RANDGOLD RESOURCES LTD
Form 20-F
March 28, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

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

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

OR

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

OR

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

Date of event requiring this shell company report

For the transition period from to

Commission file number: 000-49888

RANDGOLD RESOURCES LIMITED

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

JERSEY, CHANNEL ISLANDS

(Jurisdiction of incorporation or organization)

3rd Floor Unity Chambers, 28 Halkett Street, St. Helier, Jersey JE2 4WJ, Channel Islands

(Address of principal executive offices)

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

Title of each class	**Name of each exchange on which registered**
American Depositary Shares each represented by one Ordinary Share	**NASDAQ Global Select Market**
Ordinary Shares, par value US $0.05 per 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, 2016, the Registrant had outstanding 93,803,752 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. x Yes ¨ No

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

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

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

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨

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 x	Other ¨

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

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

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GLOSSARY OF MINING TECHNICAL TERMS

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

Alteration:	The chemical change in a rock due to hydrothermal and other fluids.
Archaean:	A geological eon before 2.5 Ga.
Arsenopyrite:	An iron arsenic sulfide mineral.
Assay:	A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained.
BCM:	A measure of volume representing a cubic meter of in-situ rock.
Birimian:	Geological time era, about 2.1 billion years ago.
Breccia:	A rock in which angular fragments are surrounded by a mass of fine-grained minerals.
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.
Concentrate:	A fine, powdery product of the milling process containing a high percentage of valuable metal.
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.
Cyanidation:	A method of extracting exposed gold or silver grains from crushed or ground ore by dissolving it in a weak cyanide solution. Carried out in tanks inside a mill or in heaps of ore outside.
Decline:	A sloping underground opening for machine access from level to level or from surface, also called a ramp.
Development:	Underground work carried out for the purpose of opening up a mineral deposit which includes shaft sinking, crosscutting, drifting and raising.
Diamond Drilling (DDH):	A rotary type of rock drilling that cuts a core of rock that is recovered in long cylindrical sections, two cm or more in diameter.

Dilution (mining):	Rock that is, by necessity, removed along with the ore in the mining process, subsequently lowering the grade of the ore.
Dip:	The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.
EEP:	Exclusive exploration permit.
EP:	Exploitation permit.
Exploration:	Prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

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Fault:	A break in the Earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other.
Feasibility Study:	A comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.
Feldspar:	An alumino-silicate mineral.
g/t:	Grams of gold per metric tonne.
Gabbro:	A dark, coarse-grained igneous rock.
Gneiss:	A coarse-grained, foliated rock produced by metamorphism.
Gold sales:	Represents the sales of gold at spot and the gains/losses on hedge contracts which have been delivered into at the designated maturity date. It excludes gains/losses which have been rolled forward to match future sales. This adjustment is considered appropriate because no cash is received/paid in respect of such contracts.
Grade:	The quantity of metal per unit mass of ore expressed as a percentage or, for gold, as grams of gold per tonne of ore.
Granite:	A coarse-grained intrusive igneous rock consisting of quartz, feldspar and mica.
Greenstone belt:	An area underlain by metamorphosed volcanic and sedimentary rocks, usually in a continental shield.
Greywacke:	A dark gray, coarse grained, indurated sedimentary rock consisting essentially of quartz, feldspar, and fragments of other rock types.
Hangingwall:	The rock on the upper side of a vein or ore deposit.
Head grade:	The grade of the ore as delivered to the metallurgical plant.
Hematite:	An oxide of iron, and one of that metal's most common ore minerals
Hydrothermal:	Relating to hot fluids circulating in the earth's crust.
Kibalian:	A geological time era between 2.4 billion to 2.8 billion years before the present.
Lode:	A portion of a mineral deposit in solid rock.
Logging:	The process of recording geological observations of drill core either on paper or on computer disk.

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

Magnetite: Black, magnetic iron ore, an iron oxide.

Measures: Conversion factors from metric units to US units are provided below:

Metric Unit		**US Equivalent**
1 tonne	= 1 t	1.10231 tons
1 gram	= 1 g	0.03215 ounces
1 gram per ton	= 1 g/t	0.02917 ounces per ton

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

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/a revolving drum used for the grinding of ores in preparation for treatment.

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: A mine that is entirely on surface. Also referred to as open-cut or open-cast mine.

Ore: A mixture of ore minerals and gangue from which at least one of the metals can be extracted at a profit.

Orebody: A natural concentration of valuable material that can be extracted and sold at a profit.

Ounce: One troy ounce, which equals 31.10348 grams.

Outcrop: An exposure of rock or mineral deposit that can be seen on surface that is, not covered by soil or water.

Paste Backfill: A backfill method for filling open stopes that uses cement and tailings material.

Prefeasibility Study: A comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit,

has been established, and which, if an effective method of mineral processing has been determined includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic, social and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral material may be classified as a mineral reserve.

Probable reserves: Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Prospect: An area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.

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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 yellow iron sulphide mineral, normally of little value. It is sometimes referred to as “fool’s gold”.
Quartz:	A mineral compound of silicon and oxygen.
Quartzite:	Metamorphic rock with interlocking quartz grains displaying a mosaic texture.
Reconnaissance:	A preliminary survey of ground.
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.
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.
Sampling:	Selecting a fractional but representative sample for analysis.
Satellite deposit:	A smaller subsidiary deposit proximal to a main deposit.
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.
Shaft:	A vertical or inclined excavation in rock for the purpose of providing access to an orebody. Usually equipped with a hoist at the top, which lowers and raises a conveyance for handling ore, workers or materials.
Shear zone:	A zone in which shearing has occurred on a large scale.
Silica:	Silicon dioxide. Quartz is a common example.
Slag:	The vitreous mass separated from the fused metals in the smelting process.
Stockpile:	Broken ore heaped on surface, pending treatment.
Stope:	An excavation in a mine from which ore is, or has been, extracted.
Strike length:	The direction and length of a geological plane.
Stripping:	The process of removing overburden to expose ore.

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.
Sump:	An excavation where water accumulates before being pumped to surface.
Tailings:	Material rejected from a mill after most of the recoverable valuable minerals have been extracted.
Tonnage:	Quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure

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	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, and royalties. Total cash costs exclude costs associated with capitalized stripping activities.
Trend:	The direction, in the horizontal plane, of a linear geological feature, such as an ore zone, or a group of orebodies measured from true north.
TSF:	Tailings Storage Facility.
Vein:	A fissure, fault or crack in a rock filled by minerals that have travelled upwards from some deep source.
Volcaniclastic:	Where volcanic derived material has been transported and reworked through mechanical processes.
Volcanisedimentary:	Where volcanic and sedimentary material have been transported and reworked through mechanical processes.
Waste:	Rock mined with an insufficient gold content to justify processing.
Weathered or weathering:	Rock broken down by surface elements of temperature and water.

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 "PART I. 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 U.S. Securities and Exchange Commission, or SEC.

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

presented in US dollars. For a definition of cash costs and other non-GAAP information, please see “PART I. Item 3. Key Information—A. Selected Financial Data.”

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

Unless the context otherwise requires, “Morila” refers to Société des Mines de Morila SA, “Loulo” refers to Société des Mines de Loulo SA, “Gounkoto” refers to Société des Mines de Gounkoto SA, “Tongon” refers to Société des Mines de Tongon SA, “Kibali” refers to Kibali Goldmines SA and “Massawa” refers to the Massawa project.

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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 has 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, 2016, 2015 and 2014 and as at December 31, 2016 and December 31, 2015, which appear elsewhere in this Annual Report. The historical consolidated financial data as at December 31, 2014, 2013 and 2012, and for the years ended December 31, 2013 and 2012 have been derived from our audited consolidated financial statements not included in this Annual Report.

