. Investing activities in 2008 consisted primarily of expenditures incurred on the underground development work at Loulo amounting to $33.6 million, power plant expansion of $4.2 million, upgrades to the crushing plant and expenditure on the overland conveyer, stockpile and tailings facilities of $21.6 million, expenditures related to the Tongon project amounting to $23 million and consisting primarily of down payments on the mills and mill motors, as well as site establishment costs and infrastructure improvements.

We believe that based on our current cash and cash equivalents balance of approximately $257.6 million at December 31, 2008 and expected operating cash flows, the current lack of liquidity in the credit and capital markets will not have a material impact on our liquidity or our ability to fund our operations.

Investing activities for the year ended December 31, 2007 utilized $96.9 million compared to $61.4 million utilized for the year ended December 31, 2006. Investing activities include the acquisition of investments in US auction rate securities amounting to $49 million. 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. Historically, these securities were presented as current assets on our balance sheet. Given the current trading market, these securities have been reclassified from cash and cash equivalents to financial assets on our balance sheet in 2007.

Financing

Financing activities for the year ended December 31, 2008 utilized $9 million. This comprised mainly of the payment of dividends to our shareholders amounting to $9.2 million.

Financing activities for the year ended December 31, 2007 generated $185.4 million. An equity placing was concluded in December 2007 and raised $231.7 million net of expenses. The corporate revolving credit facility of $40.8 million was also repaid in December 2007 and dividends of $6.9 million relating to 2006 were paid in February 2007.

Credit and Loan Facilities

During the year ended December 31, 2000, Morila entered into a finance lease for five Rolls-Royce generators under the terms of a Deferred Terms Agreement between Morila and Rolls-Royce. The lease is repayable over ten years commencing April 1, 2001 and bears interest at a variable rate which at December 31, 2008 was approximately 33% (2007: 23%) per annum. Our attributable share of this finance lease obligation amounted to $1.8 million at December 31, 2008 and $2.7 million at December 31, 2007. We have guaranteed the repayment of the lease.

On August 28, 2002, the Syama hedge transactions were closed through a cancellation agreement with NM Rothschild. On that date, we agreed to buy gold call options to offset existing positions with NM Rothschild comprised of 148,500 ounces at $353/ounce at a cost of $1.8 million. In lieu of the existing premium, NM Rothschild agreed to lend us that amount on a pre-agreed payment schedule requiring us to repay the loan monthly through the 2004 fiscal year. The liability was fully paid by the end of 2004.

Morila also has a finance lease with Air Liquide relating to three oxygen generating units. The lease is payable over 10 years commencing December 1, 2000 and bears interest at a variable rate which at December 31, 2008 stood at approximately 3.09%. (2007: 3.09%)

Somilo SA has a $0.6 million loan from the Government of Mali. This loan is uncollateralized and bears interest at the base rate of the Central Bank of West African States plus 2% per annum. The accrual of interest ceased in the last quarter of 2005 per mutual agreement between shareholders. This loan is repayable from cash flows of the Loulo mine after the repayment of all other loans.

The Loulo project finance loan was arranged by NM Rothschild & Sons Limited and SG Corporate & Investment Banking, who were joined in the facility by Absa Bank and HVB Group, and is repayable through September 2009.

The Loulo project finance facility was replaced in May of 2007 with a $60 million corporate revolving credit facility to Randgold Resources (Somilo) Limited. The facility was with NM Rothschild, Société Générale, Fortis and Barclays. It carried interest at rates of between LIBOR + 1.4% and LIBOR + 1.6%. The facility was fully repaid in December 2007. The corporate facility remains in place should it be required. The maximum amounts available under the facility are: prior to November 1, 2009 $60 million; up to May 1, 2010 $48 million; up to November 1, 2010 - $36 million; up to May 1, 2011 $24 million.

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

Corporate, Exploration, Development and New Business Expenditures

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

	Year ended December 31, $ 000		
Area	**2008**	**2007**	**2006**
Rest of Africa	200	194	60
Burkina Faso	1,886	1,537	1,274
Mali	4,334	5,544	7,360
Tanzania	1,105	1,439	1,629
Côte d Ivoire	2,129	6,745	1,289
Senegal	4,768	2,046	1,492
Ghana	846	740	855
Total exploration expenditure	15,268	18,245	13,959
Corporate expenditure	29,895	17,675	14,846
Total exploration and corporate expenditure	45,163	35,920	28,805

The main focus of exploration work is on our advanced projects in western Mali, around Morila, and in Senegal, Burkina Faso, Tanzania, Côte d Ivoire and Ghana.

Site establishment has started at Tongon in Côte d Ivoire ahead of the main construction program and orders have been placed for all the long lead time items, including the mills and mining fleet. Progress has been made regarding the approval of the mining convention.

Working Capital

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

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

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

D. TREND INFORMATION

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

Gold Market

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

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

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

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

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

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

	Price Per Ounce ($)		
Year	**High**	**Low**	**Average**
2006	725	525	604
2007	841	608	695
2008	1,011	712	871
2009 (through April)	947	867	904

E. OFF-BALANCE SHEET ARRANGEMENTS

None.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Our contractual obligations and commercial commitments consist primarily of credit facilities, as described above. The related obligations as at December 31, 2008 are set out below:

Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
			(dollars in thousands)		
Long-term debt obligations					
Capital lease obligations[1]	3,683	1,904	1,779		
Operating lease obligations	2,428	347	693	694	694
Financial liabilities forward gold sales	53,137	37,388	15,749		
Environmental rehabilitation	14,054				14,054
Loans from minority shareholders in subsidiaries	3,032			3,032	
Total contractual cash obligations	76,334	39,639	18,221	3,726	14,748
Contracts for capital expenditure	40,260	40,260			

(1) Includes total interest of $1.7 million calculated at the interest rate existing at year end.

Item 6. Directors, Senior Management and Employees

A. DIRECTORS AND SENIOR MANAGEMENT

Our Articles of Association provide that the board must consist of no less than two and no more than 20 directors at any time. During the year, Mr. C.L. Coleman and Mr. J.K. Walden were appointed as non-executive directors. The board currently consists of 8 directors.

Our Articles of Association provide that any new director should be re-elected by the shareholders at the annual general meeting following the date of the director s appointment. As a result of their appointment during the year, Mr. C.L. Coleman and Mr. J.K. Walden were the subject of an ordinary resolution and re-elected at the annual general meeting held on May 5, 2009, as required by our Articles of Association. At the annual general meeting Mr. B.H. Asher and Dr. A.L. Paverd retired from the board.

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

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

Executive Directors

D. Mark Bristow (50) Chief Executive Officer. We were founded on his pioneering work in West Africa. He has subsequently led our growth through the discovery and development of world-class assets into a major gold mining business with a market capitalization of more than $3.5 billion. He also played a significant part in promoting the emergence of a sustainable mining industry in West Africa. A geologist with more than 26 years experience in the mining industry and a PhD from Natal University, he has held board positions at a number of global mining companies, and is currently a non-executive director of Rockwell Resources International. Dr. Bristow was appointed a director in August 1995 and Chief Executive Officer in October 1995. Prior to this he held executive responsibility for the exploration and new business activities of Randgold & Exploration from 1992 to 1995. During the period 1995 to 1997 he also directed the re-engineering of the reserve management functions of the gold mining of the Randgold & Exploration Group and its affiliated gold mining companies.

Graham P. Shuttleworth (40) Chief Financial Officer; Financial Director. Mr. Shuttleworth joined us as Chief Financial Officer and Financial Director on July 1, 2007 but has been associated with Randgold Resources since its inception, initially as part of the management team involved in our listing on the London Stock Exchange in 1997, and subsequently as an adviser. A chartered accountant, he was a managing director and the New York-based head of metals and mining for the Americas in the global investment banking division of HSBC before taking his new position with us. At HSBC he led or was involved in a wide range of major mining industry transactions, including our Nasdaq listing, our bid for Ashanti Goldfields and our 2005 equity offering.

Non-Executive Directors

Philippe Liétard (60) Non-Executive Chairman; Mr. Liétard was appointed a director in February 1998. Mr. Liétard was managing director of the Global Natural Resources Fund from 2000 to 2003. Prior to July 2000, he was director of the Oil, Gas and Mining Department of the International Finance Corporation. His experience in corporate and project finance with UBS, IFC and the World Bank extends over 30 years, most of them in the minerals business and in Africa. Mr. Liétard is now an independent consultant and a promoter of mining and energy investments. He was appointed a director in February 1998 and chairman in November 2004.

Norborne P. Cole (67) Non-Executive Director. Chairman of the remuneration committee and member of the nomination and governance committee. Mr. Cole was appointed a director in May 2006. Mr. Cole was CEO of Coca-Cola Amatil based in Sydney, Australia until 1998. Currently he is vice-chairman of Silver Eagle Distributers of Houston, Texas and a director of Lancer Corporation and Papa John s International Inc. Mr. Cole was appointed senior independent director on May 5, 2009.

Christopher L. Coleman (40) Non-Executive Director; member of the nomination and governance, remuneration and audit committees. Mr. Coleman is co-head of banking at N M Rothschild, a director of N M Rothchild & Sons, chairman of Rothschild Bank International in the Channel Islands and serves on a number of other boards and committees of the Rothschild Group, which he joined in 1989. Mr. Coleman has served as a non-executive director of the Merchant Bank of Central Africa from 2001 to 2008. He was appointed a director in November 2008.

Robert I. Israel (59) Non-Executive Director; Member of the nomination and governance committee. Mr. Israel was appointed a director in June 1997. Mr. Israel is a partner at Compass Advisers, LLP. Until April 2000, Mr. Israel served as a managing director of Schroder & Co. Inc. and head of its Energy Department. He has 29 years of experience in corporate finance, especially in the natural resources sector.

Karl Voltaire (58) Non-Executive Director; Chairman of the audit committee since May 5, 2009 and member of the remuneration committee. Dr. Voltaire was appointed a director in May 2006. He holds a Ph.D in finance from the University of Chicago. He is currently the CEO of The Nelson Mandela Institute and was previously a director of the African Development Bank. Dr. Voltaire was formerly with the International Finance Corporation where he was the director in charge of Global Financial Markets.

Jonathan K. Walden (55) Non-Executive Director; Member of the audit committee. Mr. Walden is Senior independent director of Morgan Sindall plc. He was formerly the managing director of Lex Vehicle Leasing, a subsidiary of HBOS and a main board director at RAC plc. He was appointed a director in November 2008.

Executive Officers

David Haddon (51) General Counsel and Secretary. Having overseen our administrative obligations from our incorporation in 1995, Mr. Haddon assumed full secretarial responsibility when we became listed on the London Stock Exchange in July 1997. He has over 24 years of legal and administrative experience. He assumed the responsibility as general counsel in January 2004. He is a director of Seven Bridges Trading 14 (Pty) Limited.

Paul Harbidge (39) General Manager Exploration. Mr. Harbidge is a geologist with 16 years experience, mainly in West Africa. He joined us in 2000 and was appointed exploration manager in 2004 and general manager exploration in November 2006.

Bill Houston (61) General Manager Human Resources. Mr. Houston joined us in 1992 as group training and development manager and currently heads the human resources function. He has 28 years of human resources experience. He is a director of Morila SA, Somilo SA and Seven Bridges Trading 14 (Pty) Limited.

Amadou Konta (51) General Manager Loulo. Mr. Konta has a degree in civil engineering as well as several management and project management qualifications. He was appointed mine foreman and superintendent at Syama mine and served as mine manager from 1997. In 2001 he was promoted as our construction manager in Mali and was appointed Loulo general manager on October 1, 2004.

Victor Matfield (44) General Manager Corporate Finance. Mr. Matfield is a chartered accountant with 16 years experience in the mining industry. He was appointed corporate finance manager in August 2001, prior to that he served as financial manager of the Syama mine and of the Morila capital project. He is a director of Seven Bridges Trading 14 (Pty) Limited.

Chris Prinsloo (58) General Manager Commercial and Operations. Mr. Prinsloo was appointed general manager commercial and operations in April 2009 and prior to that he was group financial manager. He has 36 years of experience in the mining industry. He is a director of Somilo SA and Morila SA.

Rodney Quick (37) General Manager Project Development, Evaluation and Environment. Mr. Quick is a geologist with 15 years experience in the gold mining industry. Since joining us in 1996, he has been involved in the exploration, evaluation and production phases of the Morila, Loulo and Tongon deposits and was appointed the Somilo resource manager in 2006. He is now responsible for all project development, evaluation and environmental issues.

Mahamadou Samaké (61) General Manager Randgold Resources West Africa. Mr. Samaké is the general manager for West Africa and is a director of our Malian subsidiaries. He was a professor of company law at the University of Mali.

John Steele (48) General Manager Capital Projects. Mr. Steele has overseen the capital expansion program at the Syama mine, and at the beginning of July 1998, assumed the position of general manager capital projects for the Randgold Resources Group, overseeing the construction of Morila. He is a director of Somilo SA and Morila Limited and is currently leading the Tongon construction project.

Samba Touré (55) General Manager Morila. Mr. Touré has a masters degree in chemical engineering and geochemistry and was part of the team that set up Mali s first research laboratory for the mining and petroleum industries in 1985. As country manager for BHP Minerals, he oversaw that company s exploration programs in West Africa. He joined Morila in 2000 and was promoted to operations manager in 2004 and general manager in 2007.

Tania de Welzim (33) Chief Accounting Officer; Group Financial Manager. Ms. de Welzim was appointed group financial manager in April 2009 and prior to that she was group financial controller. She is a chartered accountant with ten years experience in finance including eight years in the mining industry. She is responsible for financial reporting in the group as well as internal control procedures.

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

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

Director	Date of Appointment	Date of Expiration of Term	Number of Years Served
Executive			
D.M. Bristow	8/11/95	4/28/12	13
G.P. Shuttleworth	7/01/07	4/28/11	2
Non-Executive			
B.H. Asher	6/12/97	5/05/09*	11
R.I. Israel	6/12/97	5/05/10	11
P. Liétard	2/11/98	5/05/10	10
A.L. Paverd	7/29/95	5/05/09*	13
N.P. Cole	5/03/06	5/05/10	3
K. Voltaire	5/13/06	5/05/10	3
C.L. Coleman	5/05/09	5/05/13	
J.K. Walden	5/05/09	5/05/13	

* Mr. B.H Asher and Dr A.L. Paverd retired from our board at our annual general meeting held on May 5, 2009.

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

B. COMPENSATION

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

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

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

The fees paid to non-executive directors have remained unchanged since the 2008 annual general meeting save for the next award of restricted shares, and are:

A general retainer to all non-executive directors of $50,000;

An annual committee assignment fee per committee served:

Audit committee $35,000;

Remuneration committee $25,000; and

Nomination and governance committee $10,000.

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

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

The non-executive chairman, in addition to the general annual retainer but in lieu of any committee assignment fee, to receive an additional $170,000;

An award to each director of restricted shares being 1,200 ordinary shares per year. The shares are to vest over a three year period from the date of the award, being January 1, 2010. Vesting would accelerate on the following conditions:

Termination other than resignation or dismissal;

Voluntary retirement after the age of 65 with a minimum of three years service as a director; and

Change in control of the company.

A director must hold shares at least equal in value (as at the beginning of the year) to the general annual retainer. A director would be granted three years in which to acquire the required shareholding and this period could be extended by the unanimous approval of the uninterested directors. If the number of shares were to fall below the threshold due to a fall in the share price, no additional purchase of shares would be required. Mr. J.K. Walden, who was appointed to our board in November 2008, only obtained his first restricted shares with effect from January 1, 2009 and his shareholding is not currently equal to the value of the general annual retainer. The remaining non-executive directors hold shares at least equal to the value of the general annual retainer. Mr. C.L. Coleman, who was also appointed to the board in November 2008, acquired 1,400 ordinary shares on the Nasdaq Global Market on November 26, 2008, exceeded the value of the general annual retainer.

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

On May 11, 2005 the first $30,000 award was allocated to each of the non-executive directors for the purpose of acquiring restricted stock. The price of the restricted stock calculation was the Nasdaq National Market closing price on May 10, 2005, being $12.78. In terms of the policy, 783 shares were issued directly to each non-executive director and 1,565 shares were held as restricted stock. Non-executive directors were issued the second tranche of 782 ordinary shares on February 13, 2006 and the final balance was issued January 3, 2007.

On February 13, 2006 the second $30,000 award was allocated to each of the non-executive directors for the purpose of acquiring restricted stock. The price of the restricted stock calculation was the Nasdaq National Market closing price on February 10, 2006, or $17.11. In terms of the policy, 584 shares were issued directly to each non-executive director and 1,169 shares were held as restricted stock. Non-executive directors were issued the second tranche of 584 ordinary shares on January 3, 2007 and the final balance was issued on January 1, 2008.

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

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

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

During the year ended December 31, 2008, the aggregate compensation paid or payable to our directors and executive officers as a group was approximately $17.3 million, of which $12.4 million was payable to directors and recognized as a remuneration expense.

Executive directors remuneration

The remuneration of the executive directors comprises:

a basic salary;

an annual bonus; and

the award of restricted shares.

The total executive directors remuneration for the year ended December 31, 2008, was $12.4 million (2007: $3.9 million). The directors bonuses were historically paid on an April to March cycle, and while these amounts were accrued during the year, the final determination of the bonus amount was made in April of each year, with reference to the company s share price performance over this period. As such the 2008 bonus for Dr. D.M. Bristow and Mr. G.P. Shuttleworth, as shown below, include the amounts accrued in the first quarter of 2008, in respect of the movement in the share price from April 1, 2007 to March 31, 2008, being $23.16 to $50.26, based on a notional shareholding of 300,000 and 33,000 shares, respectively, the latter capped at $0.4 million and pro-rated from July 1, 2007. During 2008, in order to align Dr. D.M. Bristow s contract with best practice, a new contract was signed and a new bonus scheme introduced running on a calendar year basis. Consequently, the table below reflects both a portion of the April to March bonus as well as a portion of the new 2008 calendar year bonus payments. The new bonus calculation is determined with reference to a number of performance indicators, including with reference to the company s annual reserve growth which was finalized in March 2009. In this regard the remuneration committee determined that Dr. D.M. Bristow should be entitled to a bonus of $3 million and Mr. G.P. Shuttleworth a bonus of $0.2 million for the 2008 year. Of this amount $1.5 million was accrued for until December 31, 2008 and is included in the table below.

In terms of his service contract and in accordance with the Randgold Resources Restricted Share Scheme, Dr. D.M. Bristow was awarded 40,000 restricted shares in August 2008, subject to agreed performance criteria and with a one year vesting period. In order to bring future awards of restricted shares in line with a three year vesting period, the remuneration committee has proposed and the board agreed to the following recommendation:

40,000 restricted shares with an award date of January 1, 2009, two thirds vesting on January 1, 2010, and the remaining third vesting January 1, 2011;

40,000 restricted shares with an award date of January 1, 2009, one third vesting on January 1, 2010, one third vesting January 1, 2011 and the final third vesting January 1, 2012;

40,000 restricted shares with an award date of January 1, 2010, one third vesting on January 1, 2011, one third vesting January 1, 2012 and the final third vesting January 1, 2013;

All the newly awarded restricted shares are subject to the achievement by us of a performance bettering HSBC Global Gold Mining Index.

Mr. G.P. Shuttleworth, in terms of his contract and in accordance with the above approved Randgold Resources Restricted Share Scheme, was awarded 36,000 restricted shares. In accordance with the terms of the contract and having met the agreed performance criteria, the first tranche of a third of the restricted shares vested on July 1, 2008, with the second and third tranches vesting on July 1, 2009 and July 1, 2010 respectively. The vesting of any portion of the award is subject to the employee being employed and achieving a satisfactory performance based on agreed criteria, including an overall strategic output achievement score of 70% or greater, for a 12-month period preceding each vesting date.

The following tables set forth the aggregate compensation for each of the directors, firstly the executive directors and secondly the non-executive directors:

	Basic Salary/Fees December 31,	Bonus/Service Contract	Other Payments December 31,	Total December 31,

			December 31, 2008 ($)	2007 ($)		2007 ($)		
	2008 ($)	**2007** ($)			**2008** ($)		**2008** ($)	**2007** ($)
Executive								
D.M. Bristow (CEO) [1] [3]	1,000,000	600,000			3,695,600		4,695,600	600,000

	Basic Salary/Fees December 31,		Bonus/Service Contract December 31,		Other Payments December 31,		Total December 31,	
	2008 ($)	**2007** ($)	**2008** ($)	**2007** ($)	**2008** ($)	**2007** ($)	**2008** ($)	**2007** ($)
April March bonus			5,422,860	2,739,388			5,422,860	2,739,388
New 2008 calendar year bonus			1,500,000				1,500,000	
Sub total	1,000,000	600,000	6,922,860	2,739,388	3,695,600		11,618,460	3,339,388
G.P. Shuttleworth (CFO) [2]	444,353	231,475			266,280	133,140	710,633	364,615
April March bonus			99,520	200,480			99,520	200,480
New 2008 calendar year bonus								
Sub total	444,353	231,475	99,520	200,480	266,280	133,140	810,153	565,095
TOTAL	1,444,353	831,475	7,022,380	2,939,868	3,961,880	133,140	12,428,613	3,904,483

	Basic Salary/Fees December 31,		Bonus/Service Contract December 31, 2008 ($)	2007 ($)	Other Payments December 31,		Total December 31,	
	2008 ($)	**2007** ($)			**2008** ($)	**2007** ($)	**2008** ($)	**2007** ($)
Non-Executive								
P. Liétard	220,000	135,000			30,000	30,000	250,000	165,000
B.H. Asher	135,000	120,000			30,000	30,000	165,000	150,000
R.I. Israel	85,000	110,000			30,000	30,000	115,000	140,000
A.L. Paverd	85,000	80,000			30,000	30,000	115,000	110,000
N.P. Cole	97,500	70,000			30,000	30,000	127,500	100,000
K. Voltaire	105,800	80,000			30,000	30,000	135,800	110,000
C.L. Coleman	10,000						10,000	
J.K. Walden	14,166						14,166	
TOTAL	752,466	595,000			180,000	180,000	932,466	775,000

[1] Other payments to Dr. D.M. Bristow in 2008

includes a one off payment of $2 million as part of his new contract entered into during 2008, as disclosed in the 2007 remuneration committee report. Also, in August 2008, Dr. D.M. Bristow was awarded 40,000 restricted shares with a one year vesting period. Mr. G.P. Shuttleworth was awarded 36,000 restricted shares in July 2007, with a three year vesting period, the first being July 2008 and the second and third being July 2009 and 2010 respectively.

(2) Paid in April each year, but accrued over the preceding April to march period. During 2008, the bonus accrual period was changed to a calendar year basis.

(3) Dr. D.M. Bristow is a non-executive director of

Rockwell Resources International. He was paid non-executive director fees of $28,925 (C$31,666) for the period January 1, 2008 to January 1, 2009. The board of Randgold Resources agreed that Dr. D.M. Bristow should be entitled to retain these fees personally.

The executive directors do not receive any benefits in kind and the only long-term incentive scheme in which they are anticipated to participate is our Restricted Share Scheme.

Share options exercised by the directors during 2008 and up to April 30, 2009 are detailed below:

Name	Number of Options Exercised	Average Exercise Price ($)	Average Market price at date of exercise ($)
R.I. Israel	25,400	1.65	27.85

The high and low share prices for our ordinary shares for the year on the London Stock Exchange were (pounds sterling) 19.50 and (pounds sterling) 10.53, respectively, and our high and low price for our ADSs on the Nasdaq Global Select Market were $38.86 and $21.04, respectively. The ordinary share price on the London Stock Exchange and the price of an ADS on the Nasdaq Global Select Market at December 31, 2008, the last day of trading, were (pounds sterling) £18.47 and $37.13, respectively.

Share options outstanding at April 30, 2009 and held by directors and executive officers were as follows:

	Options to Purchase Ordinary Shares	Expiration Date	Exercise Prices ($)
Non-Executive Directors			
B.H. Asher	25,400	1/28/11	1.65
Officers			
D.J. Haddon	40,000	8/05/14	8.05
	60,000	8/20/17	22.19
P.D. Harbidge	14,000	11/30/16	22.50
	60,000	8/20/17	22.19
W.R.A. Houston	60,000	8/05/17	22.19
A. Konta	8,000	8/05/14	8.05
	60,000	8/20/17	22.19
V. Matfield	75,000	8/05/14	8.05
	60,000	8/20/17	22.19
C.J. Prinsloo	60,000	8/05/17	22.19
R.B. Quick	60,000	8/20/17	22.19
M. Samaké	60,000	8/20/17	22.19
J. Steele	7,000	8/05/14	8.05
	60,000	8/20/17	22.19
T. de Welzim	4,000	11/30/16	22.50
	45,000	8/20/17	22.19

C. BOARD PRACTICES

Directors Terms of Employment

We have entered into contracts of employment with Dr. D.M. Bristow and Mr. G.P. Shuttleworth with the period of employment set as one year.

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

Board of Directors Committees

In order to ensure good corporate governance, the board has formed an audit committee, a remuneration committee and a governance and nomination committee. The audit, remuneration, and governance and nomination committees are comprised of a majority of non-executive directors.

Audit Committee

Our audit committee charter, which defines the terms of reference for the audit committee members, sets out the framework through which the audit committee reviews our annual results, the effectiveness of our systems of internal control, internal audit procedures and legal and regulatory compliance and the cost effectiveness of the services provided by the external auditors. The audit committee also reviews the scope of work carried out by our external auditors and holds discussions with the external auditors at least twice a year. The audit committee is comprised of three independent non-executive directors. The members of the audit committee are Dr. K. Voltaire (chairman), Mr. J.K. Walden and Mr. C.L. Coleman. At the annual general meeting on May 5, 2009, Mr. B.H. Asher and Dr. A.L. Paverd retired from the board and its sub-committees.

Remuneration Committee

The remuneration committee reviews the remuneration of directors and senior management and determines the structure and content of the senior executives remuneration packages by reference to a number of factors including current business practice and our prevailing business conditions and the mining and exploration industry. The members of the remuneration committee are Mr. N.P. Cole Jr. (chairman), Dr. K. Voltaire and Mr. C.L. Coleman.

Governance and Nomination Committee

The governance and nomination committee reviews our corporate governance and sets out the framework in which such policies are established to guide our operations and activities. In addition, the committee at the instance of the board interviews and recruits any future board members. The members of the governance and nomination committee are Messrs. P. Liétard (chairman), N.P. Cole, Jr. and R.I. Israel. At the annual general meeting on May 5, 2009, Mr. B.H. Asher retired from the board and its sub-committees.

D. EMPLOYEES

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

Category of Activity	December 31, 2008[1]	December 31, 2007	December 31, 2006
Mining and related engineering [2]	241	119	30
Processing and related engineering [3]	668	168	136
Management and technical [4]	100	56	48
Exploration [5]	164	185	90
Administration [6]	253	89	47
TOTAL	1,426	617	351

Notes: In addition to the permanent employees shown above, the following fixed-term, temporary and contractor employees were employed at Loulo:

(1) In February 2008, we assumed operational management of Morila. Accordingly, the December 31,

2008 employment figures have been updated to include Morila.

(2) The open-pit mining contractors at Morila and the open pit and underground contractors at Loulo employed a total of 2,304 permanent and temporary employees at December 31, 2008.

(3) Third party contractors employed a total of 72 employees.

(4) Additional technical staff were required in 2008 to manage the underground project and assist with work on the Tongon project. At the end of 2008, 72 people were employed at the Tongon construction project.

(5) Exploration numbers increased at Tongon in Côte d Ivoire and at Massawa in Senegal while they decreased in Ghana and Tanzania.

(6) Included in the administrative employee numbers reflected in the table above are staff employed in the Bamako operational center.

E. SHARE OWNERSHIP

See Item 7 Major Shareholders and Related Party Transactions .

Employee Share Option Scheme

Since 1996, we have operated a share option scheme under which senior management may be offered options to purchase our ordinary shares. The aggregate number of shares available for issuance under the option scheme may not exceed 15% of our issued share capital. Share options granted since 2007 are subject to performance criteria for individual employees. Any options provided to an individual employee as defined by the rules of the scheme, are subject to an upper limit of 2% of our issued ordinary share capital.

The exercise price of any new share options is determined as the closing price of the share on the trading day preceding that on which the person was granted the option. Under the rules of the share option scheme, all option holders, inclusive of executive and non-executive directors, were granted additional options to subscribe for shares in the open offer which was concluded in November 1998. These additional options are exercisable at the open offer

price and otherwise on the same terms as the initial grant.

The scheme provides for the early exercise of all options in the event of an acquisition of a number of shares that would require an offer to be made to all of our other shareholders.

Restricted Share Scheme

On July 28, 2008, our shareholders approved the creation of a restricted share scheme for executive directors. The aggregate number of shares available for issuance under the restricted share scheme may not exceed 5% of our issued share capital. The awards of shares under the restricted share scheme are subject to the attainment of performance criteria agreed between the remuneration committee and the individual executive director on an annual basis.