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

Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012

$000:					
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME DATA:					
Amounts in accordance with IFRS unless otherwise stated					
Revenues	1,200,777	1,001,420	1,086,756	1,137,690	1,183,127
Share of profits of equity accounted joint ventures	17,299	77,303	75,942	54, 257	40, 927
Net profit	294,221	212,775	271,160	325,747	510,782
Net profit attributable to owners of the parent	247,474	188,677	234,974	278,382	431,801
Basic earnings per share ($)	2.64	2.03	2.54	3.02	4.70
Diluted earnings per share ($)	2.61	2.01	2.51	2.98	4.65
Weighted average number of shares used in computation of basic earnings per share	93,644,110	93,093,692	92,603,191	92,213,511	91,911,444
Weighted average number of shares used in computation of fully diluted earnings per share	94,793,842	93,093,803	93,513,661	93,346,109	92,824,926
Other data					
Total cash costs ($ per ounce sold) [2]	639	679	698	715	735
Dividends declared per share[1]	0.66	0.60	0.50	0.50	0.40

[1] *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.*

[2] *Refer to explanation of non-GAAP information provided in the section "—Non-GAAP information" below.*

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Following the introduction and adoption of IFRS 11 Joint arrangements in 2013, the group changed its accounting policy on joint ventures from January 1, 2013 with prior period 2012 restated accordingly (refer to the 2013 Annual Report on Form 20-F).

	At December 31, 2016	**At December 31, 2015**	**At December 31, 2014**	**At December 31, 2013**	**At December 31, 2012**
$000:					
CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA:					
Amounts in accordance with IFRS					
Total assets	4,040,958	3,737,320	3,533,083	3,376,513	3,008,891
Total long term obligations	100,606	85,894	88,585	80,564	85,179
Share capital	4,690	4,662	4,634	4,612	4,603
Share premium	1,537,326	1,493,781	1,450,984	1,423,513	1,409,144
Retained earnings	1,893,542	1,708,151	1,575,518	1,386,518	1,154,273
Other reserves	63,141	67,005	67,254	64,398	50,994
Equity attributable to the owners of the parent	3,498,699	3,273,599	3,098,090	2,879,041	2,619,014
Non-controlling interests	253,258	218,706	204,864	178,813	158,673
Total equity	3,751,957	3,492,305	3,302,954	3,057,854	2,777,687

Non-GAAP information

Randgold 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 of 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 explained further below:

Total cash costs and cash cost per ounce are non-GAAP measures. Total cash costs and total cash cost per ounce are calculated using guidance issued by the Gold Institute. The Gold Institute was a non-profit industry association comprising 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, and royalties. Total cash costs exclude costs associated with capitalized stripping activities. Total cash costs and cash cost per ounce also include the company's share of equity accounted joint ventures' total cash costs and cash cost per ounce.

Total cash cost per ounce is calculated by dividing total cash costs, as determined using the Gold Institute guidance, by gold ounces sold for the periods presented. Total cash costs and total cash cost per ounce are calculated on a consistent basis for the periods presented. Total cash costs and total cash cost per ounce should not be considered by investors as an alternative to operating profit or net profit attributable to shareholders, or as an alternative to other IFRS measures. 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 cost 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, Randgold believes that total cash cost 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

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costs. Cash operating cost per ounce is calculated by dividing cash operating costs by gold ounces sold for the periods presented. Total cash operating costs and cash operating cost per ounce include our share of joint ventures' total operating cash costs and operating cash cost per ounce.

Gold sales is a non-GAAP measure. It 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. Randgold currently does not have any hedge positions. Gold sales include our share of our equity accounted joint ventures' gold sales.

Profit from mining activity is calculated by subtracting total cash costs from gold sales for all periods presented. Profit from mining includes our share of our equity accounted joint ventures.

Gold on hand represents gold in doré at the mines multiplied by the prevailing spot gold price at the end of the period. Gold on hand includes our share of our equity accounted joint ventures' gold on hand.

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

$000:	**Year Ended December 31, 2016**	**Year Ended December 31, 2015**	**Year Ended December 31, 2014**	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**
Gold Sales					
Gold sales per IFRS	1,200,777	1,001,420	1,086,756	1,137,690	1,183,127
Gold sales adjustment for joint ventures	345,253	393,469	348,117	129,022	134,703
Gold sales[2]	1,546,030	1,394,889	1,434,873	1,266,712	1,317,830
Costs					
Mine production costs	461,522	498,779	525,909 [3]	538,892 [3]	441,049 [3]
Depreciation and amortization	175,343	150,902	146,762	130,638	117,991
Other mining and processing costs	60,141	60,007	64,762	61,319	75,770
Cash cost adjustment for joint ventures	197,153	195,105	169,260	49,055	50,511
Depreciation and amortization adjustment for joint ventures	116,949	105,677	86,183	19,322	13,750

Royalties	62,377	51,673	56,490	58,415	59,710
Movement in production inventory and ore stockpiles	13,239	17,109	24,665	(49,730)	(43,716)
Total cost of producing gold	1,086,724	1,079,252	1,024,701	807,911	715,065
Less: Non-cash costs included in total cost of producing gold: Depreciation and amortization under IFRS	(175,343)	(150,902)	(146,762)	(130,638)	(117,991)
Less: Non-cash costs included in total cost of producing gold: Depreciation and amortization for joint ventures	(116,949)	(105,677)	(86,183)	(19,322)	(13,750)
Total cash costs using the Gold Institute's guidance[2]	794,432	822,673	791,756	657,951	583,324
Ounces sold[1]	1,242,366	1,210,844	1,134,941	920,248	793,852
Total cost of producing gold per ounce ($ per ounce)	875	891	903	878	901
Total cash costs per ounce ($ per ounce)[2]	639	679	698	715	735

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[1] *40% share of Morila, 45% share of Kibali and 100% share of Loulo, Tongon and Gounkoto*

[2] *Refer to explanation of non-GAAP information provided in the section "—Non-GAAP information" above. Randgold consolidates 100% of Loulo, Gounkoto and Tongon, 40% of Morila and 45% of Kibali in the consolidated non-GAAP measures.*

[3] *Comparative figures for 2014, 2013 and 2012 excluded transport and refining costs from mine production costs and disclosed such costs separately. Given its immateriality, it has been included in mine production costs in 2015 and 2016. Transport and refining costs total $2.9 million for 2016 (2015: $2.9 million; 2014: $3.0 million; 2013: $2.7 million; 2012: $2.7 million) and are now included in mine production costs.*

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

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

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

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	Price Per Ounce ($)		
Year	**High**	**Low**	**Average**
2007	841	608	695
2008	1,011	712	871
2009	1,213	810	972
2010	1,421	1,058	1,224
2011	1,895	1,319	1,571
2012	1,792	1,540	1,669
2013	1,694	1,192	1,411
2014	1,385	1,142	1,266
2015	1,296	1,049	1,160
2016	1,366	1,061	1,249
2017 (through February 28)	1,260	1,162	1,214

The market price of gold has been and continues to be significantly volatile. In 2016, there was an 8% increase in the average gold 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 re-plan and mine higher grade ore which will have a negative impact on our reserves and life of mine plans. Low gold prices for an extended period could result in us having to curtail or suspend some or all of our mining operations. In addition, we would also have to assess the economic impact of low gold prices on our ability to recover from any losses we may incur during that period and on our ability to maintain adequate reserves. Our total cash cost of production per ounce of gold sold was $639 in the year ended December 31, 2016, $679 in the year ended December 31, 2015, and $698 in the year ended December 31, 2014.

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. 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 expenditure. Our ore reserves are estimated based upon many factors, including:

- the results of exploratory drilling and an ongoing sampling of the orebodies;
- past experience with mining properties;
- depletion from past mining;

- mining method and associated dilution and ore loss factors;
- gold price; and
- operating costs.

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

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

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

We are subject to risks associated with operating gold mines in Mali. In 2016, gold produced in Mali represented approximately 58% of our consolidated group gold production, including joint ventures. On March 21, 2012, Mali was subject to an attempted coup d'état that resulted in the suspension of the constitution, the partial closing of the borders and

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the general disruption of business activities in the country. The supply of consumables to our mines in Mali was temporarily interrupted as a result of the political situation. The borders were reopened shortly after these events and an interim government was installed within a month. In January 2013, following military conflicts with terrorist insurgents, the Malian State requested the assistance of the French Government to assist the Malian army to repel the insurgents who had been occupying parts of the north of the country and beginning to move towards the southern part of the country. During 2013, French and other foreign troops occupied the northern part of the country to assist the Malian State in maintaining control of this region and presidential and parliamentary elections took place during the middle of 2013. During 2015, a number of attacks by insurgents took place. Despite a peace agreement reached in June 2015 between the Malian government and secular armed groups, the growing presence of armed groups in northern and central Mali and bouts of violence have continued. In July 2016, Mali extended the country's state of emergency after a series of deadly attacks. Although we have continued to produce and sell gold throughout this period, there can be no assurance that the political or security situation will not disrupt our ability to continue gold production, or our ability to sell and ship our gold from our mines in Mali. Furthermore, there can be no assurance that the political and security situation in Mali will not have a material adverse effect on our operations and financial condition.

Our business and results of operations may be adversely affected if the State of Mali and the State of Democratic Republic of Congo (DRC) fail to repay Value Added Tax (TVA), owing to the Loulo, Morila, Gounkoto and Kibali mines.

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. During 2015 and 2016 Loulo and Morila have offset TVA reimbursements they were owed against corporate and other taxes payable to the State of Mali under the terms of their legally binding mining conventions. The amount of TVA owed by the State of Mali to Loulo has decreased in recent years to $85.7 million at December 31, 2015 and $61.6 million at December 31, 2016. As of December 31, 2015 and December 31, 2016, TVA owed by the State of Mali to Morila amounted to $6.3 million (our 40%) and $5.0 million (our 40%), respectively. As of December 31, 2015 and December 31, 2016, TVA refunds of $17.2 million and $26.2 million, respectively, remained owing to Gounkoto by the State of Mali.

By December 31, 2015 and December 31, 2016, TVA owing to Kibali by the DRC State amounted to $61.8 million (our 45%) and $59.0 million (our 45%), respectively. Kibali has received TVA refunds during the year, but the process has been slower than set out by law, due to additional administrative requirements imposed by the relevant State departments, and national budget constraints. In addition, the TVA balances owed to Kibali are denominated in Congolese francs. In the second half of 2016, the Congolese franc depreciated sharply relative to the dollar resulting in a $16.3 million foreign exchange loss (our share) recognized during 2016.

Our business, cash flow and results of operations will be adversely affected to the extent the TVA amounts owing to the group are not paid.

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

As at December 31, 2016, the group is in receipt of claims for various taxes from the State of Mali totaling $122.7 million ($280.0 million as at December 31, 2015), in particular with respect to the Loulo, Gounkoto and Morila mines. Overall claims have decreased by $157.3 million during the year, substantially representing foreign exchange movements, the settlement of $27.3 million in August 2016, the outcome of the arbitral tribunal decision referred to below, and the re-assessment of some of the claims. In June 2016, the International Center for Settlement of Investment Disputes' (ICSID) arbitral tribunal issued its final and binding award, resulting in Loulo being awarded $29.2 million in principal (together with an award for costs and interest) from the State of Mali, for monies found by the ICSID arbitral tribunal to have been wrongfully taken by the State of Mali through TVA credits. This amount was subsequently paid by the State of Mali during the third quarter of 2016.

The arbitration proceedings, which commenced in 2013, were based on the provisions of the establishment convention between Loulo and the State of Mali for the exploration, exploitation and management of the Loulo gold mine. The establishment convention provides for a stabilized tax regime. The arbitration, however, related to only a portion of the various tax claims which have been received from the State of Mali in respect of our Mali operations. Payments totaling $27.3 million were made against a portion of these claims during the third quarter. Having taken professional advice, the group considers material elements of the outstanding claims to be without merit or foundation and is strongly defending its position in relation to these claims and following the appropriate legal process. Accordingly, no provision has been made for the material claims. Loulo, Gounkoto and Morila each have legally binding establishment conventions which guarantee fiscal stability, govern the taxes applicable to the companies and allow for international arbitration in the event a dispute cannot be

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resolved in the country. Management continues to engage with the Malian authorities at the highest level to resolve these outstanding fiscal issues, but further arbitration may be necessary if a resolution is not otherwise reached. During the third quarter, the group received payment demands for these disputed amounts, and while it was engaged with the authorities on these demands, its office in Bamako was closed by the authorities but subsequently reopened in October. During October 2016, the group paid tax advances to the State of Mali in the amount of $25.0 million, to ensure that it could continue to engage with the Malian authorities to resolve the tax disputes, noting that any amounts which are not legally due will be refunded. If for any reason these disputed tax claims become due and payable the results of Morila, Gounkoto and Loulo's operations and financial position would be adversely affected, as would be 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.

Changes in mining legislation can have significant effects on our operations.

While we have entered into binding mining conventions with the governments of Côte d'Ivoire, Mali and Senegal, in the DRC our Kibali mine operates under the DRC Mining Convention and not under a mining convention. Changes in mining legislation in the countries in which we operate could have significant adverse effects on our results of operations. In addition, changes in mining legislation may discourage future investments in these jurisdictions, which may have an adverse impact on our ability to develop new mines and reduce future growth opportunities. Among the jurisdictions in which we currently have major operations, there are several proposed or recently adopted changes in mining legislation that could materially affect us. The governments in these jurisdictions may require us to renegotiate our mining conventions. If so, there can be no assurance that the outcome of our negotiations will not have a material adverse impact on our financial condition or operational results.

Our success may depend on our social and environmental performance.

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

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

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

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

While our revenue is derived from the sale of gold in US dollars, a significant portion of our input costs are incurred in currencies other than the dollar, primarily Euro, Communauté Financière Africaine Franc and South African Rand.

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

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

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

Fuel is the primary input utilized in our mining operations, and our results are significantly affected by the price and availability of fuel, which are in turn affected by a number of factors beyond our control. Historically, fuel costs have been subject to wide price fluctuations based on geopolitical factors and supply and demand. Political unrest in certain oil producing countries has in the past led to an increase in the cost of fuel. If there are additional outbreaks of hostilities or other conflicts in oil producing areas or elsewhere, or a reduction in refining capacity (due to weather events, for example), or governmental limits on the production or sale of fuel, or restrictions on the transport of fuel, there could be reductions in the supply of fuel and significant increases in the cost of fuel.

During 2016, the average price of our landed fuel was lower than 2015. In the year ended December 31, 2016, the cost of fuel and other power generation costs comprised approximately 16% of our operating costs (2015: 18%; 2014: 23%).

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. We are not parties to any agreements that protect us against price increases or guarantee the availability of fuel. Extended disruptions to our supply chain would have a material impact on the mines' ability to operate. Major reductions in the availability of fuel or significant increases in its cost for a significant period of time, would adversely affect our results of operations and profitability.

Our underground mines at Loulo and Kibali are subject to all of the risks associated with underground mining.

The business of underground mining by its nature involves significant risks and hazards. In particular, our underground mining operations could be subject to:

- rockbursts;
- seismic events;
- underground fires;
- cave-ins or falls of ground;
- discharges of gases or toxic chemicals and other environmental hazards;
- 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.