Item 7. Major Shareholders and Related Party Transactions

A. MAJOR SHAREHOLDERS

As of April 30, 2009, our issued share capital consisted of 76,677,750 ordinary shares with a par value of $0.05 per share. To our knowledge we are not, directly or indirectly, owned or controlled by another corporation, any foreign government or other person.

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of April 30, 2009, by:

Any person of whom the directors are aware that is interested directly or indirectly in 3% or more of our ordinary shares;

Each of our directors; and

All of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Ordinary shares issuable pursuant to options, to the extent the options are currently exercisable or convertible within 60 days of April 30, 2009, are treated as outstanding for computing the percentage of the person holding these securities but are not treated as outstanding for computing the percentage of any other person.

Unless otherwise noted, each person or group identified possesses sole voting and investment power with respect to the shares, subject to community property laws where applicable. Unless indicated otherwise, the business address of the beneficial owners is: Randgold Resources Limited, La Motte Chambers, La Motte Street, St Helier, Jersey, JE1 1BJ, Channel Islands.

	Shares Beneficially Owned	
Holder	**Number**	**%**
D.M. Bristow	657,584	0.86
G.P. Shuttleworth	12,000	0.01
B.H. Asher	48,186	0.06
N.P. Cole	2,265	0.00
C. Coleman	1,800	0.00
R.I. Israel	44,231	0.06
P. Liétard	31,765	0.04
A.L. Paverd	34,231	0.04
K. Voltaire	2,265	0.00
J.K. Walden	400	0.00
BNY (Nominees) Limited [1] 30 Cannon Street London EC4M XH	58,685,087	76.53
Wells Fargo & Company [2] 420 Montgomery Street San Francisco, CA 94104	6,470,274	8.44
FMR LLC[3] 82 Devonshire Street, Boston, MA 02109	11,476,298	15.0
Directors and executive officers [4]	1,200,425	1.57

(1) Shares held by BNY (Nominees) Ltd are held for and on behalf of our ADS holders.

(2) Wells Fargo & Company reported in its Schedule 13G filed with the Securities and Exchange Commission on May 1, 2009 that its beneficial ownership in us amounted to

6,470,274 ordinary shares (8.44%) on a consolidated basis. These shares are included in the shares held by BNY (Nominees) Limited.

(3) FMR LLC reported in its Schedule 13G filed with the Securities and Exchange Commission that as at February 17, 2009 its beneficial ownership in us amounted to 11,476,298 ordinary shares (15%) on a consolidated basis. These shares are included in the shares held by BNY (Nominees) Limited.

(4) No executive officer beneficially owns in excess of 1% of the outstanding ordinary shares.

To the knowledge of management, none of the above shareholders hold voting rights which are different from those held by our other shareholders.

As of April 30, 2009, there were 3 record holders of our ordinary shares in the United States, holding an aggregate of 78,261 ordinary shares or 0.10%.

As of April 30, 2009, there were 35 record holders of our ADSs in the United States, holding an aggregate of 18,139 ADSs or 0.24%.

B. RELATED PARTY TRANSACTIONS

None of our directors, officers or major shareholders or, to our knowledge, their families, had any interest, direct or indirect, in any transaction during the last fiscal year or in any proposed transaction which has affected or will materially affect us or our investment interests or subsidiaries, other than as stated below.

The Randgold Name

Under an agreement dated June 26, 1997, Randgold & Exploration Group has licensed us to carry on business under the name Randgold . The license has been provided to us on a royalty free perpetual basis. The U.K. Trademark Registry granted a registration certificate to us for Randgold on February 16, 2001.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

Item 8. Financial Information

See Item 18.

Item 9. The Offer and Listing

A. OFFER AND LISTING DETAILS

The following table sets forth, for the periods indicated, the high and low sales prices of our ordinary shares, as reported by the London Stock Exchange, and of our ADSs, as reported by the Nasdaq Global Select Market. Effective March 10, 2003, we changed the ratio of ordinary shares to ADSs from two ordinary shares per ADS to one ordinary share per ADS, so that each ADS now represents one ordinary share. In March 2003 we changed the currency in which the price of our ordinary shares that are traded on the London Stock Exchange are quoted. The ordinary shares are now quoted in pound sterling and not in US dollars. The ADSs continue to be quoted on the London Stock Exchange and the Nasdaq Global Select Market in US dollars.

	Price Per Ordinary Share		Price Per ADS	
Financial Period Ended	**High (£)**	**Low (£)**	**High ($)**	**Low ($)**
December 31, 2008	30.00	15.57	55.65	23.45
December 31, 2007	19.50	10.53	38.86	21.04
December 31, 2006	14.08	9.09	26.32	15.88
December 31, 2005	9.67	5.31	18.69	10.13
December 31, 2004	7.82	4.29	14.26	7.77

	Price Per Ordinary Share		Price Per ADS	
Calendar Period	**High (£)**	**Low (£)**	**High ($)**	**Low ($)**
2009				
First Quarter	37.76	25.10	54.35	36.65
2008				
Fourth Quarter	30.00	15.57	44.68	23.45
Third Quarter	27.47	18.00	54.73	32.47
Second Quarter	28.03	19.19	55.26	37.28
First Quarter	27.59	18.62	55.65	37.22
2007				
Fourth Quarter	19.50	15.06	38.86	30.90
Third Quarter	16.60	10.60	33.24	21.62
Second Quarter	13.00	10.53	26.24	21.41
First Quarter	12.47	10.79	24.68	21.04

	Price Per Ordinary Share		Price Per ADS	
Calendar Month	**High (£)**	**Low (£)**	**High ($)**	**Low ($)**
2009				
April	38.83	28.23	56.89	41.59
March	37.76	30.00	54.35	43.34
February	34.98	30.30	50.08	42.37
January	31.75	25.10	45.75	36.76
2008				
December	30.00	22.51	44.68	32.22
November	25.16	17.91	28.23	25.05

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Our ordinary shares are listed on the London Stock Exchange, which currently constitutes the principal non-United States trading market for those shares, under the symbol RRS and our ADSs trade in the United States on the Nasdaq Global Select Market under the trading symbol GOLD, in the form of American Depositary Receipts. The American Depositary Receipts are issued by The Bank of New York Mellon, as Depositary. Each American Depositary Receipt represents one American Depositary Share. Each American Depositary Share represents one of our ordinary shares.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

Item 10. Additional Information

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

General

We are a company organized with limited liability under the laws of Jersey, Channel Islands. Our registered number is 62686.

The authorized share capital is $5,000,000 divided into 100,000,000 ordinary shares of $0.05 each, of which 76,677,750 were issued as of April 30, 2009 and 23,322,250 were available for issue.

At the annual general meeting held on April 28, 2008, shareholders approved a resolution which authorized an increase in the authorized share capital of the company from $4,000,000 divided into 80,000,000 ordinary shares of $0.05 each to $5,000,000 divided into 100,000,000 ordinary shares of $0.05 each.

At the annual general meeting held on April 26, 2004, shareholders approved a resolution which authorized a share split which amended our authorized share capital from $4,000,000 divided into 40,000,000 ordinary shares of $0.10 each to $4,000,000 divided into 80,000,000 ordinary shares of $0.05 each. The issued share capital therefore increased from 29,263,385 to 58,526,770 ordinary shares with effect from June 11, 2004. None of our shares have any redemption rights.

Memorandum of Association

Clause 2 of our Memorandum of Association provides that we shall have all the powers of a natural person including but not limited to the power to carry on mining, exploration or prospecting.

Changes in Capital or Objects and Powers

Subject to the 1991 Law and our Articles of Association, we may by special resolution at a general meeting:

increase our authorized or paid up share capital;

consolidate and divide all or any part of our shares into shares of a larger amount;

sub-divide all or any part of our shares having a par value;

convert any of our issued or unissued shares into shares of another class;

convert any of our paid-up shares into stock, and reconvert any stock into any number of paid-up shares of any denomination;

convert any of our issued shares into redeemable shares which can be redeemed;

cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of the authorized share capital by the amount of the shares so cancelled;

reduce the authorized share capital;

reduce our issued share capital; or

alter our Memorandum or Articles of Association.

Articles of Association

We adopted our Articles of Association by special resolution passed on June 24, 1997. Our Articles of Association include provisions to the following effect:

General Meeting of Shareholders

We may at any time convene general meetings of shareholders. We hold an annual general meeting for each fiscal year within nine months of the end of each fiscal year. No more than eighteen months may elapse between the date of one annual general meeting and the next.

Annual general meetings and meetings calling for the passing of a special resolution require twenty-one days notice of the place, day and time of the meeting in writing to our shareholders. Any other general meeting requires no less than fourteen days notice in writing. Our business may be transacted at a general meeting only when a quorum of shareholders is present. Two persons entitled to attend and to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorized representative of a corporation which is a member, constitute a quorum. Nasdaq s marketplace rules, which apply to all companies listed on the Nasdaq Global Select Market, state in Rule 4350(f) that the minimum quorum for any meeting of holders of a company s common stock is 33 1/3% of the outstanding shares.

As a result, we requested, and Nasdaq granted to us, an exemption from compliance with the Rule 4350(f) requirement.

The annual general meetings deal with and dispose of all matters prescribed by our Articles of Association and by the 1991 Law including:

the consideration of our annual financial statements and report of our independent accountants;

the election of directors; and

the appointment of independent auditors.

Voting Rights

Subject to any special terms as to voting on which any shares may have been issued or may from time to time be held, at a general meeting, every shareholder who is present in person (including any corporation present by its duly authorized representative) shall on a show of hands have one vote and every shareholder present in person or by proxy shall on a poll have one vote for each share of which he is a holder. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

Unless we otherwise determine, no shareholder is entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a shareholder in respect of any share held by him unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses, if any, have been paid to us.

Dividends

Subject to the provisions of the 1991 Law and of the Articles of Association, we may, by ordinary resolution, declare dividends to be paid to shareholders according to their respective rights and interests in our profits. However, no dividend shall exceed the amount recommended by us. Subject to the provisions of the 1991 Law, we may declare and pay an interim dividend, including a dividend payable at a fixed rate, if an interim dividend appears to us to be justified by our profits available for distribution.

Except as otherwise provided by the rights attached to any shares, all dividends shall be declared and paid according to the amounts paid up, otherwise than in advance of calls, on the shares on which the dividend is paid. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall, if we so resolve, be forfeited and shall cease to remain owing by us.

We may, with the authority of an ordinary resolution, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of those ways.

We may also with the prior authority of an ordinary resolution, and subject to such conditions as we may determine, offer to holders of shares the right to elect to receive shares, credited as fully paid, instead of the whole, or some part, to be determined by us, of any dividend specified by the ordinary resolution.

Ownership Limitations

Our Articles of Association and the 1991 Law do not contain limits on the number of shares that a shareholder may own.

Distribution of Assets on a Winding-Up

If we are wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the shareholders in specie the whole or any part of our assets and may, for that purpose, value any assets and determine how the dividend shall be carried out as between the shareholders or vest the whole or any part of the assets in trustees on such trusts for the benefit of the shareholders as he with the like sanction shall determine but no shareholder shall be compelled to accept any assets on which there is a liability.

Transfer of Shares

Every shareholder may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by us. The instrument must be executed by or on behalf of the transferor and, in the case of a transfer of a share which is not fully paid up, by or on behalf of the transferee. The transferor is deemed to remain the holder until the transferee s name is entered in the register of shareholders.

We may, in our absolute discretion and without giving any reason, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:

it is in respect of a share which is fully paid up;

it is in respect of only one class of shares;

it is in favor of a single transferee or not more than four joint transferees;

it is duly stamped, if so required; and

it is delivered for registration to our registered office for the time being or another place that we may from time to time determine accompanied by the certificate for the shares to which it relates and any other evidence as we may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so; provided that we shall not refuse to register any transfer of partly paid shares which are listed on the grounds they are partly paid shares in circumstances where our refusal would prevent dealings in those shares from taking place on an open and proper basis.

Variation of Rights

If at any time our share capital is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares may be varied or abrogated in the manner, if any, that is provided by the rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of a resolution passed by the holders of not less than three-quarters in nominal value of the issued shares of that class at a separate general meeting of the holders of shares of the class. The quorum at that meeting shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class in question and at an adjourned meeting not less than one person holding shares of the class in question or his proxy.

Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking equally in all respects, except as to the date from which those new shares shall rank for dividend, with or subsequent to those already issued or by the reduction of the capital paid up on those shares or by the purchase or redemption by us of our own shares in accordance with the provisions of the 1991 Law and the Articles.

Capital Calls

Subject to the terms of allotment of shares, we may from time to time make calls on the members in respect of any monies unpaid on the shares, whether in respect of nominal value or premium, and not payable on a fixed date. A member must receive fourteen days notice of any call and any call is deemed to be made when the resolution of the board authorizing such call was passed.

If any call is not paid on or before the date appointed for payment, the person liable to pay that call shall pay all costs, charges and expenses of ours in connection with the non-payment, including interest on the unpaid amount, if requested by us.

Unless we otherwise determine, no member shall be entitled to receive any dividend or to be present and vote at any general meeting, or be included in a quorum, or to exercise any other right or privilege as a shareholder unless and until any outstanding calls in respect of his shares are paid.

Borrowing Powers

We may exercise all of our powers to borrow money and to mortgage or charge all or any part of our undertaking, property and assets, present and future, and uncalled capital and, subject to the provisions of the 1991 Law, to create and issue debenture and other loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of ours or of any third party.

Issue of Shares and Preemptive Rights

Subject to the provisions of the 1991 Law and to any special rights attached to any shares, we may allot or issue shares with those preferred, deferred or other special rights or restrictions regarding dividends, voting, transfer, return of capital or other matters as we may from time to time determine by ordinary resolution, or if no ordinary resolution has been passed or an ordinary resolution does not make specific provision, as we may determine. We may issue shares that are redeemable or are liable to be redeemed at our option or the option of the holder in accordance with our Articles of Association. Subject to the provisions of the 1991 Law the unissued shares at the date of adoption of the Articles of Association and shares created thereafter shall be at our disposal. We cannot issue shares at a discount.

There are no pre-emptive rights for the transfer of our shares either within the 1991 Law or our Articles of Association.

Meetings of the Board of Directors

Any director may, and the secretary at the request of a director shall, call a board meeting at any time on reasonable notice. A director may waive this notice requirement.

Subject to our Articles of Association our board of directors may meet for the conducting of business, adjourn and otherwise regulate its proceedings as it sees fit. The quorum necessary for the transaction of business may be determined by the board of directors and unless otherwise determined shall be two persons, each being a director or an alternate director. A duly convened meeting of the board of directors at which a quorum is present is necessary to exercise all or any of the board s authorities, powers and discretions.

Our board of directors may delegate or entrust to and confer on any director holding an executive office any of its powers, authorities and discretions for such time, on such terms and subject to such conditions as it sees fit. Our board of directors may also delegate any of its powers, authorities and discretions for such time and on such terms and subject to such conditions as it sees fit to any committee consisting of one or more directors and one or more other persons, provided that a majority of the members of the committee should be directors.

Remuneration of Directors

Our directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors any sum that we may from time to time determine, not exceeding in aggregate $300,000 per annum or any other sum as we, by ordinary resolution in a general meeting, shall from time to time determine. That sum, unless otherwise directed by ordinary resolution of us by which it is voted, shall be divided among the directors in the proportions and in the manner that the board determines or, if the board has not made a determination, equally. The directors are entitled to be repaid all traveling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors.

The salary or remuneration of any director appointed to hold any employment or executive office may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by us, and may be in addition to or in lieu of any fee payable to him for his services as director.

Pensions and Gratuities for Directors

We may exercise all of our powers to provide and maintain pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of any company in our group and their relatives or dependants.

Directors Interests in Contracts

Subject to the provisions of the 1991 Law and provided that his interest is disclosed as soon as practicable after a director becomes aware of the circumstances which gave rise to his duty to disclose in accordance with the Articles of Association, a director, notwithstanding his office, may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with us, or in which we are otherwise interested, may hold any other office or place of profit under us (except that of auditor of, or of a subsidiary of ours) in conjunction with the office of director

and may act by himself or through his firm in a professional capacity for us, and in any such case on such terms as to remuneration and otherwise as we may arrange, and may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by us or in which we are otherwise interested and shall not be liable to account to us for any profit, remuneration or other benefit realized by any such office, employment, contract, arrangement, transaction or proposal.

No such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

Restrictions on Directors Voting

Except as provided in our Articles of Association, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the board or of a committee of the board concerning any contract, arrangement, transaction or any other proposal whatsoever to which we are or will be a party and in which he has an interest which (together with an interest of any person connected with him) is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through us, unless the resolution concerns any of the following matters:

the giving of any guarantee, security, or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of us or any of our subsidiary undertakings;

the giving of any guarantee, security or indemnity in respect of a debt or obligation of ours or any of our subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

any proposal concerning an offer of shares or debentures or other securities of or by us or any of our subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

any proposal concerning any other body corporate in which he (together with persons connected with him) does not to his knowledge have an interest in 1% or more of the issued equity share capital of any class of that body corporate or of the voting rights available to shareholders of that body corporate;

any proposal relating to an arrangement for the benefit of our employees or the employees of any of our subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or

any proposal concerning insurance which we propose to maintain or purchase for the benefit of directors or for the benefit of persons who include directors.

A director shall not vote or be counted in the quorum for any resolution of the board or committee of the board concerning his own appointment (including fixing or varying the terms of his appointment or termination) as the holder of any office or place of profit with us or any company in which we are interested.

Number of Directors

Unless and until otherwise determined by a special resolution, the number of directors shall be not less than two or more than 20.

Directors Appointment and Retirement by Rotation

Directors may be appointed by ordinary shareholder resolution or by the board. If appointed by ordinary resolution, a director holds office only until the next annual general meeting and shall not be taken into account in determining the number of directors who are to retire by rotation. A director shall not be required to hold any of our shares.

At each annual general meeting, one-third of the directors who are subject to retirement by rotation will retire by rotation and be eligible for re-election. Subject to the provisions of the 1991 Law and to the Articles, the directors to retire will, first, be any director who wishes to retire and not offer himself for re-election and secondly, will be those who have been longest in office since their last appointment or re-appointment, but as between those who have been in office an equal length of time, those to retire shall (unless they otherwise agree) be determined by lot. There is no age limit imposed upon directors.

Untraced Shareholders

Subject to the Articles, we may sell any of our shares registered in the name of a shareholder remaining untraced for 12 years who fails to communicate with us following advertisement of an intention to make such a disposal. Until we can account to the shareholder, the net proceeds of sale will be available for use in our business or for investment, in either case at our discretion. The proceeds will not carry interest.

Crest

The Companies (Amendment No. 4) (Jersey) Law 1998 and the Companies (Uncertificated Securities) (Jersey) Order 1999 allow the holding and transfer of shares under CREST, the electronic system for settlement of securities in the United Kingdom. Our Articles of Association already provide for our shares to be held in uncertificated form under the CREST system.

Purchase of Shares

Subject to the provisions of the 1991 Law, we may purchase any of our own shares of any class. The 1991 Law provides that we may, by special resolution approve the acquisition of our own shares provided that the source of funds used to finance any repurchase is in accordance with the 1991 Law. The 1991 Law limits the type of funds available to govern the repurchase of the nominal value and the share premium attributed to any share.

Non-Jersey Shareholders

There are no limitations imposed by Jersey law or by our Articles of Association on the rights of non-Jersey shareholders to hold or vote on our ordinary shares or securities convertible into our ordinary shares.

Rights of Minority Shareholders and Fiduciary Duties

Majority shareholders of Jersey companies have no fiduciary obligations under Jersey law to minority shareholders. However, under the 1991 Law, a shareholder may, under some circumstances, seek relief from the court if he has been unfairly prejudiced by us. The provisions of the 1991 Law are designed to provide relief from oppressed shareholders without necessarily overriding the majority s decision. There may also be common law personal actions available to our shareholders.

Jersey Law and Our Memorandum and Articles of Association

The content of our Memorandum and Articles of Association is largely derived from an established body of corporate law and therefore they mirror the 1991 Law. Jersey company law draws very heavily from company law in England and there are various similarities between the 1991 Law and the English Companies Act 1985 (as amended). However, the 1991 Law is considerably shorter in content than the English Companies Act 1985 and there are some notable differences between English and Jersey company law. There are, for example, no provisions under Jersey law (as there are under English law):

controlling possible conflicts of interests between us and our directors, such as loans by us or directors, and contracts between us and our directors other than a duty on directors to disclose an interest in any transaction to be entered into by us or any of our subsidiaries which to a material extent conflicts with our interest;

specifically requiring particulars to be shown in our accounts of the amount of loans to officers or directors emoluments and pensions, although these would probably be required to be shown in our accounts in conformity to the requirement that accounts must be prepared in accordance with generally accepted accounting principles;

requiring us to file details of charges other than charges of Jersey realty; or

as regards statutory preemption provisions in relation to further issues of shares.

Under Article 143 of the 1991 Law, the court may make an order giving relief, including regulation of our affairs requiring us to refrain from doing or continuing to do an act complained of, authorizing civil proceedings and providing for the purchase of shares by any of our other shareholders.

The court has wide powers within its inherent jurisdiction and a shareholder could successfully bring an action in a variety of circumstances. Although there is no statutory definition of unfairly prejudicial conduct, authority suggests that it includes oppression and discrimination and that the test is objective.

There are no provisions in our Memorandum or Articles of Association concerning changes of capital where these provisions would be considered more restrictive than that required by the 1991 Law.

C. MATERIAL CONTRACTS

1. Project Management Agreement, dated March 16, 2009, between Randgold Resources Côte d Ivoire SARL and La Société d Opération Ivoirienne d Electricité (SOPIE).

We entered into a new project management agreement with SOPIE for the design, acquisition of goods and services and construction of works for the supply of power for the new Tongon gold mine.

2. Letter Agreement, dated September 18, 2008, between Randgold Resources (Côte d Ivoire) Limited and New Mining Côte d Ivoire SARL.

We entered into a letter agreement with New Mining CI agreeing to fund their portion of the Tongon Project in exchange for an additional 3% interest.

3. Contract of Employment, dated July 1, 2008, between Randgold Resources Limited and Mr. G.P. Shuttleworth.

We entered into an employment contract with Mr. G.P. Shuttleworth in respect of his employment as the Finance Director, with his date of employment being effective July 1, 2007.

D. EXCHANGE CONTROLS

There are currently no Jersey or United Kingdom foreign exchange control restrictions on the payment of dividends on our ordinary shares or on the conduct of our operations. Jersey is in a monetary union with the United Kingdom. There are currently no limitations under Jersey law or our Articles of Association prohibiting persons who are not residents or nationals of the United Kingdom from freely holding, voting or transferring our ordinary shares in the same manner as United Kingdom residents or nationals.

E. TAXATION

Material Jersey Tax Consequences

General

The following summary of the anticipated tax treatment in Jersey in relation to the payments on the ordinary shares and ADSs is based on the taxation law and practice in force at the date of this Annual Report, and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. We encourage you to consult your own professional advisers on the implications of subscribing or buying, holding, selling, redeeming or disposing of ordinary shares or ADSs and the receipt of interest and distributions, whether or not on a winding-up, with respect to the ordinary shares or ADSs under the laws of the jurisdictions in which they may be taxed.

Following amendments to the Income Tax (Jersey) Law 1961 (the Income Tax Law), our tax position (along with all other companies incorporated in Jersey) has changed. Up until December 31, 2008, we were an exempt company within the meaning of Article 123A of the Income Tax Law. As an exempt company we were not liable for Jersey income tax other than on Jersey source income, except by concession bank deposit interest on Jersey bank accounts. For as long as we were an exempt company , payments in respect of the ordinary shares and ADSs were not subject to any taxation unless a shareholder was resident in Jersey, and no withholding in respect of taxation were required on those payments to any holder of the ordinary shares or ADSs.

We are now regarded by the Comptroller as a zero rated company within the meaning of Article 123C of the Income Tax Law with effect from January 1, 2009.

The Income Tax Law now provides that the standard rate of income tax on profits of a non-financial service company regarded as resident in Jersey or having a permanent establishment in Jersey will be zero percent. The Income Tax Law also provides that the new tax regime will apply for the year of assessment 2008 in relation to non-financial service companies which are first regarded as resident in Jersey or which have a permanent establishment in Jersey on or after June 3, 2008.

As a zero rated non-financial service company we will not be liable for Jersey income tax other than on Jersey source income, except by concession bank deposit interest on Jersey bank accounts. For so long as we are a zero rated company, payments in respect of the ordinary shares and ADSs will not be subject to any taxation in Jersey and no withholding in respect of taxation will be required on those payments to any holder of the ordinary shares or ADSs.

Currently, there is no double tax treaty or similar convention between the US and Jersey.

Taxation of Dividends

Dividends are declared and paid gross in US dollars. Under the existing Jersey law, payments in respect of the ordinary shares and ADSs, whether by dividend or other distribution paid to shareholders (other than to residents in Jersey), will not be subject to any taxation in Jersey and no withholding in respect of taxation will be required on those payments to any holder of our ordinary shares or ADSs.

Taxation of Capital Gains and Estate and Gift Tax

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue or transfer of ordinary shares or ADSs. In the event of the death of an individual sole shareholder, duty at rates of up to 0.75% of the value of the ordinary shares or ADSs held may be payable on the registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with ordinary shares or ADSs held by the deceased individual sole shareholder.

Material United States Federal Income Tax Consequences

The following summary describes the material US Federal income tax consequences to US holders (as defined below) arising from the purchase, ownership and disposition of our ordinary shares or ADSs. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, final, temporary and proposed US Treasury Regulations promulgated under the Code, and administrative and judicial interpretations of the Code and the US Treasury Regulations, all as in effect as of the date of this summary, and all of which are subject to change, possibly with retroactive effect.

This summary has no binding effect or official status of any kind; we cannot assure holders that the conclusions reached below would be sustained by a court if challenged by the Internal Revenue Service.

For purposes of this discussion, a US holder is a holder of our ordinary shares or ADSs that is a beneficial owner of such shares or ADSs and is:

- a US citizen;
- an individual resident in the United States for US Federal income tax purposes;
- a domestic corporation, or other entity taxable as a corporation, organized under the laws of the United States or of any US state or the District of Columbia;

an estate the income of which is includible in its gross income for US Federal income tax purposes without regard to its source; or

a trust, if either: a US court is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all the substantial decisions of the trust, or the trust has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

This summary does not deal with all aspects of US Federal income taxation that may be relevant to particular US holders in light of their particular circumstances, or to US holders subject to special rules, including, without limitation:

some retirement plans;

insurance companies;

US holders of ordinary shares or ADSs held as part of a straddle, synthetic security, hedge, conversion transaction or other integrated investment;

persons that enter into constructive sales involving our ordinary shares or ADSs or substantially identical property with other investments;

US holders whose functional currency is not the US Dollar;

some expatriates or former long-term residents of the United States;

financial institutions;

broker-dealers;

tax-exempt organizations;

US holders who own, directly, indirectly or through attribution, 10% or more of our outstanding voting stock;

persons subject to the alternative minimum tax;

Regulated investment companies;

Traders in securities who elect to apply a mark-to-market method of accounting; and

persons who acquired their shares or ADSs pursuant to the exercise of employee stock options or otherwise as compensation.

In addition, this summary does not address the effect of any applicable US state, local or non-US tax laws, does not consider the tax treatment of persons who own our ordinary shares or ADSs through a partnership or other pass-through entity, and deals only with ordinary shares or ADSs held by US holders as capital assets as defined in Section 1221 of the Code. If a partnership (including for this purpose, any entity treated as a partnership for US Federal income tax purposes) holds shares or ADSs, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If a US holder is a partner in a partnership that holds shares or ADSs, the holder is urged to consult its own tax advisor regarding the specific tax consequences of the ownership and disposition of the shares or ADSs.

We encourage US holders of our ordinary shares or ADSs to consult with their own tax advisors with respect to the US Federal, state and local tax consequences, as well as the tax consequences in other jurisdictions, of the purchase, ownership and disposition of our ordinary shares or ADSs applicable in their particular tax situations.

Ownership of Ordinary Shares or ADSs

For purposes of the Code, US holders of ADSs will be treated for US Federal income tax purposes as the owner of the ordinary shares represented by those ADSs. Exchanges of ordinary shares for ADSs and ADSs for ordinary shares generally will not be subject to US Federal income tax.

For US Federal income tax purposes, distributions with respect to our ordinary shares or ADSs, other than distributions in liquidation and distributions in redemption of stock that are treated as exchanges, will be taxed to US holders as ordinary dividend income to the extent that the distributions do not exceed our current and accumulated earnings and profits as determined for federal income tax purposes.

Distributions, if any, in excess of our current and accumulated earnings and profits will constitute a non-taxable return of capital and will be applied against and reduce the holder s basis in our ordinary shares or ADSs. To the extent that these distributions exceed the US holder s tax basis in our ordinary shares or ADSs, as applicable, the excess generally will be treated as capital gain, subject to the discussion below under the heading Passive Foreign Investment Company Rules .

Dividend income derived with respect to our ordinary shares or ADSs will constitute portfolio income for purposes of the limitation on the use of passive activity losses and, therefore, generally may not be offset by passive activity losses, and as investment income for purposes of the limitation on the deduction of investment interest expense. Such dividends will not be eligible for the dividends received deduction generally allowed to a US corporation under Section 243 of the Code.

Individual US holders are eligible for reduced rates of US Federal income tax (currently a maximum of 15%) in respect of qualified dividend income received in taxable years beginning after December 31, 2002 and beginning before January 1, 2011. For this purpose, qualified dividend income generally includes dividends paid by non-US corporations if, among other things, certain minimum holding periods are met and either (i) the ordinary shares (or ADSs) with respect to which the dividend has been paid are readily tradable on an established securities market in the United States, or (ii) the non-US corporation is eligible for the benefits of a comprehensive US income tax treaty which provides for the exchange of information. We currently believe that dividends paid with respect to our ordinary shares and ADSs will constitute qualified dividend income for US federal income tax purposes, provided the individual US holders of our shares and ADSs meet certain requirements. However, if we are a passive foreign investment company, as discussed below under the heading Passive Foreign Investment Company Rules , in the taxable year of the distribution or the preceding tax year, the dividends paid with respect to our ADSs will not constitute qualified dividend income. US holders are urged to consult their own tax advisors regarding the classification of any distributions from us as qualified dividend income.

Sale or Other Disposition of Ordinary Shares or ADSs

If a US holder sells or otherwise disposes of its ordinary shares or ADSs in a taxable transaction, it will generally recognize gain or loss for US Federal income tax purposes in an amount equal to the difference between the amount realized on the sale or other taxable disposition and its tax basis in the ordinary shares or ADSs. Subject to the discussion below under Passive Foreign Investment Company Rules, that gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the US holder has held the ordinary shares or ADSs for more than one year at the time of the sale or other taxable disposition. In general, any gain that US holders recognize on the sale or other taxable disposition of ordinary shares or ADSs will be US source income for purposes of the foreign tax credit limitation and any losses recognized will generally be allocated against US source income. Deduction of capital losses is subject to limitations under the Code.

Passive Foreign Investment Company Rules

A special and adverse set of US Federal income tax rules apply to a US holder that holds stock in a passive foreign investment company, or PFIC. In general, we will be a PFIC if 75% or more of our gross income in a taxable year is passive income. Alternatively, we will be considered to be a PFIC if at least 50% of our assets in a taxable year, averaged over the year and determined based on fair market value, are held for the production of, or produce, passive income.

We believe that we currently are not a PFIC and do not expect to become a PFIC in the near future. There is significant uncertainty in the application of the PFIC rules to mining enterprises such as ourselves as a result of the interplay of several sets of tax rules. In addition, because the tests for determining PFIC status are applied as of the end of each taxable year and are dependent upon a number of factors, some of which are beyond our control, including the value of our assets, the market price of our ordinary shares, and the amount and type of our gross income, we cannot assure you that we will not become a PFIC in the future or that the US Internal Revenue Service will agree

with our conclusion regarding our current PFIC status.

If we are a PFIC for US Federal income tax purposes for any year during a US holder s holding period of our ADSs or ordinary shares and the US holder does not make a QEF Election or a mark-to-market election, both as described below:

- any gain recognized by a US holder upon the sale of ADSs or ordinary shares, or the receipt of some types of distributions, would be treated as ordinary income;
- this income generally would be allocated ratably over a US holder s holding period with respect to our ADSs or ordinary shares; and
- the amount allocated to prior years, with certain exceptions, will be subject to tax at the highest tax rate in effect for those years and an interest charge would be imposed on the amount of deferred tax on the income allocated to the prior taxable years.

Although we generally will be treated as a PFIC as to any US holder if we are a PFIC for any year during a US holder s holding period, if we cease to satisfy the requirements for PFIC classification, the US holder may avoid PFIC classification for subsequent years if he, she or it elects to recognize gain based on the unrealized appreciation in the ADSs or ordinary shares through the close of the tax year in which we cease to be a PFIC. Additionally, if we are a PFIC, a US holder who acquires ADSs or ordinary shares from a decedent would be denied the normally available step-up in tax basis for our ADSs or ordinary shares to fair market value at the date of death and instead would have a tax basis equal to the lower of the fair market value or the decedent s tax basis.

A US holder who beneficially owns stock in a PFIC must file Form 8621 (Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with the Internal Revenue Service for each tax year such US holder holds stock in a PFIC. This form describes any distributions received with respect to such stock and any gain realized upon the disposition of such stock.

For any tax year in which we are determined to be a PFIC, a US holder may make a QEF Election, which is an election to treat his, her or its ADSs or ordinary shares as an interest in a qualified electing fund. If a US holder makes a QEF Election, the US holder would be required to include in income currently his, her or its proportionate share of our earnings and profits in years in which we are a PFIC regardless of whether distributions of these earnings and profits are actually distributed to that US holder and be required to comply with specified information reporting requirements. Any gain subsequently recognized upon the sale by that US holder of his, her or its ADSs or ordinary shares generally would be taxed as capital gain and the denial of the basis step-up at death described above would not apply. In order for a US holder to be able to make a QEF Election, however, we would be required to provide such US holder with certain information. We do not expect to provide US holders with the required information; and accordingly a QEF Election will not be available.

As an alternative to a QEF Election, a US holder generally may be able to avoid the imposition of the special tax and interest charge described above by electing to mark his, her or its ADSs or ordinary shares to market annually, and, therefore, recognize for each taxable year, subject to certain limitations, ordinary income or loss equal to the difference, as of the close of taxable year, between the fair market value of his, her or its ADSs or ordinary shares and the adjusted tax basis of his or its ADSs or ordinary shares. Losses would be allowed only to the extent of the net mark-to-market gain previously included by the US holder under the election in prior taxable years. If a mark-to-market election with respect to ADSs or ordinary shares is in effect on the date of a US holder s death, the tax basis of the ADSs or ordinary shares in the hands of a US holder who acquired them from a decedent will be the lesser of the decedent s tax basis or the fair market value of the ADSs or ordinary shares.

Rules relating to a PFIC are very complex. US holders are encouraged to consult their own tax advisors regarding the application of PFIC rules to their investments in our ADSs or our ordinary shares.

Backup Withholding and Information Reporting

Payments to US holders in respect of our ordinary shares or ADSs may be subject to information reporting to the US Internal Revenue Service and to backup withholding tax, currently imposed at a rate of 28%.

However, backup withholding and information reporting will not apply to a US holder that is a corporation or comes within an exempt category, and demonstrates the fact when so required, or furnishes a correct taxpayer

identification number and makes any other required certification.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules will be allowed as a refund or credit against a US holder s US Federal income tax liability, provided that the required procedures are followed.

United Kingdom Tax Considerations

The following statements do not constitute tax advice and are intended as a general guide only to the U.K. tax position under current U.K. legislation and published HM Revenue & Customs practice as at the date of this document, both of which is subject to change at any time, possibly with retrospective effect. These statements deal only with the position of shareholders who are resident (and, in the case of individuals only, ordinarily resident and domiciled) solely in the U.K. for tax purposes (except where the position of a non-U.K. tax resident shareholder is expressly referred to) and who hold their ordinary shares or ADSs as an investment and who are the absolute beneficial owners of the ordinary shares and of all dividends of any kind paid in respect of them. The tax position of certain categories of shareholders who are subject to special rules (such as persons acquiring their shares or ADSs (or deemed to acquire their shares or ADSs) in connection with an employment or office, dealers in securities, insurance companies and collective investment schemes) is not considered. Any shareholder who is in doubt as to their tax position regarding the acquisition, ownership or disposal of their ordinary shares or ADSs or who are subject to tax in a jurisdiction other than the U.K., should consult their own independent tax adviser.

Dividends

A person having an interest in ADSs or ordinary shares who is not a resident in the U.K. will not be subject to tax in the U.K. on dividends paid on our ordinary shares, unless that person carries on business in the U.K. through a branch or agency or, if that person is a company, a permanent establishment to which the ordinary shares or ADSs in question are attributable.

A person having an interest in ADSs or ordinary shares who is resident in the U.K. will, in general, be subject to U.K. income tax or corporation tax on dividends paid by us.

A U.K. resident individual shareholder with an interest in less than 10% of our ordinary share capital who receives the dividend will be entitled to a tax credit which may be set off against the shareholder s total income tax liability on the dividend. The value of the tax credit is currently 10% of the aggregate of the dividend and the tax credit (the Gross Dividend), which is also equal to one ninth of the cash dividend received.

Such an individual U.K. resident shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10% of the Gross Dividend, so that the tax credit will satisfy in full such shareholder s liability to income tax on the dividend.

An individual shareholder who is liable to income tax at the higher rate will be taxed at the rate of 32.5% on the Gross Dividend. The tax credit will be set against, but not fully match, the shareholder s tax liability on the Gross Dividend and such shareholder will have to account for additional income tax equal to 22.5% of the Gross Dividend (which is equal to 25% of the cash dividend received) to the extent that the Gross Dividend when treated as the top slice of the shareholder s income falls above the threshold for higher rate income tax.

The U.K. government has announced proposals to introduce, with effect from April 6, 2010, a new tax rate of 50% for taxable income above £150,000. However, dividends which would otherwise be taxable at the new 50% rate would be liable to income tax at a new rate of 42.5% of the Gross Dividend. This equates to 36.1% of the cash dividend received.

A shareholder will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by us unless permitted to do so under any double tax treaty between the U.K. and the shareholder s country of residence. Each shareholder resident outside the U.K. may also be subject to foreign taxation on dividend income under local law.

No other credit will be available against the U.K. tax liability of a person having an interest in ADSs or ordinary shares on dividends received from us for underlying taxes suffered or paid by us on our own income, except in the case of a company owning directly or indirectly not less than 10% of our voting power. As we are a Jersey exempt company, no withholding taxes will be payable on dividends.

Capital Gains

A person having an interest in ADSs or ordinary shares who is neither resident nor ordinarily resident in the U.K. will generally not be subject to tax in the U.K. on capital gains on a disposal of our ordinary shares or interests in the ADSs.

However, individuals who left the U.K. after March 17, 1998 and who were resident in the U.K. for four out of seven years prior to departure, and who return to the U.K. before five complete tax years following departure will be subject to U.K. capital gains tax on any gains realized during the period of absence.

Persons having an interest in ADSs or ordinary shares who are resident and/or ordinarily resident in the U.K. or who hold their ordinary shares or interests in ADSs through a U.K. trading branch or agency (or, if that person is a company, a permanent establishment) will, in general, be subject to U.K. taxation on capital gains on a disposal of ordinary shares or interests in ADSs.

Inheritance Tax

Liability to U.K. inheritance tax may arise on the death of a person having an interest in ADSs or ordinary shares, or on a gift (or disposal at an undervalue) of ordinary shares or ADSs by a person, who is domiciled, or deemed to be domiciled, in the U.K.

Where ordinary shares or interests in ADSs are held by a person who is neither domiciled nor deemed to be domiciled in the U.K., no liability to U.K. inheritance tax will arise in respect of them.

Stamp Duty and Stamp Duty Reserve Tax

No U.K. stamp duty should be payable on any transfer of an ADS, provided it is executed and retained outside the U.K. Therefore, a transfer of an ADS in the United States between non-residents of the U.K. would not ordinarily give rise to a U.K. stamp duty charge.

An instrument transferring an ADS could attract U.K. stamp duty if it relates to anything done or to be done in the U.K.; for example, if it is executed in the U.K. or to be brought into the U.K. after execution. If the transfer is on a sale then the rate of stamp duty will be 0.5% of the consideration given. This charge is rounded up to the nearest (pounds sterling) 5. Gifts and other transfers which are neither made on sale nor made in contemplation of a sale do not attract this charge. Instead they will either be exempt or attract a fixed duty of (pounds sterling) 5 per transfer.

A transfer from The Bank of New York Mellon to an ADS holder of the underlying ordinary shares may be subject to a fixed stamp duty of (pounds sterling) 5 if the instrument of transfer relates to anything done or to be done in the U.K.; for example, if it is executed in the U.K. or is to be brought into the U.K. after execution. A transfer of ordinary shares from The Bank of New York Mellon directly to a purchaser on behalf of an ADS holder may attract stamp duty at a rate of 0.5% of the consideration, rounded up to the nearest (pounds sterling) 5 U.K. stamp duty reserve tax will not be payable on an agreement to transfer ADSs or ordinary shares.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENTS BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

You may request a copy of our US Securities and Exchange Commission filings, at no cost, by writing or calling us at Randgold Resources Limited, La Motte Chambers, St. Helier, Jersey, JE1 1BJ, Channel Islands. Attention: D. J. Haddon, Telephone: (011 44) 1534-735-333. A copy of each report submitted in accordance with applicable United States law is available for public review at our principal executive offices at La Motte Chambers, St. Helier, Jersey, Channel Islands.

A copy of each document (or a translation thereof to the extent not in English) concerning us that is referred to in this Annual Report, is available for public view at our principal executive offices at La Motte Chambers, St. Helier, Jersey, Channel Islands. Attention: D. J. Haddon, Telephone: (011 44) 1534-735-333.

I. SUBSIDIARY INFORMATION

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Hedge Policy

Although, in general, it is not our policy to hedge our gold sales, we believe it is prudent to hedge during times of significant capital expansion and debt and we are sometimes required to do so under debt financing arrangements. The market price of gold has a significant effect on our results of operations, our ability to pay dividends and undertake capital expenditures, and the market price of our ordinary shares. Gold prices have historically fluctuated widely and are affected by numerous industry factors over which we have no control. The aggregate effect of these factors is impossible for us to predict.

We use hedging instruments to protect the selling price of some of our anticipated gold production. These hedging instruments have been required by the terms of our Morila and Loulo loans.

The Morila hedge book was closed out in 2004.

The Loulo project finance loan was entered into in 2004 with a consortium of financial lenders, namely, Rothschild, SG Corporate and Investment Bank, ABSA Bank and HVB Group, and had as a requirement that some hedging be put in place. The intended effect of the hedging transactions was to lock in a fixed sale price for some of our future gold production, and reduce the adverse impact of a future fall in gold prices.

Somilo s hedging is administered by our finance department which acts upon the recommendations of a hedging committee within the guidelines of a policy set by our board. The hedging was entered into in terms of a requirement of the Loulo Loan. The Loulo loan and our hedging arrangements were with a consortium of financial lenders: Rothschild, SG Corporate and Investment Bank, ABSA Bank and HVB Group. The Loulo Loan had in early May 2007 been replaced by a Revolving Credit Facility.

The consortium of financial lenders in the Revolving Credit Facility are Rothschild, SG Corporate and Investment Bank, Barclays Bank and Fortis Bank. The Revolving Credit Facility does not require any minimum hedging levels, but all hedging contracts are assigned to the consortium of financial lenders as well as those banks we have hedging arrangements with as part of a security package.

All of Somilo s derivative transactions previously had to be in compliance with the terms and conditions of the Loulo loan agreement. That agreement placed a limit on derivative transactions of 70% of Loulo s forecast production for a given year. In terms of the Revolving Credit Facility Agreement, derivative transactions in the group are limited to 75% of group production.

Our board agreed as part of the financing arrangements for the development of Loulo that some gold price protection be secured. At December 31, 2008, 126,744 ounces remained, sold forward at an average forward price of $456 per ounce. At December 31, 2007, 207,240 ounces had been sold forward at an average price of $446 per ounce.

These derivatives are accounted for in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement . Under IAS 39, all these derivatives are recognized on the balance sheet at their fair value.

On the date a derivative contract is entered into, we designate the derivative for accounting purposes as either a hedge of the fair value of a recognized asset or liability or a firm commitment (fair value hedge) or a hedge of a forecasted transaction (cash flow hedge). The derivatives held as at December 31, 2008 were all being accounted for as cash flow hedges.

We formally document all relationships between hedging instruments and hedged items, as well as our risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives designed as hedges to specific assets and liabilities or to specific firm commitments or forecasted transactions. We formally assess, both at the hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Foreign Currency and Commodity Price Sensitivity

In the normal course of business, the group enters into transactions denominated in foreign currencies (primarily Euro, South African Rand and Communauté Financière Africaine Franc). As a result, the group is subject to exposure from fluctuations in foreign currency exchange rates. In general, the group does not enter into derivatives to manage these currency risks. Generally, the group does not hedge its exposure to gold price fluctuation risk and sells at market spot prices. Gold sales are disclosed in US dollars and do not expose the group to any currency fluctuation risk. However, during periods of capital expenditure or loan finance, the company may use forward contracts or options to reduce the exposure to price movements, while maintaining significant exposure to spot prices. These derivatives may establish a fixed price for a portion of future production while the group maintains the ability to benefit from increases in the spot gold price for the majority of future gold production. The group is also exposed to fluctuations in the price of consumables, such as fuel, steel, rubber, cyanide and lime, mainly due to changes in the price of oil, as well as fluctuations in exchange rates.

$000	**2008**	**2007**
Level of exposure of foreign currency risk		
Carrying value of foreign currency balances		
Cash and cash equivalents includes balances denominated in:		
Communauté Financière Africaine franc (CFA)	(2,609)	1,209
Euro (EUR)	11,556	27,330
South African Rand (ZAR)	8,830	305
Pound Sterling (GBP)	335	5,586
Accounts receivable and prepayments include balances denominated in:		
Communauté Financière Africaine franc (CFA)	24,151	34,943
South African Rand (ZAR)	571	681
Euro (EUR)	377	186
Pound Sterling (GBP)	1,302	2,847
Accounts payable includes balances denominated in:		
Communauté Financière Africaine franc (CFA)	(25,380)	(26,842)
South African Rand (ZAR)	(362)	(552)
Pound Sterling (GBP)	(394)	(544)
Euro (EUR)	(782)	(2,204)

The group s exposure to foreign currency arises where a company holds monetary assets and liabilities denominated in a currency different to the functional currency of the group which is the US dollar. Set out below is the impact of a 10.0% change in the US dollar on profit and equity arising as a result of the revaluation of the group s foreign currency financial instruments.

Level of exposure of foreign currency risk (continued)	Closing exchange Rate	Effect of 10.0% strengthening of US dollar on net earnings and equity $000
At December 31, 2008		
Euro (EUR)	0.7095	1,115
British pound (GBP)	0.6910	203
Communauté Financière Africaine franc (CFA)	465.40	(874)
South African rand (ZAR)	9.4649	976
At December 31, 2007		
Euro (EUR)	0.6794	2,531
British pound (GBP)	0.5009	789
Communauté Financière Africaine franc (CFA)	445.66	144
South African rand (ZAR)	6.8547	154

The sensitivities are based on financial assets and liabilities held at December 31 where balances were not denominated in the functional currency of the group. The sensitivities do not take into account the group s sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

The market price of gold has a significant effect on our results of operations, our ability to pay dividends and undertake capital expenditures and the market prices of our ordinary shares.

Gold prices have historically fluctuated widely and are affected by numerous industry factors over which we have no control. The aggregate effect of these factors is not possible for us to predict.

Details of the derivative financial instruments at December 31, 2008 are:

Maturity Dates	Hedging instruments Forward Sales of Gold Ounces	$/oz
Loulo (100%)		
December 31, 2009	84,996	435
December 31, 2010	41,748	500
	126,744	456

And at December 31, 2007:

Maturity Dates	Hedging instruments Forward Sales of Gold Ounces	$/oz
Loulo (100%)		
December 31, 2008	80,496	429
December 31, 2009	84,996	435
December 31, 2010	41,748	500

	207,240	446

The forward price of gold is sensitive to fluctuations in the gold spot price, interest rates and the gold lease rate. The following table sets forth a sensitivity analysis of the mark-to-market valuations of our hedges as at December 31, 2008:

Sensitivity to Change in Gold Price at December 31, 2008

Loulo (100%):									
Change in $ gold price	$ 20	$ 10	$ 5	$ 2	0	($2)	($5)	($10)	($20)
Mark-to-market valuation ($ million)	(55.5)	(54.3)	(53.7)	(53.4)	(53.1)	(52.9)	(52.6)	(52.0)	(50.8)

Sensitivity to Change in Average $ Interest Rate at December 31, 2008

Loulo (100%):							
Change in rate	1.00%	0.50%	0.20%	0.00%	(0.20%)	(0.50%)	(1.00%)
Mark-to-market valuation* ($ million)	(54.3)	(53.7)	(53.4)	(53.1)	(52.9)	(52.6)	(52.0)

Sensitivity to Change in Gold Lease Rate at December 31, 2008

Loulo (100%):							
Change in rate	1.00%	0.50%	0.20%	0.00%	(0.20%)	(0.50%)	(1.00%)
Mark-to-market valuation* ($ million)	(52.6)	(52.9)	(53.0)	(53.1)	(53.2)	(53.4)	(53.7)

* The actual mark-to-market valuation at December 31, 2008 was negative $53.1 million.

These movements will affect profits when the relevant forward contracts expire. There will be a corresponding impact on equity.

Effect of Change in Gold Price on Profit and Loss at December 31, 2008

Change in rate	20%	10%	0%	(10%)	(20%)
Mark-to-market valuation ($ million)	60.6	30.3	0.0	(30.3)	(60.6)

During 2004, a hedging program totaling 365,000 ounces was put in place in terms of a requirement of the Loulo loan. We have used four counterparties for our current hedge book. These counterparties are international banks which have not failed to perform as required under our hedging arrangements.

During January 2006, 10,000 ounces previously sold in even amounts over the period January 2006 to June 2006 at $430 per ounce were rolled forward into the period January 2009 to June 2009, with a new forward price of $489 per ounce. In the same month, 6,667 ounces from the January 2006 forward sales, previously priced at $430 per ounce, were rolled forward into May and June 2006 at a price of $437 per ounce. In February 2006, we moved 20,000 ounces previously sold forward over the period February 2006 to April 2006 at a price of $430 per ounce, into the period June 2006 to December 2006 at a price of $441 per ounce.

In August 2006, 5,999 ounces previously sold forward at $425.91 were rolled out in equal quantities into January 2007 and April 2007 at prices of $431.81 and $434.06, respectively.

In December 2006, we moved 10,580 ounces previously sold forward at $435.33 in equal quantities into February and March 2007 at new forward prices of $437.90 and $438.18, respectively.

During the first quarter of 2007, 10,752 ounces previously sold forward at $444.81 were rolled out to the second and third quarters of 2007, 3,583 ounces at $454.51 into the second quarter and 7,168 ounces at $456.09 into the third

quarter.

The Revolving Credit Facility replaced the Loulo Loan in May 2007. As the HVB Group, which previously participated in the Loulo Loan, is not a lender in the Revolving Credit Facility, the 40,248 ounces of the remaining 2007, 2008 and 2009 hedged ounces which pertained to the HVB Group was novated to other

counterparties in May 2007. The 11,748 ounces at an average forward price of $436.69 per ounce due for delivery in 2007 were novated and subsequently rolled forward to 2010 at $472 per ounce. The new price is net of any novation charges. The 28,500 ounces at a previous average forward price of $429.95 due for delivery in 2008 and 2009 were novated at $418.58, the lower price being the result of novation charges pertaining to these ounces. Also in May 2007, 30,000 ounces previously sold forward in 2007 at an average price of $447.29 per ounce, were rolled into 2010 at a new average forward price of $511.28 per ounce.

Details of the derivative financial instruments at March 31, 2009 are:

	Hedging instruments Forward Sales of Gold	
Maturity Dates	**Ounces**	**$/oz**
Loulo (100%)		
December 31, 2009	61,248	433
December 31, 2010	41,748	500
	102,996	460

The accounting effects of our hedging activities are as follows:

The total fair value of the above financial instruments as at December 31, 2008 was a liability of $53.1 million (December 31, 2007: liability of $85.6 million).

During the year ended December 31, 2006, we sold 448,242 ounces of gold at an average price of $571 per ounce. At the average spot gold price for the year of approximately $604 per ounce, product sales would have amounted to approximately $270.70 million for the year, an increase of approximately $12.4 million in sales.

During the year ended December 31, 2007, we sold 444,573 ounces of gold at an average price of $636 per ounce. At the average spot gold price for the year of approximately $695 per ounce, product sales would have amounted to approximately $309 million for the year, an increase of approximately $26.2 million in sales.

During the year ended December 31, 2008, we sold 427,713 ounces of gold at an average price of $792 per ounce. At the average spot gold price for the year of approximately $871 per ounce, product sales would have amounted to approximately $373 million for the year, an increase of approximately $34 million in sales.

Interest Rate Sensitivity

We generally do not undertake any specific actions to cover our exposure to interest rate risk and at December 31, 2008 were not party to any interest rate risk management transactions.

At December 31, 2007 the fair value of our borrowings, including the short-term portion of these liabilities, excluding loans from outside shareholders in subsidiaries, was estimated at $6.4 million. The aggregate hypothetical loss in earnings on an annual basis from a hypothetical increase of 10% of the three month LIBOR rate is negligible.

At December 31, 2008 the fair value of our borrowings, including the short-term portion of these liabilities, excluding loans from outside shareholders in subsidiaries, was estimated at $2.8 million. The aggregate hypothetical loss in earnings on an annual basis from a hypothetical increase of 10% of the three month LIBOR rate is negligible.

As our net earnings exposure with respect of debt instruments was mostly to the one month LIBOR, the hypothetical loss was modeled by calculating the 10% adverse change in one month LIBOR multiplied by the fair value of the respective debt instrument.

Item 12. Description of Securities Other Than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

There have been no material defaults in the payment of principal, interest, a sinking fund or purchase fund installment or any other material default with respect to any of our indebtedness.

Item 14. Material Modification to the Rights of Security Holders and Use of Proceeds

Effective on June 11, 2004, we undertook a subdivision 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 additional $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.

Item 15. Controls and Procedures

(a) Disclosure Controls and Procedures: Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures, including controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timeous decisions regarding required disclosure, are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the required time periods.

(b) Management s Report on Internal Control over Financial Reporting: Our management is responsible for establishing and maintaining adequate internal control over financial reporting. The Securities Exchange Act of 1934 defines internal control over financial reporting in Rule 13a-15(f) and 15d-15(f) as a process designed by, or under the supervision of, the company s principal executive and principal financial officers and effected by the company s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based upon its assessment, our management concluded that, as of December 31, 2008, our internal control over financial reporting is effective based upon those criteria.

BDO Stoy Hayward LLP, an independent registered public accounting firm that audited the consolidated financial statements included in this annual report on Form 20-F, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2008.

(c) See report of BDO Stoy Hayward LLP, an Independent Registered Public Accounting Firm included under Item 18 Financial Statements , on page F-1.

(d) Changes in Internal Control Over Financial Reporting: There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16. Reserved

Item 16A. Audit Committee Financial Expert

Our board determined that Mr. B.H. Asher, the former chairman of the audit committee (through May 5, 2009), was an audit committee financial expert as defined in Item 16A of Form 20-F. Dr. K. Voltaire, the current chairman of the audit committee, has been determined by the board to be an audit committee financial expert . Dr. Voltaire and each of the other members of the audit committee (being Mr. J.K. Walden and Mr. C.L. Coleman) are independent directors.

Item 16B. Code of Ethics

Our board has adopted a code of ethics that applies to the Chief Executive Officer, Financial Director and all financial officers. This code of ethics is posted on our website, www.randgoldresources.com.

Item 16C. Principal Accountant Fees and Services

BDO Stoy Hayward LLP has served as our independent registered public accounting firm for the financial years ended December 31, 2008 and 2007. PricewaterhouseCoopers LLP served as our independent registered public accounting firm for the financial year ended December 31, 2006, for which audited financial statements appear in this Annual Report on Form 20-F.

The following table presents the aggregate fees for professional services and other services rendered by our Independent Registered Public Accounting Firm to us in 2008 and 2007.

	2008	2007
	$	$
	(in millions)	
Audit Fees [1]	0.7	0.8
Audit-related Fees [2]		
Tax Fees		
All Other Fees		
Total	$ 0.7	$ 0.8

(1) The Audit Fees consist of fees billed for the annual audit services engagement and other audit

services, which are those services that only the external auditor reasonably can provide, and include our audit and statutory audits.

(2) Audit-related fees include fees billed relating to comfort letters and consents; attest services; and assistance with and review of documents filed with the Securities and Exchange Commission.

Audit Committee Pre-Approval Policies and Procedures

Below is a summary of the Audit Committee s pre-approved policies and procedures:

The Audit Committee comprises only independent non-executive directors and its mandate covers the sphere of duties relating to accounting policies, internal control, financial reporting practices, identification of exposure to significant risks and all corporate governance issues.