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

Mining contractors are used at Tongon, Gounkoto, Kibali and Morila to mine and deliver ore to processing plants and at Kibali to develop the underground mine. As a result of our use of mining contractors, our operations are subject to a

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number of risks, some of which are outside our control, including:

- Negotiating agreements with contractors on acceptable terms;
- The inability to replace a contractor and its operating equipment in the event that either party terminates the agreement;
- Reduced control over those aspects of operations which are the responsibility of the contractor;
- Failure of a contractor to adhere to its obligations and perform under its agreement;
- Interruption of operations or increased costs in the event that a contractor ceases its business due to insolvency or other unforeseen events;
- Failure of a contractor to comply with applicable legal and regulatory requirements, to the extent it is responsible for such compliance; and
- Problems of a contractor with managing its workforce, labor unrest or other employment issues.

In addition, we may incur liability to third parties as a result of the actions of our contractors. The occurrence of one or more of these risks could adversely affect our results of operations and financial position.

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

Feasibility studies and other project evaluation activities necessary to determine the current or future viability of a mining operation are often not economically beneficial. Activities often require substantial expenditure on exploration drilling to determine the extent and grade of mineralized material. It typically takes a number of years from initial feasibility studies of a mining project until development is completed and, during that time, the economic feasibility of production may change. The economic feasibility of development projects is based on many factors, including the accuracy of estimated reserves, metallurgical recoveries, capital and operating costs and future gold prices. The capital expenditure and time required to develop new mines or other projects are considerable, and changes in costs or construction schedules can affect project economics. Thus it is possible that actual costs and economic returns may

differ materially from our estimates.

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

- the availability and timing of necessary environmental and governmental permits;
- the timing and cost necessary to construct mining and processing facilities, which can be considerable;
- the availability and cost of skilled labor, power, water and other materials;
- the accessibility of transportation and other infrastructure, particularly in remote locations; and
- the availability of funds to finance construction and development activities.

At Massawa (Senegal), a technical and financial study was completed on the open pit enabling us to declare mineral reserves in 2010. In 2012 it was decided to focus on understanding the geological and metallurgical controls of the project. An updated technical and financial study was completed at the end of 2016, including both Massawa and the Sofia satellite deposit. The project has still not reached the internal investment hurdle rates required for the decision to construct the project. There can be no assurance that the Massawa project will ultimately result in a new commercial mining operation, or that such new commercial mining operations would be successful.

The feasibility study on Gounkoto super pit was successfully completed at the end of 2016. However, there can be no assurance that the Gounkoto super pit project will not be subject to the risks and uncertainties listed in this section, all of which could have a material adverse effect on our operating results and financial condition.

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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 adverse effect on our business and results of operations.

The countries of Mali, Senegal, DRC and Côte d'Ivoire have, since independence, experienced some form of political upheaval with varying forms of changes of government taking place.

Goods are supplied to our operations in Mali primarily by road through Senegal and Côte d'Ivoire, which at times have been disrupted by geopolitical issues. Any present or future policy changes in the countries in which we operate, or through which we are supplied, may in some way have a significant effect on our operations and interests.

The mining laws of Mali, Côte d'Ivoire, Senegal and DRC stipulate that, should an economic orebody be discovered on a property subject to an EP, a permit that allows processing operations to be undertaken must be issued to the holder. Legislation in certain countries currently provides for the relevant government to acquire a free ownership interest in any mining project. The requirements of the various governments as to the foreign ownership and control of mining companies may change in a manner which adversely affects us.

In addition, unforeseen events, including war, terrorism and other international conflicts could disrupt our operations and disrupt the operations of our suppliers. Such events could make it difficult or impossible for us to conduct our mining operations, including delivering our products and receiving materials from suppliers.

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

We are subject to risks associated with operating the Kibali mine in the DRC. The Kibali mine is located in the north-east region of the DRC and is subject to various levels of political, economic and other risks and uncertainties associated with operating in the DRC. Some of these risks include political and economic instability, high rates of

inflation, severely limited infrastructure, lack of law enforcement, labor unrest, and war and civil conflict. In addition, the Kibali mine is subject to the risks inherent in operating in any foreign jurisdiction including changes in government policy, restrictions on foreign exchange, changes in taxation policies, and renegotiation or nullification of existing concessions, licenses, permits and contracts.

The DRC is an impoverished country with physical and institutional infrastructure that is in a poor condition. It is in transition from a largely state-controlled economy to one based on free market principles, and from a non-democratic political system with a centralized ethnic power base to one based on more democratic principles. There can be no assurance that these changes will be effected or that the achievement of these objectives will not have material adverse consequences for the Kibali mine.

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

Moreover, the northeast region of the DRC has undergone civil unrest and instability that could have an impact on political, social or economic conditions in the DRC generally. There has been turmoil in the Eastern DRC, to the south of Kibali, following the defeat of the M23 rebel group in late 2013. In March 2016, certain open pits at Kibali were overrun by artisanal miners (the resolution of which required the involvement of the State security forces), caused unrest in the community and temporarily disrupted the operation of these pits. In late 2016, political tensions arose stemming from a constitutional crisis surrounding the presidency. The government reached an agreement to hold presidential elections before the end of 2017. The failure to secure a peaceful transition of power could lead to armed conflict and pose a significant risk to the country’s stability. A sufficient level of stability and effective national and local administration must be maintained in order for us to continue to operate the Kibali mine. The impact of unrest and instability on political, social or economic

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conditions in the DRC could result in the impairment of the exploration, development and operations at the Kibali mine.

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

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

The Kibali mine is located in a remote area of the DRC, which lacks basic infrastructure, including adequate roads and other transport, sources of power, water, housing, food and transport. In order to develop any of the mineral interests, facilities and material necessary to support operations in the remote locations in which they are situated must be established. The remoteness of the mineral interests would affect the potential viability of mining operations, as we would also need to establish substantially greater sources of power, water, physical plant, roads and other transport infrastructure than are currently present in the area. Hydropower stations are utilized at Kibali, which necessarily involve maintaining existing stations and building new hydropower stations and also obtaining certain government licenses relating to their operation. Two of three new hydropower stations have been completed and an additional hydropower station is still to be completed in 2018.

Establishing infrastructure for our development projects requires significant resources, identification of adequate sources of raw materials and supplies, and necessary cooperation from national and regional governments, none of which can be assured.

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

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

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

We have from time to time used derivative instruments to protect the selling price of some of our anticipated gold production. The intended effect of our derivative transactions was to lock in a fixed sale price for some of our future gold production to provide some protection against a subsequent fall in gold prices. Although we currently do not use derivative instruments to protect us against low gold prices at our operations, we may in the future determine to implement the use of derivatives in connection with a portion of our anticipated gold production.

Derivative transactions can result in a reduction in revenue if the instrument price is less than the market price at the time the hedged sales are recognized. Moreover, our decision to enter into a given instrument would be based upon market assumptions. If these assumptions are not ultimately met, significant losses or lost opportunities for significant gains may result. In all, the use of these instruments may result in significant losses which would 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.

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

We jointly control Morila, the owner of the Morila mine, and Kibali, the owner of the Kibali mine, with AngloGold Ashanti under joint venture agreements. We are responsible for the day-to-day operations of Morila and Kibali, subject to the overall management control of Morila and Kibali boards, respectively. Substantially all major management decisions, including approval of a budget for the Morila mine and the Kibali mine, must be approved by the Morila and Kibali boards,

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respectively. We and AngloGold Ashanti retain equal representation on the boards, with neither party holding a deciding vote. If a dispute arises between us and AngloGold Ashanti with respect to the management of Morila or Kibali, and we are unable to amicably resolve the dispute, we may have to participate in arbitration or other proceedings to resolve the dispute, which could materially and adversely affect our business.

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

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

- encountering unusual or unexpected formations;
- environmental pollution or damage;
- mechanical breakdowns;
- safety-related stoppages;
- work stoppages or other disruptions in labor force;
- disruptions to surrounding communities;
- electrical power and fuel supply interruptions;
- unanticipated ground conditions or flooding; and
- illness, personal injury or threat to personal security.