The Audit Committee is responsible for the appointment, removal and oversight of the activities of the external auditors. In addition, the Audit Committee sets the principles for recommending the use of external auditors for non-audit services. The Audit Committee approves all external consulting services and other charges levied by the external auditors.

The Audit Committee met six times during 2008. At some of these meetings the committee met with the external audit partner and the finance director, to review the audit plans of the external auditors, to ascertain the extent to which the scope of the audit can be relied upon to detect weaknesses in internal controls and to review the quarterly and half-yearly financial results, the preliminary announcement of the annual results and the annual financial statements, as well as all statutory submissions of a financial nature, prior to approval by the board.

During 2008, all Audit-related Fees provided to us by BDO Stoy Hayward LLP were approved by the Audit Committee pursuant to the de minimis exception to the pre-approval requirement provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

No work was performed by persons other than BDO Stoy Hayward LLP s full-time, permanent employees on the BDO Stoy Hayward LLP s engagement to audit our financial statements for 2008 and 2007.

During 2008, the Audit Committee has overseen work undertaken to ensure compliance with the requirements of Section 404 of the Sarbanes Oxley Act.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not Applicable.

Item 16E. Purchase of Equity Securities by the Issuer and Affiliated Purchasers

Neither the issuer nor any affiliate of the issuer purchased any of our shares during 2008.

Item 16F. Change in Registrant s Certifying Accountant

Not Applicable.

Item 16G. Corporate Governance

We are subject to a variety of corporate governance guidelines and requirements of Nasdaq, the London Stock Exchange and the SEC. We believe that we comply with the applicable corporate governance requirements. Although we are listed on the Nasdaq Global Select Market, we are not required to comply with all of Nasdaq s corporate governance rules which are applicable to US companies. The significant ways in which the Nasdaq corporate governance rules differ for us, as a foreign company, are a reduced quorum requirement for shareholder meetings.

PART III

Item 17. Financial Statements

Not Applicable.

Item 18. Financial Statements

Reference is made to the financial statements, commencing on page F-1, and the financial statement schedule, pages S-1 to S-2.

Item 19. Exhibits

The following exhibits are filed as part of this Annual Report:

Exhibit No.	Exhibit
1.1*	Memorandum of Association of Randgold Resources Limited, as amended.
1.2*	Articles of Association of Randgold Resources Limited, as amended.
2.1	Memorandum of Association of Randgold Resources Limited, as amended (see Exhibit 1.1).
2.2+++	Form of Deposit Agreement, dated as of July 1, 1997, as amended and restated as of June 26, 2002 and further amended and restated as of July 2002, among Randgold Resources Limited, The Bank of New York, Depositary, and owners and holders from time to time of American Depositary receipts issued thereunder.
2.3+++	Form of American Depositary Receipt.
2.4*	Excerpts of relevant provisions of the Companies (Jersey) Law 1991.
2.5*	Shareholder s Agreement (English translation), dated June 23, 2000, between the Government of Mali and Morila Limited.
4.1*	Deed Governing the Relationship Between the Parties Upon Admission between Randgold & Exploration Company Limited and Randgold Resources Limited, dated June 26, 1997 (Relationship Agreement).
4.2*	License Agreement, dated June 26, 1997, between Randgold & Exploration Company Limited and Randgold Resources Limited.
4.3*	Agreement, dated December 21, 1999, between Société des Mines de Morila SA, Randgold Resources Limited and Morila Limited (loan from Randgold Resources Limited to Morila Limited).
4.4*	Sale of Shares Agreement, dated May 29, 2000, between AngloGold Limited, Randgold Resources Limited and Randgold Resources (Morila) Limited.
4.5*	Joint Venture Agreement, dated May 29, 2000, between AngloGold Limited and Randgold Resources Limited.
4.6*	Operator Agreement, dated May 29, 2000, between Société des Mines de Morila SA and AngloGold Services Mali SA.
4.7*	Cession of Shareholder s Loan Memorandum of Agreement, dated July 3, 2000, between Randgold Resources Limited and AngloGold Morila Holdings Limited.
4.8*	Deferred Terms Agreement by and between Société des Mines de Morila SA and Rolls-Royce Power Ventures Limited, dated February 25, 2000.
4.9*	Deed of Guarantee, dated August 25, 2000, between Randgold Resources Limited, Randgold & Exploration Company Limited and SYPPS.

4.10*	Deferred Terms Agreement by and between Société des Mines de Morila SA and Rolls-Royce Power Ventures Limited, dated December 9, 1999.
4.11*	Deed of Guarantee given under the Morila Deferred Terms Agreement, dated March 3, 2000, between Randgold Resources Limited, Randgold & Exploration Company Limited and Mopps.
4.12*	Morila Exploitation Permit (English translation).
4.13*	Transfer of Morila Exploitation Permit from Randgold Resources Limited to Morila SA.
4.14*	Randgold Resources Limited Share Option Scheme.
4.15+	Structured Precious Metals Option and Loan Confirmation, dated August 30, 2002, between Randgold Resources Limited and NM Rothschild & Sons Limited.
4.16+	Third Contract of Employment between Randgold Resources Limited and Roger Ainsley Ralph Kebble.
4.17+	Services Agreement between Randgold & Exploration Company Limited and Randgold Resources Limited, dated February 2, 2003.
4.18++	Shareholder Loan Agreement dated August 1, 2004, between Randgold Resources Limited and Randgold Resources (Somilo) Limited.
4.19++	Termination Agreement, dated November 9, 2004, between Randgold Resources Limited and Mr. R.A.R. Kebble.
4.20++	Deed of Assignment, dated December 20, 2004, between Randgold Resources Limited and Société des Mines de Loulo S.A.

Exhibit No.	Exhibit
4.21++	International Swap Dealers Association Inc. Master Agreement, dated December 21, 2004, between Randgold Resources Limited and Absa Bank Limited.
4.22++	Amendment to Shareholders Loan Agreement, between Randgold Resources Limited and Randgold Resources (Somilo) Limited.
4.23#	Fifth Contract of Employment, dated January 31, 2005, between Randgold Resources Limited and Dennis Mark Bristow.
4.24§	Mining Contract Agreement, dated February 15, 2005, between Société des Mine de Loulo S.A and BCM Mali S.A.
4.25§	Third Contract of Employment, dated April 20, 2006, between Randgold Resources Limited and Roger A. Williams.
4.26#	International Swap Dealers Association Inc. Master Agreement and Schedule thereto, dated April 23, 2007, between Fortis Bank NV/SA Limited and Randgold Resources Limited.
4.27#	International Swap Dealers Association Inc. Novation Agreement, dated April 23, 2007, between Randgold Resources Limited, Société Générale and Fortis Bank NV/SA.
4.28#	Revolving Credit Facility Agreement, dated May 1, 2007, among Randgold Resources (Somilo) Limited, Randgold Resources Limited, various Banks and Other Financial Institutions and NM Rothschild & Sons Limited.
4.29#	Charge Over Shares, dated May 8, 2007, between Randgold Resources Limited and NM Rothschild & Sons Limited.
4.30#	Charge Over Shares, dated May 8, 2007, between Mining Investments (Jersey) Limited and NM Rothschild & Sons Limited.
4.31#	Deed of Guarantee and Indemnity, dated May 8, 2007, between Randgold Resources Limited and NM Rothschild & Sons Limited.
4.32#	Deed of Guarantee and Indemnity, dated May 8, 2007, between Société des Mines de Loulo S.A. and NM Rothschild & Sons Limited.
4.33#	Deed of Assignment, dated May 8, 2007, between Randgold Resources Limited and NM Rothschild & Sons Limited.
4.34#	Registered Share Pledge Agreement, dated May 9, 2007, between Randgold Resources (Somilo) Limited and NM Rothschild & Sons Limited.
4.35##	Joint Venture Agreement, dated April 4, 2008, between New Mining CI and Randgold Resources (Côte d Ivoire) Limited.
4.36###	

	Addendum to the Joint Venture Agreement, dated April 4, 2008, between New Mining CI and Randgold Resources (Côte d Ivoire) Limited.
4.37###	Employment Contract, dated April 28, 2008, between Randgold Resources Limited and Dennis Mark Bristow.
4.38###	First Contract of Employment, dated April 28, 2007, between Randgold Resources Limited and Graham P. Shuttleworth.
4.39###	Addendum to the Joint Venture Agreement, dated April 22, 2008, between AngloGold Ashanti Limited and Randgold Resources Limited.
4.40###	Addendum to the Operatorship Agreement, dated April 22, 2008, between AngloGold Ashanti Limited, AngloGold Services Mali SA, Société des Mines de Morila SA and Mining Investments Jersey Limited.
4.41**	Project Management Agreement between La Société d Opération Ivoirienne d Electricité (SOPIE) and Randgold Resources C.I. SARL, dated March 2009.
4.42**	Letter Agreement, dated September 18, 2008, between Randgold Resources (Côte d Ivoire) Limited and New Mining Côte d Ivoire SARL.
4.43**	Rules of the Randgold Resources Limited Restricted Share Scheme.
4.44**	Contract of Employment, dated July 1, 2008, between Randgold Resources Limited and Graham P. Shuttleworth.
8.1**	List of Subsidiaries.
12.1**	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2**	Certification by Financial Director pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit No.	Exhibit
13.1**	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2**	Certification by Financial Director pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1**	Consent of BDO Stoy Hayward LLP.
15.2**	Consent of BDO Stoy Hayward LLP.
15.3**	Consent of PricewaterhouseCoopers LLP.
15.4**	Consent of PricewaterhouseCoopers Inc.

* Incorporated herein by reference to Registrant s Registration Statement on Form F-1 (File No. 333-90972), filed on June 21, 2002.

\+ Incorporated by reference to Registrant s Annual Report on Form 20-F for the fiscal year ended December 31, 2002.

++ Incorporated by reference to Registrant s Annual Report on Form 20-F for the fiscal year ended December 31, 2004.

+++ Incorporated by reference to Registrant s Registration

Statement on Form F-6 (File No. 333-129147), filed on October 20, 2005.

§ Incorporated by reference to Registrant s Annual Report on Form 20-F for the fiscal year ended December 31, 2005.

Incorporated by reference to Registrant s Annual Report on Form 20-F for the fiscal year ended December 31, 2006.

Incorporated by reference to Registrant s Registration Statement on Form F-3 (File No. 333-147648), filed on November 27, 2007.

Incorporated by reference to Registrant s Annual Report on Form 20-F for the fiscal year ended December 31, 2007.

** Filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

RANDGOLD RESOURCES LIMITED

By: /s/ D. Mark Bristow

Name: D. Mark Bristow
Title: Chief Executive Officer
Date: May 15, 2009

Exhibit Index

Exhibit No.	Exhibit
4.41	Project Management Agreement between La Société d Opération Ivoirienne d Electricité (SOPIE) and Randgold Resources C.I. SARL, dated March 2009.
4.42	Letter Agreement, dated September 18, 2008, between Randgold Resources (Côte d Ivoire) Limited and New Mining Côte d Ivoire SARL.
4.43	Rules of the Randgold Resources Limited Restricted Share Scheme.
4.44	Contract of Employment, dated July 1, 2008, between Randgold Resources Limited and Graham P. Shuttleworth.
8.1	List of Subsidiaries.
12.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification by Financial Director pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2	Certification by Financial Director pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of BDO Stoy Hayward LLP.
15.2	Consent of BDO Stoy Hayward LLP.
15.3	Consent of PricewaterhouseCoopers LLP.
15.4	Consent of PricewaterhouseCoopers Inc.

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REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

Randgold Resources Limited

We have audited the accompanying consolidated balance sheets of Randgold Resources Limited as of December 31, 2008 and December 31, 2007 and the related consolidated income statements, consolidated statements of changes in equity and statements of consolidated cash flows for the years then ended. Our audits also included the financial statement schedule included on page S-2 of this Form 20-F. We have also audited Randgold Resources Limited s internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Randgold Resources Limited s management is responsible for these financial statements, financial statement schedule, maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying item 15B, Controls and Procedures . Our responsibility is to express an opinion on these financial statements and financial statement schedule and express an opinion on the company s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and the schedule are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Randgold Resources Limited as of December 31, 2008 and December 31, 2007 and the results of its operations and its cash flows for the years then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). Also, in our opinion, Randgold Resources Limited maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

In addition, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ BDO Stoy Hayward LLP

BDO Stoy Hayward LLP

London
15 May 2009

REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Randgold Resources Limited:

In our opinion, the consolidated statements of operations, cash flows and changes in shareholders equity for the year ended December 31, 2006 present fairly, in all material respects, the results of operations and cash flows of Randgold Resources Limited and its subsidiaries for the year ended December 31, 2006 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

London, United Kingdom

June 25, 2007

RANDGOLD RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

US$000	**Notes**	**2008**	**2007**	**2006**
REVENUE				
Gold sales on spot		374,110	313,421	274,907
Loss on matured hedges		(35,538)	(23,580)	(12,190)
Non-cash loss on roll forward of hedges			(7,036)	(4,413)
Total revenue		338,572	282,805	258,304
OTHER INCOME				
Other income		4,194	967	1,168
TOTAL INCOME		342,766	283,772	259,472
COSTS AND EXPENSES				
Mining and processing costs	26	199,520	159,403	137,694
Transport and refining costs		2,053	1,595	711
Royalties		19,730	18,307	16,979
Exploration and corporate expenditure	27	45,163	35,920	28,805
Other expenses		363	5,008	3,667
TOTAL COSTS		266,829	220,233	187,856
Finance income	28	9,335	9,167	8,723
Finance costs	28	(3,338)	(5,805)	(6,366)
Provision for financial assets	28	(10,350)		
Finance income net	28	(4,353)	3,362	2,357
PROFIT BEFORE INCOME TAX		71,584	66,901	73,973
Income tax expense	4	(24,564)	(21,273)	(23,097)
NET PROFIT		47,020	45,628	50,876
Attributable to:				
Equity shareholders		41,569	42,041	47,564
Minority shareholders		5,451	3,587	3,312
		47,020	45,628	50,876
BASIC EARNINGS PER SHARE (US$)	6	0.54	0.60	0.70
DILUTED EARNINGS PER SHARE (US$)	6	0.54	0.60	0.69

The accompanying notes are an integral part of these financial statements.

RANDGOLD RESOURCES LIMITED
CONSOLIDATED BALANCE SHEETS
AT DECEMBER 31,

US$000	**Notes**	**2008**	**2007**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	336,138	269,896
Deferred taxation	11	1,559	2,163
Long term ore stockpiles	8	48,831	43,190
Receivables	7	9,403	22,823
Available-for-sale financial assets	12	38,600	
TOTAL NON-CURRENT ASSETS		434,531	338,072
CURRENT ASSETS			
Inventories and ore stockpiles	8	81,781	57,410
Receivables	7	47,499	42,104
Available-for-sale financial assets	12		48,950
Cash and cash equivalents		257,631	294,183
TOTAL CURRENT ASSETS		386,911	442,647
TOTAL ASSETS		821,442	780,719
EQUITY AND LIABILITIES			
Ordinary shares	5	3,827	3,809
Share premium	5	455,974	450,814
Accumulated profit		245,982	213,567
Other reserves		(31,387)	(69,391)
Shareholders equity		674,396	598,799
Minority interest	16	13,745	8,294
TOTAL EQUITY		688,141	607,093
NON-CURRENT LIABILITIES			
Long-term borrowings	15	1,284	2,773
Loans from minority shareholders in subsidiaries	16	3,032	3,096
Financial liabilities forward gold sales	17	15,749	51,953
Deferred taxation	11	3,016	1,451
Provision for environmental rehabilitation	14	14,054	11,074
TOTAL NON-CURRENT LIABILITIES		37,135	70,347
CURRENT LIABILITIES			
Financial liabilities forward gold sales	17	37,388	33,672
Accounts payable and accrued liabilities	13	48,110	63,330
Taxation payable		9,190	2,630

Current portion of long term borrowings	15	1,478	3,647
TOTAL CURRENT LIABILITIES		96,166	103,279
TOTAL EQUITY AND LIABILITIES		821,442	780,719

The accompanying notes are an integral part of these financial statements.

RANDGOLD RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
FOR THE YEARS ENDED DECEMBER 31,

		Attributable to Equity Shareholders						
US$000	**Number of ordinary shares**	**Share capital**	**Share premium**	**Accumulated profit**	**Other reserves**	**Total**	**Minority interest**	**Total**
BALANCE AT December 31, 2005	68,072,864	3,404	208,582	130,836	(41,000)	301,822	1,395	303,217
Movement on cash flow hedges								
Transfer to income statement					17,256	17,256		17,256
Fair value movement on financial instruments					(36,603)	(36,603)		(36,603)
Net income recognized directly in equity					(19,347)	(19,347)		(19,347)
Net profit				47,564		47,564	3,312	50,876
Total recognized income/(loss)				47,564	(19,347)	28,217	3,312	31,529
Share-based payments					2,369	2,369		2,369
Exercise of employee stock options	633,867	34	3,619			3,653		3,653
Shares vested ~	56,830	2	802		(802)	2		2
Exercise of options previously expensed under IFRS 2			650		(650)			
BALANCE AT DEC 31, 2006	68,763,561	3,440	213,653	178,400	(59,430)	336,063	4,707	340,770
Movement on cash flow hedges								
Transfer to income statement					30,371	30,371		30,371
Fair value movement on financial					(41,712)	(41,712)		(41,712)

instruments								
Net income recognized directly in equity					(11,341)	(11,341)		(11,341)
Net profit				42,041		42,041	3,587	45,628
Total recognized income/(loss)				42,041	(11,341)	30,700	3,587	34,287
Share-based payments					2,847	2,847		2,847
Share options exercised	545,667	28	4,353			4,381		4,381
Shares vested #	10,102		170		(170)			
Exercise of options previously expensed under IFRS 2			1,297		(1,297)			
Dividends relating to 2006				(6,874)		(6,874)		(6,874)
Capital raising	6,821,000	341	240,099			240,440		240,440
Costs associated with capital raising			(8,758)			(8,758)		(8,758)
BALANCE AT DEC 31, 2007	76,140,330	3,809	450,814	213,567	(69,391)	598,799	8,294	607,093
Movement on cash flow hedges								
Transfer to income statement					35,901	35,901		35,901
Fair value movement on financial instruments					(3,050)	(3,050)		(3,050)
Net income recognized directly in equity					32,851	32,851		32,851
Net profit				41,569		41,569	5,451	47,020
Total recognized income/(expense)				41,569	32,851	74,420	5,451	79,871
Share-based payments					6,471	6,471		6,471
Share options exercised	353,400	18	3,842			3,860		3,860
Shares vested#	6,594		160		(160)			
Exercise of options previously			1,158		(1,158)			

expensed under IFRS 2								
Dividends relating to 2007				(9,154)		(9,154)		(9,154)
BALANCE AT DEC 31, 2008	76,500,324	3,827	455,974	245,982	(31,387)	674,396	13,745	688,141

SHARE CAPITAL

The share capital comprises the issued ordinary shares of the company at par.

SHARE PREMIUM

The share premium comprises the excess value recognized from the issue of ordinary shares at par.

ACCUMULATED PROFIT

The accumulated profit comprises the group s cumulative accounting profit since inception.

OTHER RESERVES

Other reserves include the cumulative charge recognized under IFRS 2 in respect of share option schemes (net of amounts transferred to share capital and share premium) and the mark-to-market valuation of derivative financial instruments designated as cash flow hedges (refer note 21).

At December 31, 2008, the balance of the share-based payment reserve amounted to US$9.6 million (December 31, 2007: US$4.4 million). The balance of the hedging reserve amounted to US$41 million (December 31, 2007: US$73.8 million). Refer to note 21 for further details on the hedging reserve.

Restricted shares were issued to directors as remuneration. Of these shares, 63,594 (2007: 57,000) have vested, while the remainder of the shares, 5,826 (2007: 7,704) are still held by the company as treasury shares. The transfer between other reserves and share premium in respect of the shares vested represents the cost calculated in accordance with IFRS 2.

RANDGOLD RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

US$000	**Note**	**2008**	**2007**	**2006**
CASH FLOW FROM OPERATING ACTIVITIES				
Profit after tax		47,020	45,628	50,876
Income tax expense		24,564	21,273	23,097
Profit before income tax		71,584	66,901	73,973
Net interest received		(5,997)	(2,636)	(1,559)
Impairment of ARS		10,350		
Depreciation and amortization		21,333	20,987	22,844
Ineffectiveness on cash flow hedges		363	323	653
Effect of roll forward of hedges			7,036	4,413
Unwind of discount on provisions for environmental rehabilitation		443	554	541
Share-based payment		6,471	2,847	2,369
		104,547	96,012	103,234
Effects of changes in operating working capital items:				
receivables		8,629	(23,289)	(9,640)
inventories and ore stockpiles		(30,012)	(24,786)	(19,428)
accounts payable and accrued liabilities		(26,618)	23,897	9,469
Cash generated from operations before interest and tax		56,546	71,834	83,635
Interest received		9,335	7,887	7,384
Interest paid		(3,338)	(5,251)	(5,825)
Income tax paid		(5,042)	(12,237)	(14,784)
Net cash generated from operating activities		57,501	62,233	70,410
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment		(85,038)	(47,905)	(61,508)
Repayments from contractors	25			105
Acquisition of available-for-sale financial assets			(48,950)	
Net cash used by investing activities		(85,038)	(96,855)	(61,403)
CASH FLOW FROM FINANCING ACTIVITIES				
Ordinary shares issued		3,860	236,063	3,653
Long term loans repaid		(3,721)	(43,740)	(21,756)
Dividends paid to company s shareholders		(9,154)	(6,874)	
Cash generated from/(used by) financing activities		(9,015)	185,449	(18,103)
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS		(36,552)	150,827	(9,096)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	294,183	143,356	152,452
CASH AND CASH EQUIVALENTS AT END OF YEAR	257,631	294,183	143,356
Cash at bank and in hand	257,631	11,447	10,948
Short term bank deposits		282,736	132,408
	257,631	294,183	143,356

The effective interest rate on short term bank deposits was 2.7% (2007: 4.56%). These funds have an average maturity of less than thirty days.

The accompanying notes are an integral part of these financial statements.

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
1. NATURE OF OPERATIONS

The company and its subsidiaries (the group) together with its joint ventures carry out gold mining activities and exploration. Currently there are two operating mines in Mali, West Africa: the Morila gold mine, which commenced production in October 2000, and the Loulo mine, which commenced production in November 2005. The group also has a portfolio of exploration projects in West and East Africa. The interests of the group in its operating mines are held through Morila SA (Morila) which owns the Morila mine and Somilo SA (Somilo) which owns the Loulo mine. Randgold Resources holds an effective 40% interest in Morila, following the sale to AngloGold Ashanti Limited on July 3, 2000 of one-half of Randgold Resources wholly-owned subsidiary, Morila SA. Management of Morila Limited, the 80% shareholder of Morila, is effected through a joint venture committee, with Randgold Resources and AngloGold Ashanti each appointing one-half of the members of the committee. AngloGold Services Mali SA (Anser), a subsidiary of AngloGold Ashanti, was the operator of Morila. On February 15, 2008, Randgold Resources assumed responsibility for the operatorship. Randgold Resources holds an effective 80% interest in Loulo. The remaining 20% interest is held by the Malian government. Randgold Resources is the operator of Loulo.

The Group has various exploration programs ranging from substantial to early stage in Western Mali, around Morila and in Senegal, Burkina Faso, Tanzania, Côte d Ivoire and Ghana. Site establishment has started at Tongon in Côte d Ivoire ahead of the main construction programme and orders have been placed for all the long lead time items, including the mills and mining fleet. Progress has been made regarding the approval of the mining convention.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION: The consolidated financial statements of Randgold Resources Limited and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial reports have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and various financial assets and financial liabilities (including derivative instruments) which are carried at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company s accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

The following standards and interpretations which have been recently issued or revised have not been adopted early by the group. Their expected impact is discussed below:

AMENDMENT TO IAS 23 BORROWING COSTS (effective for annual periods beginning on or after January 1, 2009). The amendment removes the option of immediately recognising as an expense borrowing costs that relate to qualifying assets (assets that take a substantial period of time to get ready for use or sale). Instead, an entity will be required to capitalize borrowing costs whenever the conditions for capitalisation are met. The company will apply amendments to IAS 23 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company or group.

AMENDMENT TO IFRS 2 SHARE-BASED PAYMENT: VESTING CONDITIONS AND CANCELLATIONS (effective for annual periods beginning on or after January 1, 2009). This amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. The purpose of making the distinction is so as to be able to address the accounting for non-vesting conditions, which were not previously covered by IFRS 2. The guidance in IFRS 2 covering the accounting for vesting conditions is not affected by the amendment. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is likely to have a particular impact on entities operating Save As You Earn (SAYE) schemes because it results in an immediate acceleration of the IFRS 2 expense if an employee decides to stop expense if an employee decides to stop contributing to the savings plan, as well as a potential revision to the fair value of the awards granted

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

to factor in the probability of employees withdrawing from such a plan. The company will apply amendments to IFRS 2 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company or group.

AMENDMENTS TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS: A REVISED PRESENTATION (effective for annual periods beginning on or after January 1, 2009). The amendment to IAS 1 affects the presentation of owner change in equity and of comprehensive income. An entity will be required to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e., comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The standard does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. This revision is not applicable to the Company, as it already prepares its financial statements under IFRS.

AMENDMENTS TO IAS 27 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (effective for annual periods beginning on or after July 1, 2009). This amendment relates in particular to acquisitions of subsidiaries achieved in stages and disposals of interests, with significant differences in the accounting treatment depending on whether control is gained or not, or a transaction simply results in a change in the percentage of the controlling interest. The amendment does not require the restatement of previous transactions. The amendment to IAS 27 must be adopted at the same time as IFRS 3 Revised. This revision is not applicable to the Company, as it already prepares its financial statements under IFRS.

AMENDMENTS TO IAS 32 AND IAS 1 PUTTABLE FINANCIAL INSTRUMENTS AND OBLIGATIONS ARISING ON LIQUIDATION (effective for annual periods beginning on or after January 1, 2009). This amendment results in certain types of financial instrument that meet the definition of a liability, but represent the residual interest in the net assets of the entity, being classified as equity.

The amendment requires entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: (a) puttable financial instruments; and, (b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. The company will apply amendments to IAS 32 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company or group.

AMENDMENTS TO IFRS 1 AND IAS 27 COST OF AN INVESTMENT IN A SUBSIDIARY, JOINTLY CONTROLLED ENTITY OR ASSOCIATE (effective for annual periods beginning on or after January 1, 2009). This amendment allows a first-time adopter that, in its separate financial statements, elects to measure its investments in subsidiaries, jointly controlled entities or associates at cost to initially recognize these investments either at cost determined in accordance with IAS 27 or deemed cost (being either its fair value at the date of transition to IFRSs or its previous GAAP carrying amount at that date). The company will apply amendments to IFRS 1 and IAS 27 from January 1, 2009, but it is not expected to have any impact on the accounts of the company or group.

AMENDMENT TO IAS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT: ELIGIBLE HEDGED ITEMS (effective for annual periods beginning on or after July 1, 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in the designation of a one-sided risk in a hedged item and inflation in a financial hedged item. The company will apply amendments to IAS 39 from January 1, 2010, but it is not expected to have any impact on the accounts of the company or group.

IFRIC 13 CUSTOMER LOYALTY PROGRAMMES (effective for annual periods beginning on or after July 1, 2008). The Interpretation addresses accounting by entities that grant loyalty award credits (such as points or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services (awards) to customers who redeem award credits. The interpretation requires entities to allocate some of the proceeds of the initial sale to the award credits and recognize these proceeds as revenue only when they have fulfilled their obligations. They may fulfil their obligations by supplying awards themselves or engaging (and paying) a third party to do so. The company will apply IFRIC 13 from January 1, 2009, but it is not expected to have any impact on the accounts of the company or group.

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

IFRIC 15 AGREEMENTS FOR THE CONSTRUCTION OF REAL ESTATE (effective for annual periods beginning on or after January 1, 2009). This interpretation clarifies the definition of a construction contract, the interaction between IAS 11 and IAS 18 and provides guidance on how to account for revenue when the agreement for the construction of real estate falls within the scope of IAS 18.

For some entities, the interpretation may give rise to a shift from the recognition of revenue using the percentage of completion method to the recognition of revenue at a single time (e.g., at completion, upon or after delivery). Affected agreements will be mainly those accounted for in accordance with IAS 11 that do not meet the definition of a construction contract as interpreted by the IFRIC and do not result in a continuous transfer (i.e., agreements in which the entity transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses). The company will apply IFRIC 15 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company or group.