Historically, the Tongon mine has experienced a series of operational challenges. In 2015 the mine experienced frequent outages of grid power which disrupted the processing plant. The mine continued to engineer out key process deficiencies and improve operator skills and plant maintenance in 2015, and missed its production target by 7%. In the

first half of 2016, lower throughput stemmed from 46 days of downtime on one mill as a result of mechanical failures and the subsequent poor repairs to the mill journal and associated replacement of the slipper pads. Following the lower production in the second quarter, the mine revised its 2016 business plan and production target to 260,000oz for the year, which it met. Grid power supply improved during the third quarter of 2016 with no occurrence of long duration power stops, however some voltage spikes and dips still occurred affecting in part both the throughput and stability of the process plant. There can be no assurance that similar operational issues will not happen in the future, or that such events will not adversely affect our results of operations.

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

Our operations could be adversely affected by both shortages and long lead times to deliver fuel, strategic spares, critical consumables, mining equipment and metallurgical plant. We have limited influence over suppliers and manufacturers of these items. In certain cases there are a limited number of suppliers for fuel, certain strategic spares, critical consumables, mining equipment or metallurgical plant who command superior bargaining power relative to us. We could at times face limited supply or increased lead time in the delivery of such items. There can be no assurance that such limited supply or increased lead time in the delivery of items will not happen in the future, or that such events will not adversely affect our results of operations.

Failure to comply with the U.S. Foreign Corrupt Practices Act, Corruption (Jersey) Law and the UK Bribery Act could subject us to penalties and other adverse consequences. We could suffer losses from corrupt or fraudulent business practices.

We abide by the provisions of the US Foreign Corrupt Practices Act, Corruption (Jersey) Law and the UK Bribery Act, which generally prohibit companies and their intermediaries from making improper payments to officials for the purpose

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of obtaining or retaining business. In addition, we are required to maintain records that represent our transactions and have an adequate system of internal accounting controls. The compliance mechanisms and monitoring programs that we have in place may not adequately prevent or detect possible violations under applicable anti-bribery and corruption legislation. There can be no assurance that our internal control policies and procedures always will protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by our affiliates, employees or agents. As such, our corporate policies and processes may not prevent all potential breaches of law or other governance practices. Failure to comply with such legislation may result in severe criminal or civil sanctions, and we may be subject to other liabilities, including fines, prosecution, potential debarment from public procurement and reputational damage, all of which could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. In addition, investigations by governmental authorities could have a material adverse effect on our business, consolidated results of operations, and consolidated financial condition. We are also subject to the risks that our employees, joint venture partners, and agents may fail to comply with other applicable laws.

We may be required to seek funding from the global credit and capital markets to develop our properties, and weakness 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 in respect of the commodity sector experienced serious deterioration in 2015, and the conditions in these markets have continued to be difficult since then and may continue to be difficult in the future, which could have an impact on the availability and terms of credit and capital in the near term. The deteriorating financial condition of certain government authorities has significantly increased the potential for sovereign defaults in a number of jurisdictions, including within the European Union. If uncertainties in these markets continue, or these markets deteriorate further, it could have a material adverse effect on our ability to raise capital. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on our business, financial condition and results of operations. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates may affect our growth and profitability.

In 2014 we entered into a $400.0 million unsecured revolving credit facility with HSBC and an extended banking syndicate. If any of the lenders are unable to fulfill their future commitments, our liquidity could be impacted, which could have a material unfavorable impact on our results of operations and financial condition.

If we draw down on our credit facility, our indebtedness could adversely impact our business.

Under the terms of the credit facility we entered into in 2014 we are obligated to meet certain financial and other covenants. Our ability to meet these covenants and to service our debt (should the credit facility be drawn down) will depend on our future financial performance which will be affected by our operating performance as well as by financial and other factors, some of which are beyond our control.

Our operations are located in countries where tax laws and policies may change rapidly and unpredictably and such changes and policies may adversely affect our financial condition and results of operations.

Our failure to adapt to changes in tax regimes and regulations in the countries in which we operate may result in fines, financial losses and have a negative impact on our corporate reputation. In addition, if we fail to react to tax notifications from authorities, we could incur financial losses or the seizure of our assets. If we are unable to enforce existing tax legislation or incorrectly applied tax legislation, we may pursue arbitration or other proceedings to resolve the matter, all of which could materially and adversely affect our business.

The failure of any bank in which we deposit our funds could reduce the amount of cash we have available for operations.

Most of our cash deposited with banks is not insured and would be subject to the risk of bank failure. If any of the banking institutions in which we have deposited funds ultimately fails, we may lose our deposits. The loss of our deposits would reduce the amount of cash we have available for operations and additional investments in our business, and would

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have a material adverse effect on our financial condition.

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

The SEC adopted final rules pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) regarding disclosure on potential conflict minerals that are necessary to the functionality or production of a product manufactured by a company that files reports with the SEC. Under the final rules, an issuer that mines conflict minerals, such as Randgold, is not deemed to be manufacturing or contracting to manufacture those minerals, unless the issuer also engages in manufacturing, whether directly or indirectly through contract. Though we are not subject to the disclosure requirements of the final rules, we may be called upon by other entities we contract with to provide information to them for their own supply-chain due diligence investigations. This may result in the increased cost of demonstrating compliance in connection with the sale of gold emanating from the DRC and its neighbors. The complexities of the gold supply chain, especially as they relate to ‘scrap’ or recycled gold, and the fragmented and often unregulated supply of artisanal and small-scale mined gold are such that there may be significant uncertainties at each stage in the chain as to the origin of the gold, and as a result of uncertainties in the process, the costs of due diligence and audit, or the reputational risks of defining their product or a constituent part as containing a ‘conflict mineral’ may be too burdensome for the buyers of our gold. Accordingly, they may decide to switch supply sources. This could have a material negative impact on the gold industry, our relationship with the buyers of our gold, and our financial results.

Inflation may have a material adverse effect on our operations.

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

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

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to various climate change interest groups and the potential impact of climate change. Legislation and increased regulation regarding climate change could impose significant costs on us, our venture partners and our suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Any adopted future climate change regulations could also negatively impact our ability

to compete with companies situated in areas not subject to such limitations. Given the political significance and uncertainty around the impacts of climate change and how it should be dealt with, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. The potential physical impacts of climate change on our operations are highly uncertain, and would be particular to the geographic circumstances in areas in which we operate. These may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. These impacts may adversely impact the cost, production and financial performance of our operations.

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

We have been subject to risks associated with operating the Tongon mine in Côte d'Ivoire. Côte d'Ivoire has in prior years experienced political disruptions, including an attempted coup d'état and civil war. In January 2017, soldiers mutinied in Bouake and several other cities, including the economic capital Abidjan, demanding bonuses, better pay and housing and forcing the government into negotiations. On January 26, 2017, a group of employees began an illegal sit-in at the Tongon mine, demanding annual ex gratia payments. The employees who engaged in the sit-in returned to work on February 1, 2017 after management, together with representatives of central and local authorities, negotiated a settlement with them. There can be no assurance that similar events and unrest may not occur in the future which would have a material adverse effect on our gold production and financial results. Our operations and financial conditions could be impacted by future political and economic instabilities.

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We may not pay dividends to shareholders in the future.

We paid our tenth dividend to ordinary shareholders in 2016. It is our policy to pay dividends if profits and funds are available for that purpose. Whether or not funds are available depends on a variety of factors, including capital expenditure. We cannot guarantee that dividends will be paid in the future.

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

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

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

We may become subject to liabilities, including liabilities for pollution or other hazards, against which we have not insured adequately or at all, or cannot insure. Our insurance policies contain exclusions and limitations on coverage. Our current insurance policies provide worldwide indemnity of $100.0 million in relation to legal liability incurred as a result of death, injury, disease of persons and/or loss of or damage to property. Main exclusions under this insurance policy, which relates to our industry, include war, nuclear risks, silicosis, asbestosis or other fibrosis of the lungs or diseases of the respiratory system with regard to employees, and gradual pollution. In addition, our insurance policies may not continue to be available at economically acceptable premiums. As a result, in the future our insurance coverage may not cover the extent of claims against us.