IFRIC 16 HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION (effective for annual periods beginning on or after October 1, 2008). IFRIC 16 clarifies that: (a) the presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation; (b) the hedging instrument(s) may be held by any entity or entities within the group, other than the entity being hedged; (c) while IAS 39 Financial Instruments: Recognition and Measurement must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21. The Effects of Changes in Foreign Exchange Rates must be applied in respect of the hedged item. IFRIC 16 applies prospectively from its effective date. The company will apply IFRIC 16 from January 1, 2009, but it is not expected to have any impact on the accounts of the company or group.

IFRIC 17 DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS ESTATE (effective for annual periods beginning on or after July 1, 2009). Prior to this interpretation, IFRSs did not address how an entity should measure distributions of assets other than cash when it pays dividends. Dividends payable were sometimes recognized a the carrying amount of the assets to be distributed and sometimes at their fair value. The interpretation clarifies that: a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity; that an entity should measure the dividend payable at the fair value of the net assets to be distributed; and, that an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. It does not have to be applied retrospectively. The company will apply IFRIC 17 from January 1, 2010, but it is no expected to have any impact on the accounts other company or group.

IFRS 8 OPERATING SEGMENTS ESTATE (effective for annual periods beginning on or after January 1, 2009). This standard requires an entity to adopt the management approach to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The standard also requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognized in the income statement and balance sheet. The company will apply IFRS 8 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company or group.

IMPROVEMENTS TO IFRSs (effective for annual periods beginning on or after January 1, 2009). This amendment takes various forms, including the clarification of the requirements of IFRSs and the elimination of inconsistencies between standards. The most significant changes cover the following issues: the classification of assets and liabilities as held for sale where a non-controlling interest is retained; accounting by companies that routinely sells assets previously held for rental to others; accounting for loans given at a nil or below market rate of interest; the reversal of impairments against investments in associates accounted for using the equity method; the timing of

expense recognition for costs incurred on advertising and other promotional activity; and accounting for properties in the course of construction. The company will apply improvements to IFRSs from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company or group.

REVISED IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (effective for annual periods beginning on or after January 1, 2009). The revised version of IFRS 1 has an improved structure but does not contain any technical changes. This revision is not applicable to the company, as it already prepares its financial statements under IFRS.

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REVISED IFRS 3 BUSINESS COMBINATIONS (effective for annual periods beginning on or after July 1, 2009). The basic approach of the existing IFRS 3 to apply acquisition accounting in all cases and identify an acquirer is retained in this revised version of the standard. This includes much of the current guidance for the identification and recognition of intangible assets separately from goodwill. However, in some respects the revised standard may result in very significant changes, including: the requirement to write off all acquisition costs to profit or loss instead of including them in the cost of investment; the requirement to recognize an intangible asset even if it cannot be reliably measured; and, an option to gross up the balance sheet for goodwill attributable to minority interests (which are renamed non-controlling interests). The revised standard does not require the restatement of previous business combinations. Revised IFRS 3 must be adopted at the same time as the amendment to IAS 27. The company will apply revised IFRS 3 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company or group.

The group has adopted the following standards which are effective for the first time this year. The impact is discussed below:

IFRIC INTERPRETATION 11 IFRS 2 SHARE-BASED PAYMENT GROUP AND TREASURY SHARE TRANSACTIONS (effective for annual periods beginning on or after March 1, 2007). This interpretation addresses the classification of a share-based payment transaction (as equity or cash-settled), in which equity instruments of the parent or another group entity are transferred, in the financial statements of the entity receiving accounts of the company or group. The company has applied IFRIC Interpretation 11 from January 1, 2008, but it has not had any impact on the accounts of the company or group.

IFRIC INTERPRETATION 12 SERVICE CONCESSION ARRANGEMENTS (effective for annual periods beginning on or after January 1, 2008). This interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public to private service concession arrangements. The company has applied IFRIC Interpretation 12 from January 1, 2008, but it has not had any impact on the accounts of the company or group.

IFRIC 14 AND IAS 19 THE LIMITS ON DEFINED ASSET, MINIMUM FUNDING REQUIREMENTS AND THEIR INTERACTION (for annual periods beginning on or after January 1, 2008). This interpretation clarifies when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19, how a minimum funding requirement might affect the availability of reductions in future contributions and when a funding requirement might give rise to a liability. The company has applied IFRIC Interpretation 14 from January 1, 2008, but it has not had any impact on the accounts of the company or group.

AMENDMENTS TO IAS 39 AND IFRS 7: RECLASSIFICATION OF FINANCIAL INSTRUMENTS (effective July 1, 2008) AMENDMENTS TO IAS 39 AND IFRS 7: RECLASSIFICATION OF FINANCIAL INSTRUMENTS EFFECTIVE DATE AND TRANSITION (effective July 1, 2008). This amendment permits an entity to reclassify non derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans an receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The company has applied the amendment to IAS 39 and IFRS 7 from July 1, 2008, but it has not had any impact on the accounts of the company or group.

CONSOLIDATION: The consolidated financial information includes the financial statements of the company, its subsidiaries and the company s proportionate share in joint ventures using uniform accounting policies for like transactions and other events in similar circumstances.

SUBSIDIARIES: Subsidiaries are entities over which the group has the power to govern the financial and operating policies, generally accompanying an interest of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired (including mineral property interests) and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The excess of the cost of acquisition over the fair value of the group s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

JOINT VENTURES: Joint ventures are those entities in which the group holds a long term interest and which are jointly controlled by the group and one or more venturers under a contractual arrangement. The group s interest in such jointly controlled entities is accounted for by proportionate consolidation. Under this method the group includes its share of the joint venture s individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the group s financial statements. Inter company accounts and transactions are eliminated on consolidation. The group recognizes the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognize its share of profits or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, the loss is recognized immediately.

The results of joint ventures are included from the effective dates of acquisition and up to the effective dates of disposal.

INVESTMENT SUBSIDIARIES AND JOINT VENTURE: Are stated at cost less any provisions for impairment in the financial statements of the company. Dividends are accounted for when the company becomes entitled to receive them. On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

SEGMENT REPORTING: A business segment is a group of assets and operations engaged in performing mining or other services that are subject to risks and returns that are different from those of other business segments. A geographic segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The group has only one business segment, that of gold mining. Segment analysis is based on individual mining operations. Corporate and exploration income and costs not directly related to the mining operations are not allocated to segments.

FOREIGN CURRENCY TRANSLATION:

Functional and presentation currency

Items included in the financial statements of each of the group s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US dollars, which is the group and the company s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

PROPERTY, PLANT AND EQUIPMENT:

Undeveloped properties

Undeveloped properties upon which the group has not performed sufficient exploration work to determine whether significant mineralization exist are carried at original acquisition cost. Where the directors consider that there is little likelihood of the properties being exploited, or the value of the exploitable rights has diminished below cost, an impairment is recorded.

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Long-lived assets

Long-lived assets including development costs and mine plant facilities are initially recorded at cost. Where relevant the estimated cost of dismantling the asset and remediating the site is included in the cost of property, plant and equipment, subsequently they are measured at cost less accumulated amortization and impairment. Development costs and mine plant facilities relating to existing and new mines are capitalized. Development costs consist primarily of direct expenditure incurred to establish or expand productive capacity, and are capitalized until commercial levels of production are achieved, after which the costs are amortized.

Short-lived assets

Short-lived assets including non-mining assets are shown at cost less accumulated depreciation and impairment.

Depreciation and amortization

Long-lived assets include mining properties, such as freehold land, metallurgical plant, tailings and raw water dams, power plant and mine infrastructure, as well as mine development costs. Depreciation and amortization are charged over the life of the mine (or over the remaining useful life of the asset, if shorter) based on estimated ore tonnes contained in proven and probable reserves, to reduce the cost to estimated residual values. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in the future from known mineral deposits. Total proven and probable reserves are used in the depreciation calculation. The remaining useful lives for Morila and Loulo are estimated at four and a minimum of 15 years respectively. Any changes to the expected life of the mine (or asset) are applied prospectively in calculating depreciation and amortization charges. Short-lived assets which include motor vehicles, office equipment and computer equipment, are depreciated over estimated useful lives of between two to five years but limited to the remaining mine life. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively.

Impairment

The carrying amount of the property, plant and equipment of the group is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less cost to sell. In assessing the value in use, the expected future cash flows from the assets is determined by applying a discount rate to the anticipated pre-tax future cash flows. The discount rate used based on the US long bond rates. An impairment is recognized in the income statement to the extent that the carrying amount exceeds the assets recoverable amount. The revised carrying amounts are amortized in line with group accounting policies. A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognized in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) for purposes of assessing impairment. The estimates of future discounted cash flows are subject to risks and uncertainties including the future gold price. It is therefore reasonably possible that changes could occur which may affect the recoverability of mining assets.

STRIPPING COSTS: All stripping costs incurred (costs incurred in removing overburden to expose the ore) during the production phase of a mine are treated as variable production costs and as a result are included in the cost of inventory produced during the period that the stripping costs are incurred.

INVENTORIES: Include ore stockpiles, gold in process and supplies and spares, and are stated at the lower of cost or net realizable value. The cost of ore stockpiles and gold produced is determined principally by the weighted average cost method using related production costs. Costs of gold inventories include all costs incurred up until production of an ounce of gold such as milling costs, mining costs and directly attributable mine general and administration costs but exclude transport costs, refining costs and royalties. Net realizable value is determined with reference to current and future estimates of market prices. Morila uses a selective mining process and has a number of grade categories. Full grade ore is defined as ore above 1.4g/t and marginal ore is defined as ore between 1.0g/t and 1.4g/t. Mineralised waste is between 0.7g/t and 1.0g/t and waste being less than 0.7g/t. Full grade ore and marginal ore

form part of the inventory. Under present market conditions the mineralised waste is classified as waste. All stockpile grades are currently being processed and all ore is expected to be fully processed. This does not

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

include high grade tailings at Morila, which are carried at zero value due to uncertainty as to whether they will be processed through the plant. For Loulo, Yalea material less than 0.7g/t is classified as mineralised waste and is not in inventory, while material less than 0.5g/t from Gara is regarded as mineralised waste and is not in inventory. The processing of ore in stockpiles occurs in accordance with the life of mine processing plan that has been optimised based on the known mineral reserves, current plant capacity and mine design. Stores and materials consist of consumable stores and are valued at weighted average cost after appropriate impairment of redundant and slow moving items. Consumable stock for which the group has substantially all the risks and rewards of ownership are brought on to the balance sheet.

INTEREST/BORROWING COST: Is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity. Borrowing cost is expensed as incurred except to the extent that it relates directly to the construction of property, plant and equipment during the time that is required to complete and prepare the asset for its intended use, when it is capitalized as part of property, plant and equipment. Borrowing cost is capitalized as part of the cost of the asset where it is probable that the asset will result in economic benefit and where the borrowing cost can be measured reliably.

FINANCIAL INSTRUMENTS: These are measured as set out below. Financial instruments carried on the balance sheet include cash and cash equivalents, receivables, accounts payable, borrowings and derivative financial instruments.

DERIVATIVES:

The group uses derivative financial instruments such as gold forward contracts to manage the risks associated with commodity prices. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re- measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). The fair value of derivative financial instruments that are traded on an active market is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded on an active market is determined using appropriate valuation techniques. At the inception of the transaction, the group documents the relationship between hedge instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. Refer to Note 21 for treatment of the group s gold contracts.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 20. Movements on the hedging reserve in shareholders equity are shown in Note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

RECEIVABLES: Are recognized initially at fair value. There is a rebuttable presumption that the transaction price is fair value unless this could be refuted by reference to market indicators. Subsequently, receivables are measured at amortized cost using the effective interest method, less for provision for impairment. A provision for impairment of

trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered

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indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments with a maturity of three months or less at the date of purchase and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

AVAILABLE-FOR-SALE FINANCIAL ASSETS: Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are designated on acquisition. They are normally included in current assets and are carried at fair value, however current market conditions resulted in management s decision to reclassify these as non current in order to more accurately reflect their nature. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is recognized in the income statement as part of finance costs.

BORROWINGS: Are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

ACCOUNTS PAYABLE: Accounts payable and other short-term monetary liabilities, are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

REHABILITATION COSTS: The net present value of estimated future rehabilitation costs is provided for in the financial statements and capitalized within mining assets on initial recognition. Rehabilitation will generally occur on closure or after closure of a mine. Initial recognition is at the time of the disturbance occurring and thereafter as and when additional disturbances take place. The estimates are reviewed annually to take into account the effects of inflation and changes in estimates and are discounted using rates that reflect the time value of money. Annual increases in the provision due to the unwinding of the discount are recognized in the income statement as a finance cost. The present value of additional disturbances and changes in the estimate of the rehabilitation liability are capitalized to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortized as noted previously. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are expensed when they are known, probable and may be reasonably estimated.

PROVISIONS: Are recognized when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

CURRENT TAX: Current tax is the tax expected to be payable on the taxable income for the year calculated using rates (and laws) that have been enacted or substantively enacted by the balance sheet date. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods.

DEFERRED TAXATION: Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the temporary difference arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

SHARE CAPITAL: Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

EMPLOYEE BENEFITS:

Retirement funding obligations

The Group has defined contribution plans. A defined contribution plan is a retirement funding (Provident) plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the group pays contributions to publicly or privately administered provident funds on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable when employment is terminated involuntarily, and at the Company s discretion, before the normal retirement date, for example when employees are dismissed for economic or medical reasons or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Profit-sharing and bonus plans

The group recognizes a liability and an expense for bonuses. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

The fair value of the employee services received in exchange for the grant of options or shares after November 7, 2002 is recognized as an expense. The total amount to be expensed rateably over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the difference is charged or credited to the income statement, with a corresponding adjustment to equity. The proceeds received on exercise of the options net of any directly attributable transaction costs are credited to equity.

FINANCE LEASES: Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. Leases of plant and equipment where the group assumes a significant portion of risks and rewards of ownership are classified as a finance lease. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and the finance charges to achieve a constant rate on the finance balance outstanding. The interest portion of the finance payment is charged to the income statement over the lease period. The plant and equipment acquired under the finance lease are depreciated over the useful lives of the assets, or over the lease term if shorter.

OPERATING LEASES: Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

REVENUE RECOGNITION: The company enters into contracts for the sale of gold. Revenue arising from gold sales under these contracts is recognized when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria are met when the gold leaves the mine s smelt house. As sales from gold contracts are subject to customer survey adjustment, sales are initially recorded on a provisional basis using the group s best estimate of the contained metal. Subsequent adjustments are recorded in revenue to take into account final assay and weight certificates from the refinery, if different from the initial certificates. The differences between the estimated and actual contained gold have not been significant historically.

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

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

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

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

DIVIDEND DISTRIBUTION: Dividend distribution to the company s shareholders is recognized as a liability in the group s financial statements in the period in which the dividends are approved by the board of directors and declared to shareholders.

EARNINGS PER SHARE: Is computed by dividing net income by the weighted average number of ordinary shares in issue during the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DILUTED EARNINGS PER SHARE: Is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Some of the accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty and are based on historical experience, terms of existing contracts, management s view on trends in the gold mining industry and information from outside sources. Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Future rehabilitation obligations

The net present value of current rehabilitation estimates have been discounted to their present value at 3.5% per annum (2007: 4%), for Morila, being an estimate of the prevailing interest rates. A 3.5% (2007: 4%) discount rate was used for Loulo. Expenditure is expected to be incurred at the end of the respective mine lives. For further information, including the carrying amounts of the liabilities, refer to Note 14. A 1% change in the discount rate on the group s rehabilitation estimates would result in a US$1.5 million (2007: US$1.2 million) impact on the provision for environmental rehabilitation.

Gold price assumptions

The following gold prices were used in the mineral reserves optimization calculations:

	2008	2007
Morila	US$650	US$525
Loulo: Open pit	US$650	US$550
Loulo: Underground	US$650	US$550
Tongon	US$650	US$525

Changes in the gold price could result in an increase in the mineral reserve optimization calculations. Mine modeling is a complex process and hence it is not feasible to perform sensitivities on gold price assumptions.

Determination of ore reserves

The group estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2004 (the JORC code). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, as well as the assessment of the carrying value of mining assets. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Uncertainties relating to transactions with a contractor

As explained in note 25 to the financial statements, there are uncertainties relating to the value of the securities held in respect of advances to a contractor and also a claim relating to the Loulo development. The amounts reflected in the financial statements reflect the directors best estimate of the amount that will be recovered in respect of the advances and the outcome of the dispute relating to the cost of the development.

Indirect taxes receivable

Given their slow-moving nature, the group has had to apply judgment in determining when amounts will be recovered with respect to indirect taxes owing to Morila and Loulo by the Mali Government. The amounts reflected in the financial statements are the directors best estimate of the timing of the recovery of these amounts. For further information, including the carrying amount of the assets, refer to note 7.

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Derivative valuation

The company uses valuations obtained from banks for the mark-to-market estimation of the Loulo hedge book. The banks use the following key inputs in the valuations:

	Dec. 31, 2008		Dec. 31, 2007	
LIBOR rates	3.92	1.83%	5.36	4.70%
Spot gold prices	US$	865.00	US$	836.60
Gold lease rates	0.23	1.11%	0.12	0.26%

Share-based payments

Refer to note 18 for the key assumptions used in determining the value of share-based payments. Areas of judgment made in applying specific accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

Exploration and evaluation expenditure

The group has to apply judgment in determining whether exploration and evaluation expenditure should be capitalized or expensed. Management exercises this judgment based on the results of economic evaluations, pre-feasibility of feasibility studies. Costs are capitalized where those studies conclude that more likely than not the group will obtain future economic benefit from the expenditures.

Depreciation

There are several methods for calculating depreciation, i.e. the straight line method, the production method using ounces produced and the production method using tons milled. The directors believe that the tons milled method is the best indication of plant and infrastructure usage.

Classification and valuation methodology of auction rate securities (ARS)

The group has applied judgment in the classification of the ARS. These financial assets consist of auction rate securities with a par value of US$49 million and a carrying value of US$38.6 million. The trading market for these instruments has become substantially illiquid as a result of unusual conditions in the credit markets. The company continues 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 in their valuation methods and the model is based upon observable market inputs . This method relies upon inputs from the ratings agencies in respect of the underlying collateral, including credit ratings, likelihood of default and recoverability in the event of default. Management considers the primary indication of the carrying value of the ARS to be the credit rating and the continued receipt of interest. Where the underlying investments have been down-graded below investment grade, this is deemed to be an indication of impairment.

Carrying values of property, plant and equipment

The group assesses at each reporting period whether there is any indication that these assets may be impaired. If such indication exists, the group estimates the recoverable amount of the asset. The recoverable amount is assessed by reference to the higher of value in use (being the net present value of expected future cash flows of the relevant cash generating unit) and fair value less cost to sell . The estimates used for impairment reviews are based on detailed mine plans and operating plans. Future cash flows are based on estimates of: the quantities of the reserves and mineral resources for which there is a high degree of confidence in economic extraction; future production levels; future commodity prices; future cash cost of production, capital expenditure, close down, restoration and environmental clean up; and future gold prices (a US$800 gold price was used for the current year s impairment calculations).

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
4. INCOME AND MINING TAXES

US$000	Note	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Current taxation		22,395	19,454	22,671
Deferred taxation	11	2,169	1,819	426
		24,564	21,273	23,097
The tax on the group s profit before tax differs from the theoretical amount that would arise using the statutory tax rate applicable to the group s Malian operations				
Profit before tax		71,584	66,901	73,973
Tax calculated at tax rate of 35%		25,054	23,415	25,891
Reconciling items				
Income taxed at 0%		(10,107)	(3,418)	(3,290)
Expenses deductible at 0%		18,629	11,201	8,426
Mali tax holiday permanent differences		(8,976)	(10,981)	(9,125)
Capital allowances not deductible		2,169	1,819	
Other permanent differences		(2,205)	(763)	1,195
Taxation charge		24,564	21,273	23,097

The company is not subject to income tax in Jersey. Somilo SA benefits from a five year tax holiday in Mali. The tax holiday commenced on November 8, 2005. The benefit of the tax holiday to the group was to increase its net profit by US$9 million (2007: US$11 million). Accordingly, had the group not benefited from the tax holiday in Mali, earnings per share would have been reduced by US$0.12 and US$0.16 for the years ended December 31, 2008 and 2007 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.

5. SHARE CAPITAL AND PREMIUM

The total authorized number of ordinary shares is 100 million (2007: 80 million) of 5 US cents. All issued shares are fully paid. The total number of issued shares at December 31, 2008 (2007: 76,140,330). Please refer to the statement of changes in equity for more detail on the number of ordinary shares, share capital, as well as share premium. Share options and restrict directors and to selected employees. Please refer to Note 18 for more detail on share options.

6. EARNINGS AND DIVIDENDS PER SHARE

	FOR THE YEAR ENDED DECEMBER 31, 2008		
	Income (numerator) US$000	Shares (denominator)	Per share Amount US$
BASIC EARNINGS PER SHARE			
Shares outstanding January 1, 2008		76,140,330	
Weighted number of shares issued		159,786	

Income available to shareholders	41,569	76,300,116	0.54
EFFECT OF DILUTIVE SECURITIES			
Weighted stock options issues to employees		1,240,082	
Diluted earnings per share	41,569	77,540,198	0.54

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

		FOR THE YEAR ENDED DECEMBER 31, 2007	
Shares outstanding January 1, 2007		68,763,561	
Weighted number of shares issued		825,422	
Income available to shareholders	42,041	69,588,983	0.60
EFFECT OF DILUTIVE SECURITIES			
Weighted stock options issues to employees		682,932	
Diluted earnings per share	42,041	70,271,915	0.60

		FOR THE YEAR ENDED DECEMBER 31, 2006	
Shares outstanding January 1, 2006		68,072,864	
Weighted number of shares issued		318,928	
Income available to shareholders	47,564	68,391,792	0.70
EFFECT OF DILUTIVE SECURITIES			
Weighted stock options issues to employees		939,243	
Diluted earnings per share	47,564	69,331,035	0.69

Refer to note 18 for details on share options issued to employees. US$9.2 million (US$0.12 per share) was paid as dividends in 2008 (2007: US$6.9 million). On February 2, 2009, the board of directors approved an annual dividend of US$0.13 per share which resulted in an aggregate dividend payment of US$9.9 million and was paid in March 2009.

7. RECEIVABLES

US$000	**Notes**	**Dec. 31, 2008**	**Dec. 31, 2007**
Trade		9,559	25,405
Advances to contractors	7.1	12,064	12,064
Taxation debtor	7.2	9,858	19,911
Prepayments and other receivables		26,557	8,683
		58,038	66,063
Impairment provision		(1,136)	(1,136)
Total		56,902	64,927
Less: current portion		(47,499)	(42,104)
Long term portion		9,403	22,823

7.1 Advances to contractors comprise advances made to a contractor at Loulo, MDM Ferroman (Pty) Ltd (in liquidation) (MDM). MDM was the contractor responsible for construction of the Loulo mine until the main construction contract was taken back on December 30, 2005. Significant uncertainties exist relating to the recoverability of these advances. More detail is given in note 23 to the financial statements.

7.2 The taxation debtor relates to indirect taxes owing to the group by the State of Mali.

US$000

	Dec. 31, 2008	Dec. 31, 2007
The fair values of trade and other receivables are as follows:		
Trade	9,559	25,405
Advances to contractors	12,064	12,064
Taxation debtor	8,722	18,775
Prepayments	26,557	8,683
	56,902	64,927

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Movements on the provision for impairment and present valuing of trade receivables are as follows:

	Dec. 31, 2008	Dec. 31, 2007
AT JANUARY 1,	1,136	3,183
Unused amounts reversed		(2,047)
AT DECEMBER 31,	1,136	1,136

The creation and release of provision for impaired receivables have been included in mining and processing costs in the income statement. The unwinding of the discount is included in finance costs in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

The credit quality of receivables that are not past due or impaired remains very high. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security. Refer to note 20 for further information on the concentration of credit risk.

US$12.5 million (2007: US$9.2 million) of advances to contractors and the taxation debtor falls due within 12 months, while the balance is expected to be received thereafter. All other receivable balances are due within 30 days.

8. INVENTORIES AND ORE STOCKPILES

US$000	Dec. 31, 2008	Dec. 31, 2007
Consumable stores	38,621	31,993
Short term portion of ore stockpiles	40,140	21,383
Gold in process	3,020	4,034
Total current asset inventories and ore stockpiles	81,781	57,410
Long term portion of ore stockpiles	48,831	43,190
Total inventories and ore stockpiles	130,612	100,600

Ore stockpiles have been split between long and short term based on current life of mine plan estimates.

9. PROPERTY, PLANT AND EQUIPMENT

US$000	Dec. 31, 2008	Dec. 31, 2007
Mine properties, mine development costs and mine plant facilities and equipment		
Cost		
At the beginning of year	347,422	297,839
Additions	87,575	49,583
	434,997	347,422
Accumulated depreciation and amortization		
At the beginning of the year	77,526	56,539
Charge for the year	21,333	20,987
	98,859	77,526

NET BOOK VALUE	336,138	269,876

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Long-lived assets

Included in property, plant and equipment are long-lived assets which are amortized over the life of the mine and comprise the metallurgical plant, tailings and raw water dams, power plant and mine infrastructure. The net book value of these assets was US$320.7 million as at December 31, 2008 (2007: US$254.1 million). Additions include US$22.7 million in respect of the mine development at Tongon, at cost. This is not yet depreciated as the mine is currently in the construction phase. These balances are currently held in the company.

Short-lived assets

Included in property, plant and equipment are short-lived assets which are amortized over their useful lives and are comprised of motor vehicles and other equipment. The net book value of these assets was US$7.3 million as at December 31, 2008 (2007: US$7.2 million).

Undeveloped property

Included in property, plant and equipment are undeveloped property costs of US$8.1 million (2007: US$8.6 million).

Refer to note 15 for assets collateralized and under finance lease. No borrowing costs were capitalized as part of additions during the year (2007: US$0 million).

Refer to the property, plant and equipment accounting policy note on pages F-12 and F-13 for details of each asset category s useful economic life.

10. JOINT VENTURE

The Group s interest in the Morila Joint Venture was as follows:

US$000	**Dec. 31, 2008**	**Dec. 31, 2007**
Non-current assets	79,156	84,434
Current assets	59,020	42,982
Total assets	138,176	127,416
Non-current liabilities	8,504	8,194
Current liabilities	16,712	12,714
Total liabilities	25,216	20,908

Refer to Note 19 for disclosure of the income and expenses of the Morila joint venture.

Refer to page 58 of the Company s Annual Report on Form 20-F for details of the group structure, as well as information on the country of incorporation, proportion of ownership interest and voting power held for each of the subsidiaries and joint ventures. During the year, all transactions and balances relating to Loulo and Morila were transferred from Randgold Resources Limited to Randgold Resources (Somilo) Ltd and Mining Investment Jersey Ltd respectively in order to reflect the transaction flow more accurately.

11. DEFERRED TAXATION

US$000	**Note**	**Dec. 31, 2008**	**Dec. 31, 2007**
Deferred tax is calculated on temporary differences under the liability method using a tax rate of 35% (2006: 35%).			
The movement on deferred taxation is as follows:			
At the beginning of the year		(712)	(2,531)
Income statement charge	4	2,169	1,819
At the end of the year		1,457	(712)

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

US$000	Note	Dec. 31, 2008	Dec. 31, 2007
Deferred taxation assets and liabilities comprise the following:			
Decelerated tax depreciation		3,016	1,451
Deferred taxation liability		3,016	1,451
Deferred stripping		(1,559)	(2,163)
Deferred taxation asset		(1,559)	(2,163)
Net deferred taxation asset		1,457	(712)

Temporary differences which are expected to be realized during the Loulo tax holiday are recognized at 0%.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

US$000	Dec. 31, 2008	Dec. 31, 2007
BEGINNING OF YEAR	48,950	
Acquisition of asset backed securities		48,950
Impairment of asset backed securities	(10,350)	
END OF YEAR	38,600	48,950

There were no impairment provisions on available-for-sale financial assets in 2007.

Available-for-sale financial assets include the following:

Investments in US asset backed securities	38,600	48,950

This relates to the company s portfolio of auction rate securities (ARS), consisting of collaterized debt obligations (CDOs) (A-2 second priority tranches) with a par value of US$43 million and collaterized loan notes (CLNs) with a par value of US$5.9 million. The ARS investments carry interest at rates varying between one month LIBOR plus 55 basis points and 1 month LIBOR plus 125 basis points. The trading market for these instruments has become substantially illiquid as a result of current conditions in the markets. The company continues to receive interest on the auction rate securities. The underlying collateral for the instruments consists primarily of residential mortgages, commercial and industrial bank loans. The average final maturity date of the CDOs is 2039 and the CLNs 2017. The average expected repayment period of the underlying collateral is 5 to 7 years. Proceeds from the repayment of the underlying collateral are used to redeem outstanding portions of the notes. The expected repayment periods of underlying collateral relating to the tranches Randgold Resources is invested in are two years and longer. The company assesses the recoverability of the ARS investments whenever events or circumstances indicate that the carrying amount may not be fully recoverable, and a fair value calculation is performed at each reporting period. Downgrading of an ARS investment to below investment grade would be considered an indication of impairment. In the absence of observable market transactions for these assets or comparable assets with common characteristics, the company has applied a mark to model valuation methodology. The mark to model methodology is based on

observable market data. The key inputs to the model are primarily obtained from reports produced by credit rating agencies and comprise:

Credit ratings of the underlying collateral.