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

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

based on civil liability, whether or not predicated solely upon United States Federal securities laws against those persons or us.

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

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

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

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We are subject to significant corporate regulation and other corporate governance best practice standards as a public company and failure to comply with all applicable regulations and corporate governance best practice standards could subject us to liability, regulatory penalties and higher compliance costs or negatively affect our share price and reputation.

As a publicly traded company we are subject to a significant body of regulation as well as corporate governance best practice standards advocated by shareholder advisory and other groups. 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 or recommended best practices, there can be no assurance that we are or will be in compliance with all potentially applicable corporate regulations or suggested best practices. For example, there can be no 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. Furthermore, lack of precedent and varying interpretations of any new or changed laws, regulations, and standards may introduce uncertainty regarding and inconsistencies in compliance matters and lead to higher compliance costs. In addition, if we do not adopt current corporate governance best practices advocated by shareholder advisory and other groups, our reputation may be adversely affected.

We utilize information technology and communications systems, the failure of which could significantly impact our operations and business.

We are dependent upon information technology systems in the conduct of our operations. Our information technology systems are subject to disruption, damage or failure from a variety of sources, including, without limitation, computer viruses, security breaches, cyber-attacks, natural disasters and defects in design. Cybersecurity incidents, in particular, are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data. Various measures have been implemented to manage our risks related to information technology systems and network disruptions. However, given the unpredictability of the timing, nature and scope of information technology disruptions, we could potentially be subject to production downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of our systems and networks or financial losses from remedial actions, any of which could have a material adverse effect on our cash flows, competitive position, financial condition or results of operations.

We maintain global information technology and communication networks and applications to support our business activities. Information technology security processes may not prevent future malicious actions, denial-of-service attacks, or fraud, resulting in corruption of operating systems, theft of commercially sensitive data, misappropriation

of funds and business and operational disruption. Material system breaches and failures could result in significant interruptions that could in turn affect our operating results and reputation.

We may experience unforeseen difficulties, delays or costs in successfully implementing our business strategy, including both existing and proposed projects, and any such strategy or project may not result in the anticipated benefits.

Many factors, including those outside our control, affect the success of our business strategy and projects. For example, fluctuations in the market prices of our inputs may adversely affect our management of costs, while unanticipated breakdowns of equipment or challenges in production process may lead to decreased production. The successful implementation of our existing and proposed projects, be they from our existing exploration portfolio or from new business initiatives, as well as the availability of attractive merger and acquisition opportunities, all of which are subject to the operations- and industry-related risks outlined in this section, will affect the continued growth of our business.

Risks Relating to Our Industry

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

We must continually seek to replace our ore reserves depleted by production to maintain production levels over the long term. Ore reserves can be replaced by expanding known orebodies or exploring for new deposits. Exploration for gold is highly speculative in nature. Our future growth and profitability will depend, in part, on our ability to identify and acquire

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additional mineral rights, and on the costs and results of our continued exploration and development programs. Many exploration programs, including some of ours, do not result in the discovery of mineralization and any mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Our mineral exploration rights may not contain commercially exploitable reserves of gold. Uncertainties as to the metallurgical recovery of any gold discovered may not warrant mining on the basis of available technology.

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

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

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

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

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

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

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

In addition, we compete with other mining companies to attract and retain key executives, skilled labor, contractors and other employees. We also compete with other mining companies for specialized equipment, components and supplies necessary for exploration and development, as well as for rights to mine properties. If we are unable to continue to attract and retain skilled and experienced employees, obtain the services of skilled personnel and contractors or specialized equipment or supplies, or acquire additional rights to mine properties, our competitive position or results of operations could be adversely impacted.

Artisanal mining can disrupt our business and expose us to liability.

Artisanal miners are active on, or adjacent to, many of our properties. Artisanal mining is associated with a number of negative impacts, including environmental degradation, human rights abuse and funding of conflict. Additionally, effective local government administration is often lacking in the locations where artisanal miners operate where rapid population growth and the lack of functioning structures can create a complex social and unstable environment. We do not purchase any gold from artisanal miners. There is a misconception that artisanally-mined gold is channeled through large-scale mining operators and such misconceptions have a negative impact on the reputation of the mining industry. The activities of illegal miners could cause damage to our properties, including pollution, underground fires, or personal injury or death. We could potentially be held responsible. Illegal mining and theft could result in lost gold reserves, mine stoppages, and have a material adverse effect on our operations and financial condition.

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

The incidence of AIDS in the DRC, Mali, Côte d'Ivoire and Senegal poses risks to us in terms of potentially reduced productivity and increased medical and insurance costs. The prevalence of AIDS in the countries in which we operate and among our workforce could become significant. Significant increases in the incidence of AIDS infection and AIDS-related diseases among members of our workforce in the future could adversely impact our operations and financial condition.

In 2014 and 2015, Ebola virus cases were identified in Mali and Senegal along with epidemics in neighboring countries which have now been largely contained. We formed a crisis management team to spearhead a major campaign to safeguard our employees and host communities. If the incidence of the Ebola virus re-emerges and spreads, it could pose risks to us in terms of potentially reduced productivity and increased medical and insurance costs. An Ebola virus outbreak could cause the closing of borders of the countries in which we operate, or neighboring countries, which poses a risk in operation of our supply chain.

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

The SEC has issued proposed rules which would overhaul the disclosure regime for mining companies required to file periodic reports in the United States.

In June 2016, the SEC proposed rules to modernize disclosures for mining registrants required to file periodic reports in the United States. The proposed rules are intended to align U.S. reporting standards more closely with global regulatory and industry standards such as the Committee for Mineral Reserves International Reporting Standards (CRIRSCO), which has been adopted by a number of jurisdictions around the world. However, these proposed rules may contain inconsistencies with CRIRSCO or other industry standards, which may result in confusion and higher compliance costs. For example, the proposed rule providing that the price used to estimate mineral reserves can be no higher than the average spot price for the

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24-month period prior to the end of the fiscal year may be inconsistent with the long-term commodity cycle, which may impede investors' ability to assess the long-term prospects of the company.

Item 4. Information on the Company

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Randgold Resources Limited was incorporated under the laws of Jersey, Channel Islands in August 1995, to engage in the exploration and development of gold deposits in Sub-Saharan Africa. Our principal executive offices are located at 3rd Floor Unity Chambers, 28 Halkett Street, St. Helier, Jersey, JE2 4WJ Channel Islands and our telephone number is (00 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 $132.0 million in cash.

We have an 80% controlling interest in Loulo through a series of transactions culminating in April 2001. In February 2004, we announced that we would develop a new mine at Loulo in western Mali. The Loulo mine commenced operations in October 2005 and mines the Gara (formerly Loulo 0) and Yalea deposits. In addition, the board agreed to proceed with the development of the underground mine and, after the award of the development contract, work commenced with the construction of the boxcut at the Yalea mine in August 2006. We accessed first ore at Yalea in April 2008 with full production beginning in 2010. We commenced development of Loulo's second underground mine, Gara, and started mining in 2011. We discovered the Yalea deposit in 1997.

We have an 80% controlling interest in Gounkoto, which owns the Gounkoto mine. The Gounkoto mine commenced mining in January 2011 and processes its ore by way of a toll treatment agreement with the Loulo mine, in June 2011.

We have an 89.7% controlling interest in Tongon, which owns the Tongon mine. The Tongon mine commenced mining in April 2010 and first gold was produced in 2010.