Average maturity of the underlying collateral.

Default ratios, which are prepared by the credit rating agencies on the basis of historical default data. The key inputs used by the company to determine the appropriate default ratio to apply are the average maturity and credit ratings of the underlying collateral.

Recovery ratios applied in the event of default of the underlying collateral.

The assumptions in respect of the key inputs comprise a significant volume of data, the interaction of the different inputs is also complex and therefore detailed quantitative disclosure has not been given, as it would not give the user the necessary sense of the potential variability of fair value estimates. An assessment of the reasonably possible variability in the fair value of the auction rate securities is provided in Note 20 under concentration of credit risk .

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

US$000	Dec. 31, 2008	Dec. 31, 2007
Trade payables	13,405	19,635
Payroll and other compensation	4,951	4,540
Accruals	29,754	39,155
	48,110	63,330

14. PROVISION FOR ENVIRONMENTAL REHABILITATION

US$000	Dec. 31, 2008	Dec. 31, 2007
Opening balance	11,074	8,842
Unwinding of discount	443	554
Changes in estimates	2,537	1,678
	14,054	11,074

As at December 31, 2008, US$9.7 million of the provision relates to Loulo (December 31, 2007: US$6.6 million) which is based on estimates provided by environmental consultants in connection with the Loulo feasibility study. The remaining US$4.4 million relates to Morila (December 31, 2007: US$4.5 million). The provisions for rehabilitation costs include estimates for the effect of inflation and changes in estimates and have been discounted to their present value at 3.5% (2007: 4%) per annum for Morila, being an estimate derived from the risk free rate. A 3.5% (2007: 4%) discount rate was used for Loulo. Limited environmental rehabilitation regulations currently exist in Mali to govern the mines, so the directors have based the provisions for environmental rehabilitation on standards set by the World Bank, which require an environmental management plan, an annual environmental report, a closure plan, an up-to-date register of plans of the facility, preservation of public safety on closure, carrying out rehabilitation works and ensuring sufficient funds exist for the closure works. However, it is reasonably possible that the group s estimate of its ultimate rehabilitation liabilities could change as a result of changes in regulations or cost estimates. The group is committed to rehabilitation of its properties. It makes use of independent environmental consultants for advice and it also uses past experience in similar situations to ensure that the provisions for rehabilitation are adequate. Current Life of Mine plans envisage the expected outflow to occur at the end of the Life of Mine, which is 2013 for Morila and 2024 for Loulo.

15. BORROWINGS

US$000	Note	Dec. 31, 2008	Dec. 31, 2007
Morila power plant finance lease	15.1	1,792	2,702
Morila oxygen plant finance lease	15.2	370	546
Loulo CAT finance lease	15.3	600	3,172
		2,762	6,420
Less: current portion		(1,478)	(3,647)

	1,284	2,773

All loans are secured and have variable interest rates, except for the Loulo CAT finance lease which has a fixed rate.

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15.1 **Morila power plant finance lease**

The Morila power plant finance lease relates to five generators leased from Rolls-Royce for Morila. The lease is repayable over ten years commencing April 1, 2001 and bears interest at a variable rate of interest which as at December 31, 2008 was approximately 33% (2007: 23%) per annum. The lease is collateralized by plant and equipment, the net book value of which at December 31, 2008 amounted to US$1.8 million (2007: US$3.6 million). Average annual lease payments of US$1.5 million are payable in installments over the term of the lease. The company has guaranteed the repayment of this lease.

15.2 **Morila oxygen plant finance loan**

The Morila oxygen plant finance lease relates to three oxygen generating units leased from Air Liquide for Morila. The lease is payable over 10 years commencing December 1, 2000 and bears interest at a variable rate which as at December 31, 2008 was approximately 3.09% (2007: 3.09%) per annum. The lease is collateralized by the production units, the net book value of which at December 31, 2008 amounted to US$0.4 million (2007: US$0.5 million).

15.3 **Loulo CAT finance lease**

The Euro denominated Caterpillar finance facility relates to 15 3512B HD generator sets and ancillary equipment purchased from JA Delmas and financed by a loan from Caterpillar Finance for Loulo. The lease is payable quarterly over 42 months commencing on August 1, 2005, and bears interest at a fixed rate of 6.03% (2007: 6.03%) per annum. The group together with Randgold Resources (Somilo) Limited jointly guaranteed the repayment of this lease. The average lease payments of US$0.5 million are payable in installments over the term of the lease.

The exposure of the group s borrowings to interest rate changes at the balance sheet dates are as follows:

US $000	**2008**	**2007**
0 - 12 months	879	1,086
1 -5 years	1,283	2,162
	2,162	3,248

The carrying amounts and fair value of the non-current borrowings are as follows:

US $000	**Carrying amount**		**Fair value**	
	2008	**2007**	**2008**	**2007**
Finance leases	1,284	2,773	1,284	2,773
	1,284	2,773	1,284	2,773

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate.

The carrying amounts of the group s borrowings are denominated in the following currencies:

US $000	**2008**	**2007**
US Dollar	2,162	3,248
Euro	600	3,172
	2,762	6,420

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2008	2007
The group has the following undrawn borrowing facilities:		
Floating rate:		
- Expiring within one year	12,000	
- Expiring beyond one year	48,000	60,000
	60,000	60,000

Maturities

US$000	Dec. 31, 2008	Dec. 31, 2007
The borrowings mature over the following periods:		
Not later than 1 year	1,478	3,647
Later than 1 year and not later than 5 years	1,284	2,773
Later than 5 years		
	2,762	6,420

Finance lease liabilities minimum lease payments

US$000	Dec. 31, 2008	Dec. 31, 2007
Balance of leases outstanding	3,683	8,070
Future finance charges on leases	(921)	(1,650)
Present value of finance lease liabilities	2,762	6,420

At the date of origination, there was no material fair value attributable to the guarantees issued by the group on behalf of group entities to third parties. Had the value been recognized, the depreciated carrying amount would have been insignificant.

16. LOANS FROM MINORITY SHAREHOLDERS IN SUBSIDIARIES

US$000	Dec. 31, 2008	Dec. 31, 2007
SOMILO		
Government of Mali principal amount	671	685
Deferred interest	2,361	2,411
Loans	3,032	3,096
MINORITY INTEREST IN ACCUMULATED PROFITS	13,745	8,294

The government of Mali loan to Somilo is uncollateralized and bears interest at the base rate of the Central Bank of West African States plus 2%. The accrual of interest ceased in the last quarter of 2005 per mutual agreement between shareholders. The loan is repayable from cash flows of the Loulo mine after repayment of all other loans. In the event

of a liquidation of Somilo the shareholder loans and deferred interest are not guaranteed.

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
17. FINANCIAL LIABILITIES FORWARD GOLD SALES

US$000	Dec. 31, 2008	Dec. 31, 2007
Forward gold sales	53,137	85,625
Less: current portion	(37,388)	(33,672)
Non-current portion	15,749	51,953

The financial liabilities relate to the Loulo forward gold sales all of which qualify for hedge accounting. These derivative instruments are further detailed in note 21.

18. EMPLOYMENT COSTS

The group contributes to several defined contribution provident funds. The provident funds are funded on the money accumulative basis with the members and company having been fixed in the constitutions of the funds. All the group s employees, other than those directly employed by West African subsidiary companies, are entitled to be covered by the abovementioned retirement benefit plans. Retirement benefits for employees employed by West African subsidiary companies are provided by the state social security system to which the company and employees contribute a fixed percentage of payroll costs each month.

Total employee benefit cost was as follows:

US$000	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Short term benefits	7,747	4,187	3,235
Pension contributions	374	174	237
Share based payments	6,471	2,847	2,369
Total	14,592	7,208	5,841

Share-based payments

The fair value of employee services received as consideration for equity instruments (equity settled) of the company is calculated using the Black-Scholes option pricing model. The key assumptions used in this model for options granted during the year were as follows:

US$000	Note	Dec. 31, 2008	Dec. 31, 2007
Expected life		3 years	3 years
Volatility	18.1	41.63%	30.06%
Risk free interest rate		2.69%	4.34%
Dividend yield		0%	0%
Weighted average share price on grant and valuation date	18.2	US$ 45.27	US$ 22.19
Weighted average exercise price	18.3	US$ 45.27	US$ 22.19

18.1 Volatility is based on the three year historical volatility of the company s shares on each grant date.

18.2 Weighted average share price for the valuation is calculated taking into account the market price on all grant dates.

18.3 The weighted average exercise price is calculated taking into account the exercise price on each grant date. The following table provides details on share options, including the number and weighted average exercise price of

share options outstanding at the beginning and end of each period, options granted, exercised and lapsed during the period.

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Share Option Scheme

	Available	Granted	Average US$ Price	Exercised	Average US$ Price	Total
BALANCE AT DECEMBER 31, 2006	**1,861,345**	**1,634,847**		**7,584,370**		**11,080,562**
Adjustment to balance following increase in share capital		1,106,206				
Shares exercised during the period		(545,667)		545,667	25.41	
Shares granted during the period	(1,521,000)	1,521, 000	22.19			
Shares lapsed during the period	73,666	(73,666)	12.08			
BALANCE AT DECEMBER 31, 2007	**1,520,217**	**2,536,514,8**		**8,130,037**		**12,186,768**
Adjustment to balance following increase in share capital		53,717				
Adjustment in terms of paragraph 3.2 of the Share Option Scheme*	1,624,578			(1,624,578)		
Shares exercised during the period		(341,400)		341,400	43.81	
Shares granted during the period	(489,000)	489,000	36.43			
Shares lapsed during the period	17,944	(17,944)	8.83			
BALANCE AT DECEMBER 31, 2008	**2,727,456**	**2,666,170**		**6,846,859**		**12,240,485**

* The Randgold Resources Share Option Scheme is not constrained by a fixed time period. The aggregate

number of shares that may be determined for the Option Scheme includes all options that have been exercised or are the subject of either terminated or expired options after a 10-year period.

18.4 The exercise of the options issued in 2008 is subject to a satisfactory performance level being achieved during the 12 month period prior to the exercise date of each tranche of options. The minimum performance level to be achieved is defined as level 3 in the company s performance management system. It is expected that most employees who were rewarded share options would achieve a level 3 performance.

The table below summarizes the information about the options outstanding:

	OUTSTANDING OPTIONS		
	Number of Shares	**Weighted Average Contractual Life (in years)**	**Weighted Average Exercise Price (US$)**
Range of Exercise Price (US$)			
AT DECEMBER 31, 2008			
1.25 2.13	56,112	2.25	1.90
2.50 3.50	15,302	3.50	3.22
5.00 8.25	116,556		
8.05 8.05	237,300	5.60	8.05
12.78 16.15	111,000	6.62	14.36
22.50 22.50	147,000	7.92	22.50
22.19 22.19	1,494,000	8.64	22.19
26.26 46.34	489,000	9.47	42.08
	2,666,270	7.86	22.77
AT DECEMBER 31, 2007			
1.25 2.13	89,456	3.08	1.81
2.50 3.50	23,302	2.31	3.23
5.00 8.25	116,556		
8.05 8.05	443,300	6.59	8.05
12.78 16.15	172,000	7.61	14.31
22.50 22.50	192,000	8.92	22.50

RANDGOLD RESOURCES LIMITED
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	OUTSTANDING OPTIONS		
	Number of Shares	Weighted Average Contractual Life (in years)	Weighted Average Exercise Price (US$)
22.19 22.19	1,500,000	9.64	22.19
26.26 46.34			
	2,536,614	8.17	17.30

The table below summarizes the information about the RRSO options that are exercisable as at December 31, 2008 and 2007:

	OUTSTANDING OPTIONS	
	Number of Shares	Weighted Average Exercise Average (US$)
Range of Exercise Price (US$)		
AT DECEMBER 31, 2008		
1.25 2.13	56,112	1.90
2.50 3.50	23,302	3.19
5.00 8.25	116,556	8.25
8.05 16.15	262,300	8.67
22.50 22.50	19,000	22.50
	447,270	8.00
AT DECEMBER 31, 2007		
1.25 2.13	89,456	1.81
2.50 3.50	23,302	3.23
5.00 8.25	116,556	8.25
8.05 16.15	111,966	9.93
22.50 22.50		
	341,280	6.77

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
19. SEGMENT INFORMATION

Based on risks and returns the directors consider that the primary reporting format is by business segment. The group s mining and exploration activities, which are included in the corporate and exploration segment, are conducted in West and East Africa. An analysis of the group s business segments, is set out below. Tongon has not been split out separately during the current year, as the project is currently in the construction phase and all expenditure is capital in nature. Capital expenditure related to Tongon amounts to US$ 22.7 million and this has been included in the corporate and exploration column.

US$000	Group s 40% share of Morila Mine	Loulo Mine	Corporate and Exploration	Intercompany eliminations	Total
YEAR ENDED DECEMBER 31, 2008					
PROFIT AND LOSS					
Gold sales on spot	148,236	225,874			374,110
Loss on matured hedges		(35,538)			(35,538)
Non-cash loss on roll forward of hedges					
Total revenue	148,236	190,336			338,572
Mining and processing costs excluding depreciation	(58,785)	(119,402)			(178,187)
Depreciation and amortization	(5,359)	(15,974)			(21,333)
Mining and processing costs	(64,144)	(135,376)			(199,520)
Transport and refining costs	(297)	(1,756)			(2,053)
Royalties	(9,072)	(10,658)			(19,730)
Exploration and corporate expenditure	(53)	(3,501)	(41,609)		(45,163)
Other (expenses)/income	(3,346)	(4,011)	11,188		3,831
Finance costs	(1,380)	(9,492)	(1,267)	8,801	(3,338)
Finance income	96	104	17,936	(8,801)	9,335
Profit before income tax	70,040	25,646	(24,102)		71,584
Provision for financial assets			(10,350)		(10,350)
Income tax expense	(23,188)	(1,284)	(92)		(24,564)
Net profit	46,852	24,362	(24,194)		47,020
Capital expenditure	(1,100)	(59,415)	(24,523)		(85,038)
Total assets	138,176	365,966	317,300		821,442
Total external liabilities	(25,216)	(98,836)	(6,217)		(130,269)
Dividends (paid)/received	(40,400)		40,400		
Net cash flows generated by/(utilized in) operations	58,530	34,599	(35,628)		57,501

Net cash flows utilized in investing activities	(1,100)	(59,415)	(24,523)	(85,038)
Net cash (utilized in)/generated from financing activities	(1,014)	(2,707)	(5,294)	(9,015)
Net (decrease)/increase in cash and cash equivalents	56,416	(27,523)	(65,445)	(36,552)

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

US$000	Group s 40% share of Morila Mine	Loulo Mine	Corporate and Exploration	Intercompany eliminations	Total
YEAR ENDED DECEMBER 31, 2007					
PROFIT AND LOSS					
Gold sales on spot	127,687	185,734			313,421
Loss on matured hedges		(23,580)			(23,580)
Non-cash loss on roll forward of hedges		(7,036)			(7,036)
Total revenue	127,687	155,118			282,805
Mining and processing costs excluding depreciation	(50,536)	(87,880)			(138,416)
Depreciation and amortization	(5,428)	(15,559)			(20,987)
Mining and processing costs	(55,964)	(103,439)			(159,403)
Transport and refining costs	(277)	(1,318)			(1,595)
Royalties	(8,949)	(9,358)			(18,307)
Exploration and corporate expenditure	(832)	(4,184)	(30,904)		(35,920)
Other (expenses)/income	(2,688)	(7,322)	5,969		(4,041)
Finance costs	(1,357)	(12,900)		8,452	(5,805)
Finance income	147	151	17,321	(8,452)	9,167
Profit before income tax	57,767	16,748	(7,614)		66,901
Income tax expense	(20,725)	(548)			(21,273)
Net profit	37,042	16,200	(7,614)		45,628
Capital expenditure	(678)	(47,227)			(47,905)
Total assets	132,442	308,224	340,053		780,719
Total external liabilities	(26,863)	(132,637)	(11,030)		(170,530)
Dividends (paid)/received	(29,000)		29,000		
Net cash flows generated by/(utilized in) operations	24,109	42,025	(3,901)		62,233
Net cash flows utilized in investing activities	(678)	(47,227)	(48,950)		(96,855)
Net cash (utilized in)/generated from financing activities	(1,297)	(42,443)	229,189		185,449

Net (decrease)/increase in cash and cash equivalents	22,134	(47,645)	176,338	150,827

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US$000	Group s 40% share of Morila Mine	Loulo Mine	Corporate and Exploration	Intercompany eliminations	Total
YEAR ENDED DECEMBER 31, 2006					
PROFIT AND LOSS					
Total revenue	125,951	132,353			258,304
Mining and processing costs excluding depreciation	(44,264)	(70,586)			(114,850)
Depreciation and amortization	(6,233)	(16,611)			(22,844)
Mining and processing costs	(50,497)	(87,197)			(137,694)
Transport and refining costs	(244)	(467)			(711)
Royalties	(8,802)	(8,177)			(16,979)
Exploration and corporate expenditure	(2,643)	(2,886)	(23,276)		(28,805)
Other (expenses)/income	(68)	(4,042)	2,409		(1,701)
Finance costs	(1,258)	(4,567)			(5,825)
Finance income	137	256	6,991		7,384
Profit before income tax	62,576	25,273	(13,876)		73,973
Income tax expense	(23,025)	27	(99)		(23,097)
Net profit	39,551	25,300	(13,975)		50,876
Capital expenditure	(1,160)	(60,245)	(103)		(61,508)
Total assets	117,470	258,557	136,137		512,164
Total external liabilities	19,084	146,228	3,309		168,621
Dividends (paid)/received	(30,400)		30,400		
Net cash flows generated by/(utilized in) operations	32,900	48,482	(10,972)		70,410
Net cash flows utilized in investing activities	(1,160)	(60,140)	(103)		(61,403)
Net cash (utilized in)/generated from financing activities	(1,130)	(20,626)	3,653		(18,103)
Net (decrease)/increase in cash and cash equivalents	30,610	(32,284)	(7,422)		(9,096)

20. FINANCIAL RISK MANAGEMENT

In the normal course of its operations, the group is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to manage these risks, the group may enter into transactions which make use of on-balance sheet derivatives. The group does not acquire, hold or issue derivatives for trading purposes. The group has developed a risk management process to facilitate, control and monitor these risks. The board has approved and monitors this risk

management process, inclusive of documented treasury policies, counterpart limits, controlling and reporting structures.

Controlling risk in the group

The treasury committee is responsible for risk management activities within the group. The treasury committee reviews and recommends to the board all treasury counterparts, limits, instruments and hedge strategies. At least two members of the treasury committee need to be present for a decision to be made. The treasury committee is only permitted to invest with institutions with investment ratings of AA- or higher. The treasurer is responsible for managing investment, gold price, currency, liquidity and credit risk. The treasury function monitors adherence to treasury risk management policy and counterpart limits and provides regular reports.

The financial risk management objectives of the group are defined as follows:

Safeguarding the group core earnings stream from its major assets through the effective control and management of gold price risk, foreign exchange risk and interest rate risk.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures.

Ensuring that investment and hedging transactions are undertaken with creditworthy counterparts.

Ensuring that all contracts and agreements related to risk management activities are coordinated, consistent throughout the group and comply where necessary with all relevant regulatory and statutory requirements.

Foreign currency and commodity price risk

In the normal course of business, the group enters into transactions denominated in foreign currencies (primarily Euro, South African Rand and Communauté Financière Africaine Franc). As a result, the group is subject to exposure from fluctuations in foreign currency exchange rates.

In general, the group does not enter into derivatives to manage these currency risks. Generally, the group does not hedge its exposure to gold price fluctuation risk and sells at market spot prices. Gold sales are disclosed in US dollars and do not expose the group to any currency fluctuation risk. However, during periods of capital expenditure or loan finance, the company may use forward contracts or options to reduce the exposure to price movements, while maintaining significant exposure to spot prices.

These derivatives may establish a fixed price for a portion of future production while the group maintains the ability to benefit from increases in the spot gold price for the majority of future gold production. At year end, the volume of outstanding forward sale contracts was 126,744 ounces. Also refer to the sensitivity analysis performed on the valuation of the financial liabilities in Note 21. The group is also exposed to fluctuations in the price of consumables, such as fuel, steel, rubber, cyanide and lime, mainly due to changes in the price of oil, as well as fluctuations in exchange rates.

US$000	**Dec. 31, 2008**	**Dec. 31, 2007**
Level of exposure of foreign currency risk		
Carrying value of foreign currency balances		
Cash and cash equivalents includes balances denominated in:		
Communauté Financiére Africaine franc (CFA)	(2,609)	1,209
Euro (EUR)	11,556	27,330
South African Rand (ZAR)	8,830	305
Pound Sterling (GBP)	335	5,586
Account receivable and prepayments include balances denominated in:		
Communauté Financiére Africaine franc (CFA)	24,151	34,943
Euro (EUR)	571	681
South African Rand (ZAR)	377	186
Pound Sterling (GBP)	1,302	2,847
Accounts payable includes balances denominated in:		
Communauté Financiére Africaine franc (CFA)	(25,380)	(26,842)
Euro (EUR)	(362)	(552)
South African Rand (ZAR)	(394)	(544)
Pound Sterling (GBP)	(782)	(2,204)

The group s exposure to foreign currency arises where a company holds monetary assets and liabilities denominated in a currency different to the functional currency of the group which is

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the US dollar. Set out below is the impact of a 10.0% change in the US dollar on profit and equity arising as a result of the revaluation of the group s foreign currency financial instruments.

	Closing exchange rate	Effect of 10% strengthening of US$ on net earnings and equity US$000
Level of exposure of foreign currency risk		
At December 31, 2008		
Communauté Financiére Africaine franc (CFA)	0.7095	1,115
Euro (EUR)	0.6910	203
South African Rand (ZAR)	465.40	(874)
Pound Sterling (GBP)	9.4649	976
At December 31, 2007		
Communauté Financiére Africaine franc (CFA)	0.6794	2,531
Euro (EUR)	0.5009	789
South African Rand (ZAR)	445.66	144
Pound Sterling (GBP)	6.8547	154

The sensitivities are based on financial assets and liabilities held at December 31 where balances were not denominated in the functional currency of the group. The sensitivities do not take into account the group s sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

Net open hedge position as at December 31, 2008

The group had the following new forward-pricing commitments outstanding against future production.

Summary: All open contracts in the group s commodity hedge position as at December 31, 2008

US dollar/gold	**2009**	**2010**	**Total**
Forward sales			
Ounces	84,996	41,748	126,744
Average US$/oz	435	500	456

The volume of production hedged and the tenor of the hedging book is continually reviewed in the light of changes in operational forecasts, market conditions and the group s hedging policy.

Forward sales contracts require the future delivery of gold at a specified price.

The gains and losses on ineffective portions of cash flow hedge derivatives are recognized immediately in the income statement. During the year to December 31, 2008, a loss of $0.4 million (2007: $0.3 million) was recognized due to hedge ineffectiveness.

Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short term cash investments and interest payable on financing activities (including long term loans), giving rise to interest rate risk. In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure

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requirements. The group generally enters into variable interest bearing borrowings. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimizing risks. The group has in the past been able to actively source financing through public offerings, shareholder loans and third party loans. A 1% change in interest rates on the group s net cash (cash and cash equivalents less borrowings) would result in a US$2.6 million (2007: US$2.9 million) impact on profit before tax. The group typically holds financial investments with an average maturity of 30 days to ensure adequate liquidity. The maturity of borrowings is set out in note 15, the maturity of all other financial liabilities is set out in Note 21. In the ordinary course of business, the group receives cash from the proceeds of its gold sales and is required to fund working capital requirements. The cash is managed to ensure surplus funds are invested in a manner to achieve market-related returns while minimizing risks. The group is able to actively source financing at competitive rates. The counterparts are financial and banking institutions of good credit standing. Management believes that the working capital resources, by way of internal sources and banking facilities, are sufficient to fund the group s currently foreseeable future business requirements.

Cash and short-term loans advanced

Maturity date	Currency	Fixed rate investment amount	Effective Rate %
All less than one year	US$	257,631	2.7

The other financial instruments of the group that are not included in the tables above are non-interest bearing and are therefore not subject to interest rate risk.

Concentration of credit risk

The group s derivative financial instruments and cash balances do not give rise to a concentration of credit risk because it deals with a variety of major financial institutions. Its receivables and loans are regularly monitored and assessed. Receivables are impaired when it is probable that amounts outstanding are not recoverable as set out in the accounting policy note for receivables. Gold bullion, the group s principal product, is produced in Mali. The gold produced is sold to the largest accredited gold refinery in the world. Credit risk is further managed by regularly reviewing the financial statements of the refinery. The group is further not exposed to significant credit risk, as cash is received within a few days of the sale taking place. Included in receivables is US$8.7 million net of a present value provision (2007: US$18.8 million), see note 7, relating to indirect taxes owing to Morila and Loulo by the State of Mali, which are denominated in FCFA. Receivables also include advances to a contractor totalling US$12.1 million (2007: US$12.1 million) (see note 25). Available-for-sale financial assets consists of a portfolio of auction rate securities. The trading market for these instruments has become substantially illiquid as a result of unusual conditions in the credit markets. The company continues to receive interest on the auction rate securities (refer to Note 12). A 10% negative change in the fair value of the auction rate securities will result in a US$ 4 million loss to these assets.

Capital risk management

The group s objectives when managing capital are to safeguard the group s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

	2008	2007
Total borrowings	(2,762)	(6,420)
Less: cash and cash equivalents	257,631	294,183
Net cash	254,869	287,763

Total equity		688,141	607,093
Total capital		433,272	319,330
Gearing ratio		0%	0%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Maturity analysis

The table below analyses the group s financial liabilities into the relevant maturity groupings based on the remaining period from the balance sheet to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily agree with the amounts disclosed in the balance sheet.

US$000	Trade and other payables	Borrowings	Expected future interest payments	Derivatives	Other financial liabilities
As at December 31, 2008					
Financial Liabilities within 1 year, on demand	48,110	1,478	425	37,888	
Between 1 and 2 years		950	396	15,749	
Between 2 and 3 years		334	100		
Between 3 and 4 years					
Between 4 and 5 years					
After 5 years					3,032
Total	48,110	2,762	921	53,137	3,032

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values of the group s financial instruments outstanding at December 31, 2008 and 2007. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

US$000	Classes of Accounts Receivable	Dec. 31, 2008 Carrying amount	Dec. 31, 2008 Fair value	Dec. 31, 2007 Carrying amount	Dec. 31, 2007 Fair value
Financial assets					
Cash and cash equivalents	Loans and receivables	257,631	257,631	294,183	294,183
Available-for-sale financial assets	Available-for Sale	38,600	38,600	48,950	48,950
Receivables	Loans and receivables	56,902	56,902	64,927	64,927
Financial liabilities	Other financial liabilities				
Accounts payable		48,110	48,110	63,330	63,330
Current portion of long term borrowings	Other financial liabilities	1,478	1,478	3,647	3,647
Long term borrowings (excluding loans from outside shareholders)	Other financial liabilities	1,284	1,284	2,773	2,773
Liabilities on forward gold sales		53,137	53,137	85,625	85,625

	Derivatives used for hedging				
Government of Mali loan	Other financial liabilities	3,032	2,642	3,096	2,545

Refer to Notes 3 and 12 for details on the valuation technique used for available-for-sale financial assets.

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	Carrying amount US$000	Forward sales Ounces	Forward sales US$/oz
Details of the group s on balance sheet forward gold sale contracts as at December 31, 2008 (all treated as cash flow hedges):			
Maturity dates			
Year ended 2009	37,388	84,996	435
Year ended 2010	15,749	41,748	500
Total	53,137	126,744	456

Financial instruments

Details of the group s on balance sheet forward gold sale contracts as at December 31, 2007 (all treated as cash flow hedges):			
Maturity dates			
Year ended 2008	33,672	80,496	429
Year ended 2009	36,090	84,996	435
Year ended 2010	15,863	41,748	500
Total	85,625	207,240	446

These financial instruments were taken out as part of the Loulo project financing, but some of the contracts which matured in 2006 have been rolled forward.