In April 2004, Resolute Mining Limited, or Resolute, acquired the Syama mine from us. The agreement entered into in June 2004 between the parties provides for the payment of a production royalty by Resolute to us relating to Syama's production equal to $10/oz on the first million ounces produced by Syama and $5/oz on the next 3Moz produced by Syama. This royalty payment is capped at $25.0 million. We received our first royalties in 2009. During 2016, quarterly royalty payments were received from Resolute throughout the year.

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

On October 15, 2009, we completed the acquisition of 50% of Moto Goldmines Limited (Moto Goldmines), in a joint venture with AngloGold Ashanti, which resulted in joint control of a 70% interest in the Kibali mine in the DRC. On December 22, 2009 we completed a further acquisition of a 20% interest, on behalf of the joint venture, from Société des Mines d'Or de Kilo-Moto SA (SOKIMO), the parastatal mining company of the DRC, resulting in an effective interest in the Kibali mine of 45%. The Kibali mine commenced mining in 2012 and first gold was produced in 2013.

During November 2009, we completed the sale of our Kiaka gold project to Volta Resources Inc., for CAD$4.0 million in cash and 20 million Volta Resources Inc. shares. During 2010, we sold 15.5 million Volta Resources Inc. shares for a net profit of $19.3 million. In May 2016, we sold our remaining share in B2 Gold Corp, which acquired Volta Resources Inc., for which we received total proceeds of $2.0 million.

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);

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- an 80% interest in Loulo;
- an 80% interest in Gounkoto;
- an 89.7% interest in Tongon; and
- a 50% joint venture interest in Kibali (Jersey) Limited (which in turn indirectly owns a 90% interest in the Kibali mine).

We also have an 83.25% interest in the Massawa project.

Principal Capital Expenditure

Capital expenditure incurred for the year ended December 31, 2016 totaled $189.4 million compared to $203.1 million for the year ended December 31, 2015 and $183.8 million for the year ended December 31, 2014. Total group capital expenditure, including its attributable share of joint ventures, is expected to be approximately $300 million in 2017. At Kibali, capital of approximately $95 million (45% of project) is expected, mostly relating to the underground shaft developments and hydropower projects. Ongoing development of the underground mines at Loulo, as well as other projects and exploration, is planned to cost $90 million, while Gounkoto is forecasting $55 million, mostly on the super pit development which includes deferred stripping. Capital at Tongon, including completion of the plant and power upgrades, is estimated at $20 million, and approximately $1 million is expected at Morila (40% of project). Continued work on the Massawa study, mostly in respect of drilling, is forecast to incur capital expenditure of approximately $30 million.

B. BUSINESS OVERVIEW

Overview

We engage in gold mining, exploration and related activities. Our activities are focused on West and Central Africa, some of the most promising areas for gold discovery in the world. In Mali, we have an 80% controlling interest in the Loulo mine through Loulo. The Loulo mine is currently mining from two underground mines. We also have an 80% controlling interest in the Gounkoto mine through Gounkoto. We own 50% of Morila Limited, which in turn owns 80% of Morila, the owner of the Morila mine in Mali. In addition, we own an effective 89.7% controlling interest in

the Tongon mine located in the neighboring country of Côte d'Ivoire, which was commissioned in November 2010. We also own an effective 83.25% controlling interest in the Massawa project in Senegal where we completed a technical and financial study in December 2009. In 2009, we acquired an effective 45% interest in the Kibali mine, which is located in the DRC. Since that time we have constructed and brought the mine into operation on both open pit and underground material. The underground mine has commenced with ore mining accessed via the decline. The vertical shaft has been sunk and equipped and we are currently busy with the infrastructural development of the material handling system which is scheduled to be commissioned in 2017. We also have exploration permits and licenses covering substantial areas in Côte d'Ivoire, DRC, Mali, and Senegal. At December 31, 2016, we declared proven and probable reserves of 14Moz attributable to our percentage ownership interests in Loulo, Morila, Tongon, Gounkoto, Massawa and Kibali.

Our strategy is to create value for all our stakeholders by finding, developing and operating profitable gold mines. We seek to discover significant gold deposits, either from our own phased exploration programs or the acquisition of early stage to mature exploration programs. We actively manage both our portfolio of exploration and development properties and our risk exposure to any particular geographical area. We also routinely review opportunities to acquire development projects and existing mining operations and companies.

Loulo

In February 2004, we announced that we would develop a new mine at Loulo in western Mali. In 2005, we commenced open pit mining operations at the Gara and Yalea pits. In 2010, an application was made to split the Loulo and Gounkoto permits. In 2011 mining ceased in the Gara open pit. In 2016, the Loulo mine produced 419,801oz of gold at a total cash cost of $551oz. We currently anticipate that mining at Loulo will continue through 2028.

We commenced development of the Yalea underground mine in August 2006, where first ore was accessed in April 2008. We commenced development of Loulo's second underground mine, Gara, in 2010 with first ore being intersected

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during the second quarter of 2011 and stoping began in November 2011. From June 2011, ore from Gounkoto was processed through the Loulo processing plant following the conclusion of a toll-treatment agreement between the two mines. Mining of the Yalea South pushback pit was completed in 2013. The Yalea and Gara underground mines are now in full production and paste backfill plants at both mines have been commissioned and are operational.

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

Gounkoto

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

In January 2011, mining commenced at Gounkoto. In June 2011, the Loulo plant started to treat Gounkoto ore. 2012 represented the first full year of production for Gounkoto. During 2016, a total of 2.29Mt of Gounkoto ore at a grade of 4.3g/t was fed to the Loulo plant and 287,315oz were produced at a total cash cost of $581oz. We currently anticipate that mining at Gounkoto will continue through 2025.

The underground feasibility study on Gounkoto was successfully completed at the end of 2014 and updated in 2015. The feasibility study on the Gounkoto super pit was completed at the end of the year and the project was approved by both the Gounkoto and Randgold boards. The super pit option was shown to be economically more attractive than the smaller pit and underground option.

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

Tongon

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

We commenced construction of the Tongon mine at the end of 2008, and commissioned the first stream in the fourth quarter of 2010, with first gold production being recorded. We completed and commissioned the second stream including secondary and tertiary crushing circuit and the sulfide circuit of the processing plant in 2011. Tongon has two main pits, South Zone (SZ) and the smaller North Zone (NZ). In 2016, we produced 260,556oz at a total cash cost of $771/oz. The Tongon mine has a remaining mine life of 5 years (to 2021) but has the potential to extend this with nearby discoveries and satellite pits.

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

Kibali

Our interest in the Kibali mine was acquired in 2009 following the acquisition of Moto Goldmines, in conjunction with AngloGold Ashanti, and the further acquisition of a 20% interest from Sokimo on behalf of the joint venture. The Kibali mine is located approximately 560km northeast of the city of Kisangani and 180km west of the Ugandan border town of Arua in the northeast of the DRC. We are managing the development and operation of the Kibali mine.

First gold production at the Kibali mine was recorded in the third quarter of 2013. In 2016, we produced 585,946oz at a total cash cost of $736/oz.

The Kibali mine is being developed in two phases. Phase 1, which includes the KCD open pit operation and processing plant, the mine infrastructure and the first of three new hydropower stations was completed in December 2014. Phase 2 comprises the underground mine development, including the vertical shaft, which is scheduled for commissioning in 2017, and two additional hydropower stations, one of which was commissioned at the start of 2017 and the other scheduled for 2018, along with further satellite pits. The mine is expected to produce an average of 600kz of gold per annum over the first 12 years of its life, which currently extends to 2029.

The focus of exploration at Kibali is to evaluate extension to the known deposits, especially KCD where

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mineralization has been confirmed.

Morila

In 1996, we discovered the Morila deposit, which we financed and developed and was our major gold producing asset through 2009. Morila's total production for 2016 was 54,022oz at a cash cost of $1,113/oz. Consistent with the mine plan, Morila ceased open pit mining in April 2009 and is currently processing TSF material. Closure of the operation is scheduled for 2019.