For ounces delivered into hedges the net cash proceeds from the sales will be limited to the forward price per the contract as per the previous table. However, the revenue recognized under IFRS in respect of forecast sales hedging using forward contracts rolled forward in 2007 will be adjusted to exclude the non-cash profit/loss rolled forward. These profits/losses have already been recognized in the income statement, at the original designated delivery date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The hedge book liability as stated at present will realize as follows:

US$000	**Dec. 31, 2008**	**Dec. 31, 2007**
Amounts deferred in equity which will reduce/(increase) revenue in future periods:		
2008		32,749
2009	36,053	34,755
2010	4,919	6,319
	40,972	73,823

US$000		
The non-cash losses on rolled forward contracts for previously designated dates which have already been recognized in the income statement:		
2009	1,335	1,335
2010	9,544	9,544
	10,879	10,879
The ineffective loss/(profit) portion of hedging contracts previously recognized	1,286	923
Total fair value	53,137	85,625

US$000	**Dec 31, 2008**	**Dec 31, 2007**
Movement in the Hedging Reserve	(73,823)	(62,482)
Opening balance		
Movement on cash flow hedges Transfer to income statement		
Transfer to income statement	35,901	30,371
Fair value movement on financial instruments	(3,050)	(41,712)
Closing balance	(40,972)	(73,823)

Estimation of fair values

Receivables, accounts payable, bank overdrafts and cash and cash equivalents.

The carrying amounts are a reasonable estimate of the fair values because of the short maturity of such instruments. Long term receivables are discounted using the effective interest rate which approximates a market related rate. The rates used and the fair values are stated in note 7.

Long term borrowings

The fair value of market-based floating rate long term debt is estimated using the expected future payments discounted at market interest rates. The fair value for the loans from minority shareholders is based on estimated project cash

flows which have been discounted at 3.75% (2007: 6.75%).

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Gold price contracts

The fair value of gold price forward sales contracts has been determined by reference to quoted market rates at year end balance sheet dates. See note 3. The forward price of gold is sensitive to fluctuations in the gold spot price, interest rates and the gold lease rate. The following table sets forth a sensitivity analysis of the mark-to-market valuations of our hedges as at December 31, 2008:

Impact on mark-to-market valuation of financial liabilities forward gold sales

Sensitivity to change in gold price at December 31, 2008

Loulo (100%):									
Change in US$ gold price	20	10	5	2	0	(2)	(5)	(10)	(20)
Mark-to-market (US$ million)	(55.5)	(54.3)	(53.7)	(53.4)	(53.1)	(52.9)	(52.6)	(52.0)	(50.8)

Sensitivity to change in weighted average US$ interest rate at December 31, 2008

Loulo (100%):							
Change in rate	1.00%	0.50%	0.20%	0.00%	-0.20%	-0.50%	-1.00%
Mark-to-market (US$ million)	(54.3)	(53.7)	(53.4)	(53.1)	(52.9)	(52.6)	(52.0)

Sensitivity to change in gold lease rate at December 31, 2008

Loulo (100%):							
Change in rate	1.00%	0.50%	0.20%	0.00%	-0.20%	-0.50%	-1.00%
Mark-to-market (US$ million)	(52.6)	(52.9)	(53.0)	(53.1)	(53.2)	(53.4)	(53.7)

These movements will affect profits when the relevant forward contracts expire. There will be corresponding impact on equity.

Effect of change in gold price on profit and loss at December 31, 2008

Loulo (100%):					
Change in rate	20%	10%	0%	-10%	-20%
Mark-to-market (US$ million)	60.6	30.3	0.0	(30.3)	(60.6)

22. COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure contracted for at balance sheet date but not yet incurred is:

US$000	**Dec. 31, 2008**	**Dec. 31, 2007**
Property, plant and equipment	40,260	2,013

The group s capital commitments relating to the Morila joint venture, included above, amounts to US$0.6 million (2007: US$0.5 million). There are no contingent liabilities for Morila. If the group were to early terminate its mining contract at Loulo without cause, it would have to pay a lump sum compensation depending on the maturity of the contract. If the contract had been cancelled in 2007 then the payment would have been US$3.33 million (2007: US$5 million).

Operating lease commitments

The lease relates to the oxygen plant at Loulo leased from Maligaz.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The duration of the contract is 10 years and the contract is renewable for additional periods of five years thereafter.

The lease expenditure charged to the income statement during the year is disclosed in note 26.

The future aggregate minimum lease payments* under operating leases are as follows:

US$000	Dec. 31, 2008	Dec. 31, 2007
No later than 1 year	347	362
Later than 1 year and no later than 5 years	1,387	1,448
Later than 5 years	694	724
	2,428	2,534

* *The payments also include payments for non-lease elements in the arrangement.*

23. RELATED PARTY TRANSACTIONS

In terms of the operator agreement between Morila SA and AngloGold Ashanti Services Mali SA, a management fee, calculated as 1% of the total revenue of Morila, is payable to AngloGold Services Mali SA quarterly in arrears. The attributable management fees for the year ended December 31, 2008 amounted to US$0.2 million (2007: US$1.3 million). With effect from February 15, 2008 Randgold Resources (through Mining Investments Jersey Limited) assumed responsibility for the operatorship of Morila SA and accordingly receives payment of the management fees. The total management fee received for the year amounted to US$2 million and the amount outstanding at year end was US$1 million. Randgold Resources (through Randgold Resources (Somilo) Ltd) are the operators of Somilo. Total management fees received for the year ending December 31, 2008 amounted to US$5.7 million (2007: US$5.1 million). Total interest earned on shareholder loans advanced to Somilo amounted to US$8.8 million (2007: US$5.8 million) for the year ending December 31, 2008. Seven Bridges Trading 14 (Pty) Limited provided administration services to Rockwell Resources RSA (Pty) Limited. Total fees received during the year amounted to US$0.06 million (2007: US$0.08 million). Total balances outstanding at December 31, 2008 from Rockwell amounted to US$6,000 (2007: US$11,000). Refer to Note 10 for details of the company s investments in and loans to subsidiaries and joint venture within the group.

Key management personnel compensation was as follows:

US$000	2008	2007	2006
Short term employee benefits	14,194	6,267	4,863
Share-based payments	3,070	1,144	1,434
Total	17,264	7,411	6,297

This includes compensation for two executive directors (2007: three), eight non-executive directors (2007: six) and twelve executive management personnel (2007: ten).

24. NON-GAAP INFORMATION

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 costs and cash cost per ounce are non-GAAP measures. Total cash costs and cash cost per ounce are calculated 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 and ore stockpiles, transfers to and from deferred stripping where relevant and royalties.

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Under the company s 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. Total cash costs and total cash costs per ounce are calculated on a consistent basis for the periods presented. Total cash costs and total cash costs per ounce should not be considered by investors as an alternative to operating profit or net profit attributable to shareholders, as an alternative to other IFRS 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, amortisation and share-based payments 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, the company believes 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.

Cash operating costs and cash operating cost per ounce are calculated by deducting royalties from total cash costs. Cash operating costs per ounce are calculated by dividing cash operating costs by gold ounces produced for the periods presented. Gold sales and the average price received are non GAAP measures. 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 on hedge contracts which have been rolled forward to match future sales. This adjustment is considered appropriate because no cash is received/paid in respect of these contracts. Average price received is calculated by dividing gold sales by gold ounces sold. These measures do not have a meaning prescribed by IFRS and should not be regarded as an alternative to the revenue measures presented under IFRS. Profit from mining activity is calculated by subtracting total cash costs from gold sales for all periods presented.

The following table reconciles gold sales, total cash costs and profit from mining activity, as non GAAP measures, to the information provided in the income statement, determined in accordance with IFRS, for each of the years set out below:

US$000	**Dec. 31, 2008**	**Dec. 31, 2007**
Gold sales on spot	374,110	313,421
Loss on matured hedges	(35,538)	(23,580)
Gold Sales	338,572	289,841
Mine production costs	186,377	136,312
Movement in production inventory and ore stockpiles	(21,865)	(11,534)
Transport and refining costs	2,053	1,595
Royalties	19,730	18,307
Other mining and processing costs	13,675	13,638
Total cash costs	199,970	158,318
Profit from mining activity	138,602	131,523
Depreciation and amortisation	(21,333)	(20,987)
Exploration and corporate expenditure	(45,163)	(35,920)
Finance income	9,335	9,167
Other income	4,194	967
Other expenses	(363)	(5,008)
Finance costs	(3,338)	(5,805)

Provision for financial assets	(10,350)	
Non-cash on roll forward of hedges		(7,036)
Profit before income tax	71,584	66,901

Gold sales in 2007 does not include the non-cash loss on the roll forward hedges amounting to US$7.0 million.

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. SIGNIFICANT UNCERTAINTIES RELATING TO TRANSACTIONS WITH A CONTRACTOR

The directors believe that the group is entitled to recover US$59.3 million from MDM Ferroman (Pty) Ltd (MDM) (in liquidation), the contractor which was responsible for construction of the Loulo mine (the project) until the main construction contract was taken back on December 30, 2005. This comprises payments totaling US$32 million which have been capitalized as part of the cost of the project, US$15.2 million in respect of damages arising from the delayed completion of the project, and advances of US$12.1 million (2005: US$12.2 million) included in Receivables. Of this latter amount, US$7 million is secured by performance bonds and the remainder is secured by various personal guarantees and other assets.

As part of the group s efforts to recoup the monies owed, 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 is ongoing, and the liquidators are not expected to release a statement of MDM s assets and liabilities until it has been completed.

The directors believe that the group will be able to recover in full the US$12.1 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 US$12.1 million cannot be recovered in full.

Recovery of the other US$47.2 million is dependent on the extent to which the group s claim is accepted by the liquidators and the amount in the free residue. The ultimate outcome of this claim cannot presently be determined. 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 the group in respect of the Loulo development.

26. MINING AND PROCESSING COSTS AND OTHER DISCLOSABLE ITEMS

Mining and processing costs comprise:

US$000	**Dec. 31, 2008**	**Dec. 31, 2007**	**Dec. 31, 2006**
Mine production costs	186,377	136,312	115,217
Movement in production inventory and ore stockpiles	(21,865)	(11,534)	(13,373)
Depreciation and amortization	21,333	20,987	22,844
Other mining and processing costs	13,675	13,638	13,006
	199,520	159,403	137,694
Operating lease payments	347	362	323
Impairment of receivables		(2,047)	1,550

27. EXPLORATION AND CORPORATE EXPENDITURE

US$000	**Dec. 31, 2008**	**Dec. 31, 2007**	**Dec. 31, 2006**
Exploration and corporate expenditure comprise:			
Exploration expenditure	15,268	18,245	13,959
Corporate expenditure	29,895	17,675	14,846
	45,163	35,920	28,805

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
28. FINANCE INCOME AND COSTS

US$000		Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Finance income	interest income on short term deposits	9,335	7,887	7,384
Finance income	net foreign exchange gains on financing activities		1,280	1,339
Finance income		9,335	9,167	8,723
Interest expense	borrowings	(1,628)	(5,251)	(5,825)
Unwind of discount on provisions for environmental rehabilitation		(443)	(554)	(541)
Finance costs	net foreign exchange losses on financing activities	(1,267)		
Finance costs		(3,338)	(5,805)	(6,366)
Provision for financial assets		(10,350)		
Finance (loss)/income	net	(4,353)	3,362	2,357

29. POST BALANCE SHEET EVENTS

No significant post balance sheet events occurred.

Société des Mines de Morila S.A.

REPORT OF THE INDEPENDENT AUDITORS

To the members of Société des Mines de Morila S.A.

We have audited the accompanying balance sheet of Société des Mines de Morila S.A as of December 31, 2008 and December 31, 2007 and the related income statements, statements of changes in equity and cash flow statements for the years then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Société des Mines de Morila S.A at December 31, 2008 and December 31, 2007 and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the IASB.

/s/ BDO Stoy Hayward LLP

BDO Stoy Hayward LLP

22 April 2009

REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Société des Mines de Morila S.A.

We have audited the statements of income, cash flow and of changes in shareholders equity of Société des Mines de Morila S.A. (the Company) for the year ended December 31, 2006. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2006, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

/s/ PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Faan Lombard
Registered Auditor
Johannesburg, South Africa;
June 21, 2007

SOCIÉTÉ DES MINES DE MORILA S.A.
INCOME STATEMENT
FOR THE YEARS ENDED DECEMBER 31,

	Note	2008 $ 000	2007 $ 000	2006 $ 000
Revenue		370,586	319,218	314,878
Operating costs		(188,174)	(170,332)	(156,552)
		182,412	148,886	158,326
Other (expenditure) / income net		(5,108)	(990)	2,718
Finance income	21	246	362	651
Finance costs	21	(2,450)	(3,392)	(3,739)
Finance costs net	21	(2,204)	(3,030)	(3,088)
Profit before taxation		175,100	144,866	157,956
Income tax expense	14	(57,971)	(52,058)	(57,717)
Net profit		117,129	92,808	100,239

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DES MINES DE MORILA S.A.
BALANCE SHEET
AT DECEMBER 31,

	Note	2008 $ 000	2007 $ 000
ASSETS			
Non-current assets		197,891	213,409
Property, plant and equipment	9	65,829	77,159
Deferred tax asset	8	3,897	5,408
Receivables	12	6,087	28,822
Long-term ore stockpiles	10	122,078	102,020
Current assets		147,550	120,020
Inventories	10	95,917	72,061
Receivables	12	15,728	33,952
Prepaid expenses		8,429	14,007
Cash and cash equivalents		27,476	
Total assets		345,441	333,429
EQUITY AND LIABILITIES			
Shareholder s equity			
Share capital	4	16	16
Distributable reserves		282,386	266,257
Total shareholder s equity		282,402	266,273
Non-current liabilities		21,259	22,808
Deferred tax liability		3,025	2,324
Shareholders loan	5	4,040	3,860
Environmental rehabilitation provision	6	10,984	11,218
Loans and borrowings	7	3,210	5,406
Current liabilities		41,780	44,348
Accounts payable	11	16,608	22,495
Taxation payable		22,976	6,574
Short term portion of interest bearing borrowings		2,196	2,715
Bank overdrafts			12,564
Total shareholders equity and liabilities		345,441	333,429

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DES MINES DE MORILA S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEARS ENDED DECEMBER 31,

	Share capital $ 000	Retained income $ 000	Total $ 000
Balance at December 31, 2005	16	221,710	221,726
Net profit for the year		100,239	100,239
Total recognized income and expense		100,239	100,239
Dividends declared and paid		(76,000)	(76,000)
Balance at December 31, 2006	16	245,949	245,965
Net profit for the year		92,808	92,808
Total recognized income and expense		92,808	92,808
Dividends declared and paid		(72,500)	(72,500)
Balance at December 31, 2007	16	266,257	266,273
Net profit for the year		117,129	117,129
Total recognized income and expense		117,129	117,129
Dividends declared and paid		(101,000)	(101,000)
Balance at December 31, 2008	16	282,386	282,402

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DES MINES DE MORILA S.A.
CASH FLOW STATEMENT
FOR THE YEARS ENDED DECEMBER 31,

	Note	2008 $ 000	2007 $ 000	2006 $ 000
Cash flows from operating activities				
Net profit		117,129	92,808	100,239
Adjustments: Net profit				
- Tax expense Adjustments:		57,971	52,058	57,717
- Net finance charges - Tax expense		2,203	3,030	2,495
- Depreciation - Net finance charges		13,397	13,566	15,583
- Provision for bad debt - Depreciation			(3,866)	1,137
		190,700	160,098	177,171
Effects of changes in operating working capital items				
- Receivables		19,591	(33,149)	(21,680)
- Inventories and ore stockpiles		(43,913)	(39,092)	(29,441)
- Accounts payable and accrued liabilities		(5,258)	6,210	(4,510)
Cash generated from operations before interest and tax		161,120	94,067	121,540
Taxation paid	15	(12,412)	(30,592)	(36,960)
Interest received		246	362	651
Interest paid net		(2,449)	(3,392)	(2,982)
Net cash generated from operating activities		146,505	60,445	82,249
Cash flows from investing activities				
Additions to mining assets		(2,750)	(1,694)	(2,900)
Net cash utilized in investing activities		(2,750)	(1,694)	(2,900)
Cash flows from financing activities				
Long term liabilities repaid		(2,715)	(3,243)	(2,825)
Dividends paid		(101,000)	(72,500)	(76,000)
Net cash flows utilized in financing activities		(103,715)	(75,743)	(78,825)
Net increase/(decrease) in cash and equivalents		40,040	(16,992)	524
Cash and equivalents at beginning of year		(12,564)	4,428	3,904

Cash and equivalents at end of year	27,476	(12,564)	4,428
Cash at bank and in hand	27,476	(12,564)	4,428

The accompanying notes are an integral part of the financial statements.

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. Nature of operations

Société des Mines de Morila S.A. (the Company) owns the Morila gold mine in Mali. The Company is owned 80% by Morila Limited and 20% by the Government of Mali. Randgold Resources Limited and AngloGold Ashanti Limited (formerly AngloGold Limited) each own 50% of Morila Limited. The Company is engaged in gold mining and related activities, including exploration, extraction, processing and smelting. Gold bullion, the Company s principal product, is currently produced and sold in Mali.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented and are consistent with prior years, except for the change in accounting policy relating to stripping costs. Refer note 2.5.

2.1 *Basis of preparation*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by certain financial assets and financial liabilities (including derivative instruments), which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company s accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.2 *General*

The financial statements are measured and presented in US dollars, as it is the primary measurement currency in which transactions are undertaken. Monetary assets and liabilities in foreign currencies are translated to US dollars at rates of exchange ruling at the end of the financial period. Translation gains and losses arising at period-end, as well as those arising on the translation of settled transactions occurring in currencies other than the functional currency, are included in net income.

2.3 *Foreign currency translation*

Functional and presentation currency

The consolidated financial statements are presented in US dollars, which is the Company s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.4 *Property, plant and equipment*

Undeveloped properties

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Significant accounting policies (continued)

Undeveloped properties upon which the Company has not performed sufficient exploration work to determine whether significant mineralization exists, are carried at original cost. Where the directors consider that there is little likelihood of the properties being exploited, or the values of the exploitable rights have diminished below cost, an impairment is recorded.

Long-lived assets

Long-lived assets including development costs and mine plant facilities are initially recorded at cost. Where relevant the estimated cost of dismantling the asset and remediating the site is included in the cost of property, plant and equipment, subsequently they are measured at cost less accumulated amortisation and impairment. Development costs and mine plant facilities relating to existing and new mines are capitalized. Development costs consist primarily of direct expenditure incurred to establish or expand productive capacity, and are capitalized until commercial levels of production are achieved, after which the costs are amortised.

Short-lived assets

Short-lived assets including non-mining assets are shown at cost less accumulated depreciation and impairment.

Depreciation and amortization

Long-lived assets include mining properties, mine development costs and mine plant facilities. Depreciation and amortization in respect of long-lived assets are charged over the life of the mine based on estimated ore tons contained in proven and probable reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in the future from known mineral deposits. Short-lived assets, which include motor vehicles, office equipment and computer equipment, are depreciated over estimated useful lives of between two to five years, using the straight-line method but limited to the life of mine.

Impairment

The carrying amounts of the property, plant and equipment of the Company are compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and fair value less cost to sell.

In assessing the value in use, the expected future cash flows from the asset is determined by applying a discount rate to the anticipated pre-tax future cash flows. The discount rate used is derived from the Company s credit-adjusted risk-free rate. Revenue for pit optimization assumptions are based on a gold price of $650 (2007: $550) and the extraction of proven and probable reserves as per the approved mine plan. Working costs and sustaining capital expenditure are estimated based on the approved mine plan. An impairment is recognized in the income statement to the extent that the carrying amount exceeds the assets recoverable amount. The revised carrying amounts are depreciated in line with accounting policies.

A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognized in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

The estimates of future discounted cash flows are subject to risks and uncertainties including the future gold price. It is therefore reasonably possible that changes could occur which may affect the recoverability of mining assets.

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Significant accounting policies (continued)

2.5 *Stripping costs*

All stripping costs incurred (costs incurred in removing overburden to expose the ore) during the production phase of a mine are treated as variable production costs and as a result are included in the cost of inventory produced during the period that the stripping cots are incurred.

2.6 *Inventories*

Inventories, which include consumable stores, gold in process and ore stockpiled, are stated at the lower of cost or net realizable value. The cost of ore stockpiles and gold produced is determined principally by the weighted average cost method using related production costs. Costs of gold inventories include all costs incurred in gold production such as milling costs, mining costs and directly attributable mine general and administration costs but exclude transport costs, refining costs and royalties.

Net realizable value is determined with reference to current market prices. A selective mining process is used and a number of grade categories exist. Full grade ore is defined as ore above 1.4g/t and marginal ore is defined as ore between 1.0g/t and 1.4g/t. Mineralised waste is between 0.7g/t and 1.0g/t and waste being less than 0.7g/t. Full grade ore and marginal ore form part of inventory. Under present market conditions the mineralised waste is classified as waste.

All stockpile grades are currently being processed and all ore is expected to be fully processed. This does not include high grade tailings, which are carried at zero value due to uncertainty as to whether they will be processed through the plant.

The processing of ore in stockpiles occurs in accordance with the life of mine processing plan that has been optimized based on the known mineral reserves, current plant capacity and mine design.

Consumable stores are valued at weighted average cost after appropriate provision for redundant and slow moving items have been made.

2.7 *Interest and borrowing cost*

Interest and borrowing cost is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity. Borrowing cost is expensed as incurred except to the extent that it relates directly to the construction of property, plant and equipment during the time that is required to complete and prepare the asset for its intended use, when it is capitalized as part of property, plant and equipment. Borrowing cost is capitalized as part of the cost of the asset where it is probable that the asset will result in economic benefit and where the borrowing cost can be measured reliably.

2.8 *Financial instruments*

Financial instruments are measured as indicated below. Financial instruments carried on the balance sheet include cash and cash equivalents, receivables, accounts payable and borrowings.

2.9 *Receivables*

Receivables are recognized initially at fair value. There is a rebuttable presumption that the transaction price is fair value unless this could be refuted by reference to market indicators. Subsequently, receivables are measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset s carrying amount and the present value

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Significant accounting policies (continued)

of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

2.10 *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments with a maturity of three months or less at the date of purchase and bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

2.11 *Borrowings*

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.12 *Accounts payable*

Accounts payable and other short-term monetary liabilities, are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method.

2.13 *Rehabilitation costs*

The net present value of estimated future rehabilitation cost estimates is recognized and provided for in the financial statements and capitalized to mining assets on initial recognition. Initial recognition is at the time of the disturbance occurring and thereafter as and when additional environmental disturbances are created. The estimates are reviewed annually to take into account the effects of inflation and changes in estimates and are discounted using rates that reflect the time value of money.

Annual increases in the provision are charged to income and consist of finance costs relating to the change in present value of the provision and inflationary increases in the provision estimate. The present value of additional environmental disturbances created are capitalized to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is depreciated as noted previously. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are expensed when they are known, probable and may be reasonably estimated.

2.14 *Provisions*

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.15 *Employee benefits*

Post employment benefits

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Significant accounting policies (continued)

The Company has a defined contribution plan. A defined contribution plan is a plan under which the Company pays fixed contributions. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees.

Retirement benefits for employees of the Company are provided by the Mali Government social security system to which the Company and its employees contribute a fixed percentage of payroll costs each month. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.16 *Finance Leases*

Leases of plant and equipment where the Company assumes a significant portion of risks and rewards of ownership are classified as a finance lease. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and the finance charges to achieve a constant rate on the finance balance outstanding. The interest portion of the finance payment is charged to the income statement over the lease period. The plant and equipment acquired under the finance lease are depreciated over the shorter of the lease term or the useful lives of the assets.

2.17 *Revenue recognition*

Revenue is recognized as follows: Gold sales Revenue arising from gold sales is recognized when the risks and rewards of ownership and title pass to the buyer under the terms of the applicable contract and the pricing is fixed and determinable. These criteria are met when the gold and silver leave the mine s smelthouse. As gold sales are subject to customer survey adjustment, sales are initially recorded on a provisional basis using the Company s best estimate of contained metal. Subsequently adjustments are recorded in turnover within a matter of days to take into account final assay and weight certificates from the refinery, if different from the initial certificates. Historically the differences between the estimated and actual contained gold have not been significant.

2.18 *Exploration costs*

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

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

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Significant accounting policies (continued)

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

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

2.19 *Current Taxation*

Current tax is the tax expected to be payable on the taxable income for the year calculated using rates (and laws) that have been enacted or substantively enacted by the balance sheet date. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods.

2.20 *Deferred taxation*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the temporary difference arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.21 **Recent accounting pronouncements**

The following standards and interpretations which have been recently issued or revised have not been adopted early by the company. Their expected impact is discussed below:

AMENDMENT TO IAS 23 BORROWING COSTS (effective for annual periods beginning on or after January 1, 2009). The amendment removes the option of immediately recognising as an expense borrowing costs that relate to qualifying assets (assets that take a substantial period of time to get ready for use or sale). Instead, an entity will be required to capitalize borrowing costs whenever the conditions for capitalisation are met. The company will apply amendments to IAS 23 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company.

AMENDMENT TO IFRS 2 SHARE-BASED PAYMENT: VESTING CONDITIONS AND CANCELLATIONS (effective for annual periods beginning on or after January 1, 2009). This amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. The purpose of making the distinction is so as to be able to address the accounting for non-vesting conditions, which were not previously covered by IFRS 2.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Significant accounting policies (continued)

The guidance in IFRS 2 covering the accounting for vesting conditions is not affected by the amendment. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is likely to have a particular impact on entities operating Save As You Earn (SAYE) schemes because it results in an immediate acceleration of the IFRS 2 expense if an employee decides to stop contributing to the savings plan, as well as a potential revision to the fair value of the awards granted to factor in the probability of employees withdrawing from such a plan. The company will apply amendments to IFRS 2 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company.

AMENDMENTS TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS: A REVISED PRESENTATION (effective for annual periods beginning on or after January 1, 2009). The amendment to IAS 1 affects the presentation of owner changes in equity and of comprehensive income. An entity will be required to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The standard does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. This revision is not applicable to the Company, as it already prepares its financial statements under IFRS.

AMENDMENTS TO IAS 27 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (effective for annual periods beginning on or after July 1, 2009). This amendment relates in particular to acquisitions of subsidiaries achieved in stages and disposals of interests, with significant differences in the accounting depending on whether control is gained or not, or a transaction simply results in a change in the percentage of the controlling interest. The amendment does not require the restatement of previous transactions. The amendment to IAS 27 must be adopted at the same time as IFRS 3 Revised. This revision is not applicable to the Company, as it already prepares its financial statements under IFRS.

AMENDMENTS TO IAS 32 AND IAS 1 PUTTABLE FINANCIAL INSTRUMENTS AND OBLIGATIONS ARISING ON LIQUIDATION (effective for annual periods beginning on or after January 1, 2009). This amendment results in certain types of financial instrument that meet the definition of a liability, but represent the residual interest in the net assets of the entity, being classified as equity. The amendment requires entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: (a) Puttable financial instruments; and (b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. The company will apply amendments to IAS 32 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company.

AMENDMENTS TO IFRS 1 AND IAS 27 COST OF AN INVESTMENT IN A SUBSIDIARY, JOINTLY-CONTROLLED ENTITY OR ASSOCIATE (effective for annual periods beginning on or after January 1, 2009). This amendment allows a first-time adopter that, in its separate financial statements, elects to measure its investments in subsidiaries, jointly controlled entities or associates at cost to initially recognize these investments either at cost determined in accordance with IAS 27 or deemed cost (being either its fair value at the date of transition to IFRSs or its previous GAAP carrying amount at that date). The company will apply amendments to IFRS 1 and IAS 27 from January 1, 2009, but it is not expected to have any impact on the accounts of the company.

AMENDMENT TO IAS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT: ELIGIBLE HEDGED ITEMS (effective for annual periods beginning on or after July 1, 2009). This amendment clarifies how the principles that determine whether a hedged

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Significant accounting policies (continued)

risk or portion of cash flows is eligible for designation should be applied in the designation of a one-sided risk in a hedged item, and inflation in a financial hedged item. The company will apply amendments to IAS 39 from January 1, 2010, but it is not expected to have any impact on the accounts of the company.

IFRIC 13 CUSTOMER LOYALTY PROGRAMMES (effective for annual periods beginning on or after July 1, 2008). The Interpretation addresses accounting by entities that grant loyalty award credits (such as points or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services (awards) to customers who redeem award credits. The Interpretation requires entities to allocate some of the proceeds of the initial sale to the award credits and recognize these proceeds as revenue only when they have fulfilled their obligations. They may fulfil their obligations by supplying awards themselves or engaging (and paying) a third party to do so. The company will apply IFRIC 13 from January 1, 2009, but it is not expected to have any impact on the accounts of the company.

IFRIC 15 AGREEMENTS FOR THE CONSTRUCTION OF REAL ESTATE (effective for annual periods beginning on or after January 1, 2009). This Interpretation clarifies the definition of a construction contract, the interaction between IAS 11 and IAS 18 and provides guidance on how to account for revenue when the agreement for the construction of real estate falls within the scope of IAS 18. For some entities, the Interpretation may give rise to a shift from the recognition of revenue using the percentage of completion method to the recognition of revenue at a single time (e.g. at completion, upon or after delivery). Affected agreements will be mainly those accounted for in accordance with IAS 11 that do not meet the definition of a construction contract as interpreted by the IFRIC and do not result in a continuous transfer (i.e. agreements in which the entity transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses). The company will apply IFRIC 15 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company.

IFRIC 16 HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION (effective for annual periods beginning on or after October 1, 2008). IFRIC 16 clarifies that: (a) The presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation. (b) The hedging instrument(s) may be held by any entity or entities within the group, other than the entity being hedged. (c) While IAS 39 Financial Instruments: Recognition and Measurement must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 The Effects of Changes in Foreign Exchange Rates must be applied in respect of the hedged item. IFRIC 16 applies prospectively from its effective date. The company will apply IFRIC 16 from January 1, 2009, but it is not expected to have any impact on the accounts of the company.

IFRIC 17 DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS ESTATE (effective for annual periods beginning on or after July 1, 2009). Prior to this interpretation, IFRSs did not address how an entity should measure distributions of assets other than cash when it pays dividends. Dividends payable were sometimes recognized at the carrying amount of the assets to be distributed and sometimes at their fair value. The Interpretation clarifies that: a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity; that an entity should measure the dividend payable at the fair value of the net assets to be distributed; and, that an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The Interpretation also

requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. It does not have to be applied retrospectively. The company will apply IFRIC 17 from January 1, 2010, but it is not expected to have any impact on the accounts of the company.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Significant accounting policies (continued)

IFRS 8 OPERATING SEGMENTS ESTATE (effective for annual periods beginning on or after January 1, 2009). This standard requires an entity to adopt the management approach to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The standard also requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognized in the income statement and balance sheet. The company will apply IFRS 8 from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company.

IMPROVEMENTS TO IFRSs (effective for annual periods beginning on or after January 1, 2009). This amendment takes various forms, including the clarification of the requirements of IFRSs and the elimination of inconsistencies between Standards. The most significant changes cover the following issues: The classification of assets and liabilities as held for sale where a non-controlling interest is retained; accounting by companies that routinely sells assets previously held for rental to others; accounting for loans given at a nil or below market rate of interest; the reversal of impairments against investments in associates accounted for using the equity method; the timing of expense recognition for costs incurred on advertising and other promotional activity; and, accounting for properties in the course of construction. The company will apply improvements to IFRSs from January 1, 2009, but it is not expected to have any significant impact on the accounts of the company.

REVISED IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (effective for annual periods beginning on or after January 1, 2009). The revised version of IFRS 1 has an improved structure but does not contain any technical changes. This revision is not applicable to the company, as it already prepares it financial statements under IFRS.

REVISED IFRS 3 BUSINESS COMBINATIONS (effective for annual periods beginning on or after July 1, 2009). The basic approach of the existing IFRS 3 to apply acquisition accounting in all cases and identify an acquirer is retained in this revised version of the standard. This includes much of the current guidance for the identification and recognition of intangible assets separately from goodwill. However, in some respects the revised standard may result in very significant changes, including: The requirement to write of all acquisition costs to profit or loss instead of including them in the cost of investment; the requirement to recognize an intangible asset even if it cannot be reliably measured; and, an option to gross up the balance sheet for goodwill attributable to minority interests (which are renamed non-controlling interests). The revised standard does not require the restatement of previous business combinations. Revised IFRS 3 must be adopted at the same time as the amendment to IAS 27. The company will apply revised IFRS 3 from January 1, 2010, but it is not expected to have any significant impact on the accounts of the company.

The company has adopted the following standards which is effective for the first time this year. The impact is discussed below:

IFRIC INTERPRETATION 11 IFRS 2 SHARE-BASED PAYMENT GROUP AND TREASURY SHARE TRANSACTIONS (effective for annual periods beginning on or after March 1, 2007). This interpretation addresses the classification of a share based payment transaction (as equity or cash-settled), in which equity instruments of the parent or another group entity are transferred, in the financial statements of the entity receiving accounts of the company or group. The company has applied IFRIC Interpretation 11 from January 1, 2008, but it has not had any impact on the accounts of the company.

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Significant accounting policies (continued)

IFRIC INTERPRETATION 12 SERVICE CONCESSION ARRANGEMENTS (effective for annual periods beginning on or after January 1, 2008). This interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public to private service concession arrangements. The company has applied IFRIC Interpretation 12 from January 1, 2008, but it has not had any impact on the accounts of the company.

IFRIC 14 AND IAS 19 THE LIMITS ON DEFINED ASSET, MINIMUM FUNDING REQUIREMENTS AND THEIR INTERACTION (for annual periods beginning on or after January 1, 2008). This interpretation clarifies when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19, how a minimum funding requirement might affect the availability of reductions in future contributions and when a funding requirement might give rise to a liability. The company has applied IFRIC Interpretation 14 from January 1, 2008, but it has not had any impact on the accounts of the company.

AMENDMENTS TO IAS 39 AND IFRS7: RECLASSIFICATION OF FINANCIAL INSTRUMENTS EFFECTIVE DATE AND TRANSITION (effective July 1, 2008). This amendment permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The company has applied the amendment to IAS39 and IFRS7 from July 1, 2008, but it has not had any impact on the accounts of the company.

3. Critical accounting estimates and judgments

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

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Future rehabilitation obligations

The net present value of current rehabilitation estimates have been discounted to their present value at 3.5% per annum (2007: 4%), being an estimate of the prevailing interest rates. Expenditure is expected to be incurred at the end of the mine life. For further information, including the carrying amounts of the liabilities, refer to note 6. A 1% change in the discount rate on the company s rehabilitation estimates would result in a US$0.7 million (2007: US$0.7 million) impact on the provision for environmental rehabilitation.

Determination of ore reserves

The company estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2004 (the JORC code). Reserves determined in this way are used in the calculation of depreciation, amortization and impairment charges, as well as the assessment of the carrying value of mining assets.

There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Critical accounting estimates and judgments (continued)

Gold price assumptions

The gold price used in the mineral reserves optimisation calculation is US$650 (2007: US$550). US$525). Changes in the gold price used could result in changes in the mineral reserve optimisation calculations. Mine modelling is a complex process and hence is it not feasible to perform sensitivities on gold price assumptions.

Indirect taxes receivable

Given their slow moving nature, the company has had to apply judgment in determining when amounts will be recovered with respect to indirect taxes owing by the Mali Government. The amounts reflected in the financial statements are the directors best estimate of the timing of the recovery of these amounts. For further information, including the carrying amount of the assets, refer to note 12.

Areas of judgment made in applying specific accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

Exploration and evaluation expenditure

The Company has to apply judgment in determining whether exploration and evaluation expenditure should be capitalized or expensed, under the policy described in note 2. Management exercises this judgment based on the results of economic evaluations, prefeasibility or feasibility studies. Costs are capitalized where those studies conclude that more likely than not that the company will obtain future economic benefit from the expenditures.

Depreciation

There are several methods for calculating depreciation, i.e. the straight-line method, the production method using ounces produced and the production method using tonnes milled. The directors believe that the tonnes milled method is the best indication of plant and infrastructure usage.

Carrying values of property, plant and equipment

The company assesses at each reporting period whether there is any indication that these assets may be impaired. If such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is assessed by reference to the higher of value in use (being the net present value of expected future cash flows of the relevant cash generating unit) and fair value less cost to sell . The estimates used for impairment reviews are based on detailed mine plans and operating plans. Future cash flows are based on estimates of:

The quantities of the reserves and mineral resources for which there is a high degree of confidence in economic extraction;

Future production levels;

Future commodity prices;

Future cash cost of production, capital expenditure, close down, restoration and environmental clean up; and

Future gold prices (a US$800 gold price was used for the current year s impairment calculations).

4. Share capital

Share capital consists of the following authorized and issued ordinary par value shares with a nominal value of Communauté Financière Africaine franc (CFA) 10 000 ($16.356) each:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Number of shares authorized and issued	2008 $ 000	2007 $ 000
Morila Limited	800	13	13
Government of Mali	200	3	3
	1,000	16	16

5. Shareholder s loan

	2008 $ 000	2007 $ 000
Government of Mali	4,040	3,860
	4,040	3,860
Made up of:		
Principal	2,560	2,560
Deferred interest	1,480	1,300
	4,040	3,860

The shareholder loan is denominated in US dollars and interest accrues at a LIBOR dollar rate plus 2% per annum and has no fixed terms of repayment. The weighted average interest rate as at December 31, 2008 on the shareholders subordinated loans was 7% (December 31, 2007: 7%).

6. Environmental rehabilitation provision

	2008 $ 000	2007 $ 000
Opening balance	11,218	10,012
Unwinding of discount	449	601
Change in estimate	(683)	605
	10,984	**11,218**

The provisions for close down and restoration costs include estimates for the effect of future inflation and have been discounted to their present value at 3.5% per annum (2007: 4%), being an estimate of the risk free pre-tax, cost of borrowing.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the Company has estimated that the remaining costs for Morila, in current monetary terms, will be $12.1 million (December 31, 2007: $14.86 million), the majority of which will only be expended at the end of the mine life.

Although limited environmental rehabilitation regulations currently exist in Mali to govern the mines, management has based the environmental rehabilitation provision using the standards as set by the World Bank which require an environmental management plan, an annual environmental report, a closure plan, an up-to-date register of plans of the facility, preservation of public safety on closure, carrying out rehabilitation works and ensuring sufficient funds exist for the closure works. However, it is reasonably possible that the Company s estimate of its ultimate rehabilitation

liabilities could change as a result of changes in regulations or cost estimates.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Company is committed to rehabilitation of its properties and to ensure that it is adequately provided to do so it makes use of independent environmental consultants to advise it. It also uses past experience in similar situations to ensure that the provisions for rehabilitation are adequate.

While the ultimate closure costs may be uncertain, there are no uncertainties with respect to joint and several liability that may affect the magnitude of the contingency as these are clearly defined in the Company s mining convention.

There are no other potentially responsible parties to consider for cost sharing arrangements.

The Company carries insurance against pollution including cost of cleanup. At present, there are no losses and/or claims outstanding.

7. Loans and borrowings

	2008 $ 000	**2007 $ 000**
a) Rolls Royce finance lease	4,481	6,754
b) Air Liquide	925	1,367
	5,406	8,121
Less: Current portion of long term liabilities:		
a) Rolls Royce finance lease	1,741	2,273
b) Air Liquide	455	442
	2,196	2,715
	3,210	5,406

(a) Rolls Royce finance lease

This lease relates to five generators leased from Rolls Royce. The lease is repayable over ten years commencing April 1, 2001 and bears interest at a variable rate which as at December 31, 2008 was approximately 33% (2007: 23%) per annum. The lease is collateralized by plant and equipment whose net book value at December 31, 2008 amounted to $4.5 million (2007: $8.9 million). Average lease payment of $3.8 million (capital and interest) are payable in instalments over the term of the lease. Randgold Resources Limited guaranteed the repayment of the lease.

(b) Air Liquide finance lease

The Air Liquide finance lease relates to three oxygen generating units leased from Air Liquide. The lease is payable over 10 years commencing December 1, 2000 and bears interest at a variable rate which as at December 31, 2008 was approximately 3.09% (2007: 3.09%) per annum. The lease is collateralized by the production units whose net book value at December 31, 2008 amounted to $0.9 million (2007: $1.3 million). Finance lease liabilities minimum lease payments:

	2008 $ 000	**2007 $ 000**
Finance lease liabilities minimum lease payments:		
Not later than 1 year	3,261	4,202
Later than 1 year and not later than 5 years	4,449	7,710
Later than 5 years		
	7,710	11,912

Future finance costs of finance leases	(2,304)	(3,791)
Present value of finance lease liabilities	5,406	8,121

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Loans and borrowings (continued)

	2008 $ 000	2007 $ 000
The present value of the finance lease liabilities is as follows:		
Not later than 1 year	2,196	2,715
Later than 1 year and not later than 5 years	3,210	5,406
Later than 5 years		
	5,406	8,121

The exposure of the company s borrowings to interest rate changes at the balance sheet date are as follows:

	2008 $ 000	2007 $ 000
0-12 months	2,196	2,715
1-5 years	3,210	5,406
	5,406	**8,121**

The carrying amounts and fair value of the non-current borrowings are as follows: 0-12 months

	Carrying amount		Fair value	
	2008 $ 000	2007 $ 000	2008 $ 000	2007 $ 000
Finance leases	3,210	5,406	3,210	5,406
	3,210	5,406	3,210	5,406

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate.

The carrying amounts of the Group s borrowings are denominated in the following currencies:

	2008 $ 000	2007 $ 000
US Dollar	5,406	8,121

8. Deferred taxation

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 35% (2007: 35%).

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Loans and borrowings (continued)

The movement on deferred taxation is a follows:

	2008 $ 000	2007 $ 000
At beginning of the year	3,084	6,261
Income statement charge (note 14)	(2,212)	(3,177)
At end of year	872	3,084
Deferred taxation assets and liabilities comprise of the following		
Accelerated tax depreciation	(3,025)	(2,324)
Deferred taxation liability	(3,025)	(2,324)
Ore stockpiles and gold-in-process	3,897	5,408
Deferred taxation asset	3,897	5,408
Net deferred taxation asset	872	3,084

9. Property, plant and equipment

	2008 $ 000	2007 $ 000
Mine properties, mine development costs and mine plant facilities and equipment		
Cost		
Beginning of year	203,273	200,975
Additions	2,750	1,693
Revision in estimate of rehabilitation costs	(683)	605
Accumulated depreciation	205,340	203,273
Accumulated depreciation		
At beginning of year	126,114	112,548
Charge for the year	13,397	13,566
	139,511	126,114
Net book value	65,829	77,159

Long-lived assets

Long-lived assets are those assets which are amortized over the life of the mine and are comprised of the metallurgical plant, tailings and raw water dams, power plant and mine infrastructure. The net book value of these assets was $61 million as at December 31, 2008 (2007: $74 million).

Short-lived assets

Short-lived assets are those assets which are amortized over their useful life but limited to the life of the mine and are comprised of motor vehicles and other equipment. The net book value of these assets was $4.8 million as at December 31, 2008 (2007: $3.2 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
10. Inventories

	2008 $ 000	2007 $ 000
Consumables stores	29,857	25,914
Gold in process	2,834	2,500
Short-term portion of ore stockpiles	65,110	45,650
	97,801	74,064
Provision for obsolescence	(1,884)	(2,003)
	95,917	72,061
Long term portion of ore stockpiles	122,078	102,020
	217,995	174,081

Ore stockpiles have been split between long and short-term based on the current life of mine plan estimates and processing capacity.

11. Accounts payable

	2008 $ 000	2007 $ 000
Related party payables		
- AngloGold Ashanti Limited	742	1,973
- AngloGold Services Mali S.A.		513
- Societe d Exploitation des Mines d Or de Sadiola S.A.		
Trade creditors	1,774	7,754
Payroll cost accruals	807	1,216
Indirect taxes payable		
Accruals	13,285	11,039
	16,608	22,495

12. Receivables

	2008 $ 000	2007 $ 000
Related party receivables		
- AngloGold Ashanti Limited	89	19
- AngloGold Services Mali S.A.		
- Societe d Exploitation des Mines d Or de Sadiola S.A.	32	99
- Societe des Mines de Loulo S.A.	31	
- Societe Ashanti Goldfields de Guinée S.A.	16	46
- Geita Gold Mining Limited		
Gold sales trade receivable	6,344	16,148
Value added tax receivable	12,243	37,760

Fuel duties receivable	5,367	10,094

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2008 $ 000	2007 $ 000
Other	534	1,449
	24,656	65,615
Impairment provision	(2,841)	(2,841)
	21,815	62,774
	(6,087)	(28,822)
Current accounts receivable	15,728	33,952

The credit quality of receivables that are not past due or impaired remains very high. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security. Refer to note 16 for further information on the concentration of credit risk.

The fair values of trade and other receivables are as follows:

	2008 $ 000	2007 $ 000
Related party receivables		
- AngloGold Ashanti Limited	89	19
- AngloGold Services Mali S.A.		
- Societe d Exploitation des Mines d Or de Sadiola S.A.	32	99
- Societe des Mines de Loulo S.A.	31	
- Societé Ashanti Goldfields de Guinée S.A.	16	46
- Geita Gold Mining Limited		
Gold sales trade receivable	6,344	16,148
Value added tax	11,668	37,185
Fuel duties receivable	3,101	7,828
MDM receivable		
Other	534	1,449
	21,815	62,774

13. Profit before taxation

	2008 $ 000 $ 000	2007 $ 000 $ 000	2006 $ 000 $ 000
Profit before tax is arrived at after taking into account the following:			
Depreciation	13,397	13,566	15,583
Auditor s remuneration			
- audit fees	107	141	141
(Reversal of)/ impairment on accounts receivable		(3,886)	1,137
Forex differences net	(4,237)	(3,709)	(2,124)
Inventory obsolescence provision	(119)	1,063	1,062

Exploration Expense	134	2,076	6,606
Royalties	22,246	19,170	18,856

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2008 $ 000 $ 000	2007 $ 000 $ 000	2006 $ 000 $ 000
Total employee benefit cost	13,849	14,108	13,631
Related party management fee (note 21)	3,715	3,202	3,149

14. Taxation

Major items causing the Company s actual income tax charge to differ from estimates at the standard charge of 35% of taxable income are as follows:

	2008 $ 000	2007 $ 000	2006 $ 000
Current taxation	55,759	48,881	56,427
Deferred taxation charge/(credit) relating to the origination and reversal of temporary differences (note 8)	2,212	3,177	1,290
	57,971	52,058	57,717

The tax on the Company s profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

Profit before tax	175,099	144,867	157,956
Tax calculated at tax rate of 35%	61,284	50,703	55,285
Expenses not deductible for tax purposes			
- Provisions/allowances	885	947	2,708
- Other Permanent Differences	(4,198)	408	(276)
Taxation charge	57,971	52,058	57,717

Under Malian tax law, income tax expense will be based on the greater of 35 per cent of taxable income or 0.75 per cent of gross revenue.

The Morila operations have no assessable capital expenditure carry forwards or assessable tax losses, as at December 31, 2008, 2007 and 2006 respectively, for deduction against future mining income.

15. Notes to the cash flow statement

	2008 $ 000	2007 $ 000	2006 $ 000
Taxation paid			
- Balance at beginning of year	6,574	4,434	6,844
- Charge to income statement	57,971	52,058	57,717
- Offsets against indirect tax receivables	(26,945)	(16,149)	(21,877)
- Movement in deferred taxation	(2,212)	(3,177)	(1,290)

- Balance at end of year	(22,976)	(6,574)	(4,434)
- Tax paid	12,412	30,592	36,960

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Taxation (continued)

15.1 *Non-cash transactions*

The principal non-cash transaction is the off-set of income taxes against indirect tax receivables.

16. Financial risk management

In the normal course of its operations, the Company is exposed to commodity price, currency, interest, liquidity and credit risk. In order to manage these risks, the Company may enter into transactions which include mainly gold forward and gold option contracts.

16.1 *Concentration of credit risk*

The company s financial instruments and cash balances do not give rise to a concentration of credit risk because it deals with a variety of major financial institutions. Its receivables and loans are regularly monitored and assessed. Receivables are impaired when it is probable that amounts outstanding are not recoverable as set out in the accounting policy note for receivables. Gold bullion, the company s principal product, is produced in Mali. The gold produced is sold to a reputable gold refinery. The company is not exposed to significant credit risk, as cash is received within a few days of the sale taking place.

Included in receivables is US$15 million net of a present value provision (2007: US$45 million), see note 12, relating to indirect taxes owing to the company by the State of Mali, which are denominated in FCFA.

16.2 *Foreign currency and commodity price risk*

In the normal course of business, the company enters into transactions denominated in foreign currencies (primarily Euro and Communauté Financière Africaine Franc). As a result, the company is subject to exposure from fluctuations in foreign currency exchange rates. In general, the company does not enter into derivatives to manage these currency risks. Generally, the company does not hedge its exposure to gold price fluctuation risk and sells at market spot prices. The company does not enter into any contracts or options to manage the foreign currency exchange risk associated with entering into transactions denominated in Euro and CFA. Gold sales are disclosed in US dollars and do not expose the company to any currency fluctuation risk. However, during periods of capital expenditure or loan finance, the company may use forward contracts or options to reduce the exposure to price movements, while maintaining significant exposure to spot prices. The company does not currently have any such contracts or options. The company is also exposed to fluctuations in the price of consumables, such as fuel, steel, rubber, cyanide and lime, mainly due to changes in the price of oil, as well as fluctuations in exchange rates.

	2008 $ 000	**2007 $ 000**
Cash and cash equivalents includes balances denominated in		
- Communauté Financière Africaine franc (CFA)	(6,204)	(13,792)
Accounts receivable and prepayments include balances denominated in		
- Communauté Financière Africaine franc (CFA)	12,615	49,096
- South African Rand (ZAR)	31	
- Euro (EUR)	17	
Accounts payable includes balances denominated in		
- Communauté Financière Africaine franc (CFA)	(6,394)	(3,255)
- South African Rand (ZAR)	(1,350)	(414)
- Pound Sterling (GBP)	(4)	(64)
- Euro (EUR)	(78)	(74)

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Financial risk management (continued)

16.3 *Interest rates and liquidity risk*

Fluctuations in interest rates impact on the value of short term cash investments and interest payable on financing activities (including long term loans), giving rise to interest rate risk. In the ordinary course of business, the company receives cash from its operations and is required to fund working capital and capital expenditure requirements. The company generally enters into variable interest bearing borrowings. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Cash is therefore only held on deposit with reputable banks. The company has in the past been able to actively source financing through public offerings, shareholder loans and third party loans. A 1% change in interest rates on the company s borrowings would result in a US$2.7 million (2007: US$2.4 million) negative impact on profit before tax. The maturity of borrowings is set out in note 7, the maturity of all other financial liabilities is not later than one year.

16.4 *Capital risk management*

The company s objectives when managing capital are to safeguard the company s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

16.5 *Maturity analysis*

The table below analyses the Company s financial liabilities into the relevant maturity groupings based on the remaining period from the balance sheet to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily agree with the amounts disclosed in the balance sheet.

At December 31, 2008

	Trade and other Borrowings US$000	**Expected future interest payments US$000**	**Payables US$000**	**Other financial liabilities US$000**
Financial liabilities within 1 year, on demand	16,608	2,196	1,065	
Between 1 and 2 years		2,625	990	
Between 2 and 3 years		585	248	
Between 3 and 4 years				
Between 4 and 5 years				
After 5 years				4,040
Total	16,608	5,406	2,303	4,040

Sensitivities

The following table sets forth a sensitivity analysis of profit after tax as affected by fluctuations in the gold spot price as at December 31, 2008:

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Financial risk management (continued)

Sensitivity to Change in Gold Price at December 31, 2008

Change in $ gold price	300	200	100	0	(100)	(200)	(300)
Profit/(loss) after tax ($ millions)	192	165	139	113	86	60	33

17. Fair value of financial instruments

The following table presents the carrying amounts and fair values of the Company s financial instruments outstanding at December 31, 2008 and 2007. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

	December 31, 2008 Classes of Financial instruments	**December 31, 2008**		**December 31, 2007**	
		Carrying amount $ 000	**Fair value** $ 000	**Carrying amount** $ 000	**Fair Value** $ 000
Financial assets					
Cash and equivalents	Loans and receivables	27,476	27,476		
Receivables	Loans and receivables	21,815	21,815	62,774	62,774
Financial liabilities					
Bank overdrafts	Other financial liabilities			(12,564)	(12,564)
Accounts payable	Other financial liabilities	16,608	16,608	22,495	22,495
Long-term liabilities	Other financial liabilities	3,210	3,210	5,406	5,406
Short term portion of long term liabilities	Other financial liabilities	2,196	2,196	2,715	2,715
Shareholder s loan	Other financial liabilities	4,040	4,040	3,860	3,860

Estimation of fair values

Receivables, restricted cash, accounts payable, cash and equivalents and bank overdrafts

The carrying amounts are a reasonable estimate of the fair values because of the short maturity of such instruments.

Long term debt

The fair value of market-based floating rate long-term debt is estimated using the expected future payments discounted at market interest rates.

18. Post employment benefits

Retirement benefits for employees of the Company are provided by the Mali Government social security system to which the Company and its employees contribute a fixed percentage of payroll costs each month. Fund contributions by the Company for the years ended December 31, 2008, 2007 and 2006 amounted to $2.1 million, $2.2 million and $2.6 million respectively.

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
19. Commitments Capital expenditure for mining assets

Capital expenditure for mining assets

	2008 $ 000	2007 $ 000
Contracts for capital expenditure		
Authorized but not contracted for	141	1,265

Somadex mining contractor expenditure

	2008 $ 000	2007 $ 000
Not later than 1 year	30,178	49,281
Later than 1 year and not later than 5 years		23,742
Later than 5 years		
	30,178	73,023

20. Related party transactions

In terms of the Operator Agreement between Morila SA and AngloGold Services Mali SA, a management fee, calculated as 1% of the total sales of Morila, is payable to AngloGold Service Mali SA quarterly in arrears. The management fees for the year ended December 31, 2008 amounted to $0.4 million (2007: $3.2 million) (2006: $3.1 million). With effect from 15 February 2008, Randgold Resources (through Mining Investments Jersey Limited) assumed responsibility for the operatorship of Morila SA and accordingly receives payment of the management fees. The total management fee received for the year amounted to US$3.3 million and the amount outstanding at year end was US$1 million.

Royalties are payable to the Government of Mali in the form of Ad Valorem taxes and CPS at a total rate of 6% of total sales. The royalties for the year ended December 31, 2008 amounted to $22.2 million (2007: $19.1 million) (2006: $18.9 million). Refer to the Value added tax receivable and Fuel duty receivable in note 11 to the financial statements for the balances owed by the Government of Mali to the Company.

Notes 11 and 12 to the financial statements set out the other balances receivable and payable relating to fellow subsidiaries.

Transactions with fellow subsidiaries and shareholders are as follows:

	2008 $ 000	2007 $ 000
Sales/services to related parties		
- AngloGold Ashanti Limited	1	59
- AngloGold Services Mali S.A.		28
- Societe d Exploitation des Mines d Or de Sadiola S.A.	188	261
- Societé d Exploitation des Mines d Or de Yatela S.A.	3	2
- Societe des Mines de Loulo S.A.		
- Societé Ashanti Goldfields de Guinée S.A.	180	27
- Geita Gold Mining Limited		1

Purchases from related parties

- AngloGold Ashanti Limited	(2,457)	(5,677)
- AngloGold Services Mali S.A.	(810)	(4,260)
- Societe d Exploitation des Mines d Or de Sadiola S.A.	23	(21)

SOCIÉTÉ DES MINES DE MORILA S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Related party transactions (continued)

	2008 $ 000	2007 $ 000
- Societé d Exploitation des Mines d Or de Yatela S.A.	3	(1)
- Geita Gold Mining Limited	1	(91)
- Mining Investments Jersey Limited	(3,300)	

Key management remuneration:

	2008 $ 000	2007 $ 000	2006 $ 000
Short-term employee benefits	2,161	1,636	1,090
Post-employment benefits		142	36
	2,161	1,778	1,126

21. Finance income and costs

	2008 $ 000	2007 $ 000	2006 $ 000
Finance income interest income on short term deposits	246	362	651
Finance income	246	362	651
Interest expense borrowings	(2,000)	(2,791)	(3,146)
Unwind of discount on provisions for environmental rehabilitation	(450)	(601)	(593)
Finance costs	(2,450)	(3,392)	(3,739)
Finance costs net	(2,204)	(3,030)	(3,088)

22. Post balance sheet events

An amount of US$45 million was declared and paid to shareholders as dividends for the period January 1, 2009 to March 31, 2009.

REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Randgold Resources Limited:

Our audits of the consolidated financial statements referred to in our report dated June 25, 2007, appearing elsewhere in this Annual Report on Form 20-F, also included an audit of the information presented for the year ended December 31, 2006 in the financial statement schedule listed in Item 18 of this Annual Report on Form 20-F. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein for the year ended December 31, 2006, when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London, United Kingdom
June 25, 2007

Schedule 1 Valuation and Qualifying Accounts

$000	Balance at beginning of period	Charged to costs and expenses	Unused amounts reversed	Balance at end of period
Year ended December 31, 2008				
Valuation allowance for impaired receivables	1.1			1.1
Valuation allowance for impaired asset backed securities		10.4		10.4
Year ended December 31, 2007				
Valuation allowance for impaired receivables	3.2		(2.1)	1.1
Valuation allowance for impaired asset backed securities				
Year ended December 31, 2006				
Valuation allowance for impaired receivables	1.6	1.6		3.2
Valuation allowance for impaired				