Massawa Gold Project

Massawa and Sofia are grassroots exploration discoveries located on the Kanoumba permit in eastern Senegal. The project is about 700 kilometers southeast of the capital city of Dakar and approximately 90 kilometers due west of Randgold's Loulo operation in Mali. Randgold owns 83.25% of the project in partnership with a local company which owns 6.75%, after providing for the State of Senegal's right to a non-contributory 10% share of any mine developed on the property.

Exploration

We are exploring in four African countries (Mali, Senegal, Côte d'Ivoire and the DRC) with a portfolio of 134 active targets within an exploration permit portfolio of 14,072km^2 with a further 7,188 km^2 under application. We target profitable gold deposits that have the potential to host mineable gold reserves. Our business strategy of organic growth through exploration has been validated by our discovery and development track record, including the Morila mine, Loulo mine, Gounkoto mine, Tongon mine and the Kibali mine and the Massawa discovery.

In 2016, the exploration focus was sustained on the priority areas: the MTZ in Senegal, the Senegal-Mali Shear in Mali, the Boundiali and Senefou belts in Côte d'Ivoire and the KZ Structure in NE DRC. The group's portfolio of mineral rights was expanded through the acquisition of new permits as well as additional joint ventures.

OWNERSHIP OF MINES AND SUBSIDIARIES

The Loulo mine is owned by a Malian Company, Loulo, which is owned 80% by us and 20% by the State of Mali.

The Gounkoto mine is owned by a Malian company, Gounkoto, which is owned 80% by us and 20% by the State of Mali.

The Tongon mine is owned by an Ivorian company, Tongon, in which we have an 89.7% interest, the State of Côte d'Ivoire 10% and 0.3% is held by a local Ivorian company.

The Kibali mine is controlled by a 50:50 joint venture, between ourselves and AngloGold Ashanti, which holds an effective 90% interest in Kibali. The remaining 10% of the shares are held by SOKIMO, the parastatal mining company of the DRC. We thus have an effective 45% interest in the Kibali mine. Responsibility for the day-to-day operations rests with us.

The Morila mine is owned by Morila, which in turn is owned 80% by Morila Limited and 20% by the State of Mali. Morila Limited is jointly owned by us and AngloGold Ashanti and the mine is controlled by a 50:50 joint venture management committee. We thus have an effective 40% interest in the Morila mine. Responsibility for the day-to-day operations rests with us.

We hold an effective 83.25% interest in the Massawa project. The government of Senegal retains a 10% carried interest in the project, with the remaining 6.75% held by our Senegalese joint venture partner.

GEOLOGY

West Africa is one of the more geologically prospective regions for gold deposits in the world. Lower Proterozoic rocks are known to contain significant gold occurrences and exist in West Africa in abundance. The Birimian greenstone belts, part of the Lower Proterozoic, which are younger than the Archaean greenstones of Canada, Australia and South Africa, contain similar types of ore deposits and are located in Ghana, Côte d'Ivoire, Burkina Faso, Guinea, Mali, Senegal

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and Niger. Although a significant amount of geological information has been collected by government and quasi-government agencies in West Africa, the region has largely been under-explored by mining and exploration companies using modern day technology. Most of our exploration properties are situated within the Birimian Formation, a series of Lower Proterozoic volcanic and sedimentary rocks. The West African Birimian sequences host a number of world class gold deposits and producing gold mines.

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

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

ORE RESERVES

Only those reserves which qualify as proven and probable reserves for purposes of the SEC's Industry Guide Number 7 are presented. Pit optimization is carried out at a gold price of $1,000/oz. Underground reserves are also based on a gold price of $1,000/oz.

The Morila Tailings Facility and the Loulo, Tongon, Gounkoto and Massawa open pit ore reserves were calculated by Mr. Shaun Gillespie, an officer of the company and competent person. The Kibali open pit ore reserves were calculated by Mr. Nicholas Coomson, an officer of the company and competent person, while the underground ore reserves were calculated by Mr. Tim Peters, an external consultant and competent person. The Loulo underground ore reserves were calculated by Mr. Andrew Fox, an external consultant and competent person. The Gounkoto underground ore reserves were calculated by Mr. Tim Peters, an external consultant and competent person. Total reserves as of December 31, 2016 amounted to 182Mt at an average grade of 3.7g/t, for 22Moz of gold of which 14Moz are attributable to us.

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

procedures are in place.

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

The following table summarizes the declared reserves at our mines as of December 31, 2016:

	Proven Reserves			**Probable Reserves**			**Total Reserves**		
Operation/Project[2]	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**
Morila[1]	-	-	-	15	0.5	0.3	15	0.5	0.3
Loulo[1]	14	4.7	2.1	23	4.3	3.1	37	4.5	5.3
Tongon[1]	7.5	2.2	0.5	12	2.5	0.9	19	2.4	1.5
Gounkoto[1]	6.8	3.9	0.9	15	4.9	2.3	21	4.6	3.1
Massawa[1]	-	-	-	19	4.3	2.6	19	4.3	2.6
Kibali[1]	4.3	1.9	0.3	66	4.2	8.9	71	4.0	9.2
Total	33	3.6	3.8	150	3.8	18	182	3.7	22

[1] *Our attributable share of Morila is 40%, Loulo 80%, Gounkoto 80%, Tongon 89.7%, Massawa 83.25% and Kibali 45%. The figures stated above represent the 100% values.*

[2] *The reporting of ore reserves is in accordance with SEC Industry Guide 7. Open pit reserves are calculated at a weighted average cut off of 1.05g/t and within an $1,000/oz open pit designs. Underground reserves are reported at a weighted*

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average cutoff of 2.51g/t, calculated at $1,000/oz gold price. Dilution and ore loss are incorporated into the calculation of reserves. Addition of individual line items may not sum to sub totals because numbers are reported to the second significant digit.

At Loulo, Gounkoto, Kibali and Massawa open pit reserves, a 10% mining dilution at zero grade and an ore loss of 3% has been incorporated into the estimates of reserves and are reported as mill delivered tonnes and head grades. At the Tongon project a dilution of 13% at zero grade and 2% ore loss for the Southern Zone and 10% dilution and 2% oreloss for the Northern Zone. Kibali underground dilution varies between 1% and 6.7% depending on stope design and ore loss of 3%. For Morila a 5% dilution has been applied to the TSF mining with 0% ore loss. At Massawa a 22% dilution and 4% ore loss has been applied to the Central Zone orebody, with 10% dilution and 3% ore loss applied to The Northern Zone and Sofia pits. Metallurgical recovery factors have not been applied to the reserve figures since these are the estimates of the material to be delivered to the mill. Operating costs, metallurgical recovery, royalties, dilution and ore loss factors are used to determine the cut-off grade at which to report ore reserves. The weighted average metallurgical recovery factors used are 57% for the Morila mine, 91% for the Loulo open pit material and 89.3% for Loulo underground material, 86% for the Tongon mine, 92% for the Gounkoto underground material, 85% for the Massawa open pit material and 87.8% for the Kibali mine.

MINING OPERATIONS

Loulo-Gounkoto Mine Complex

The Loulo-Gounkoto mining complex straddles two distinct mining permits, the Loulo mining permit and the Gounkoto mining permit. It is situated in western Mali, approximately 500 kilometers from the capital city, Bamako, bordering Senegal and 800 kilometers from the port of Dakar. Loulo owns the Loulo permit and associated gold mining operations, and Gounkoto owns the Gounkoto permit and gold mine. Both Loulo and Gounkoto are owned by Randgold (80%) and the State of Mali (20%).

The Loulo-Gounkoto complex, a long life, high production operation, currently comprises two underground mines at Loulo and an open pit mine at Gounkoto. Production started in 2005 from two open pit mines at Loulo which were subsequently converted to underground mines. Gounkoto, a greenfields discovery made in 2009, poured its first gold in 2011. The ore from Gounkoto is processed by the Loulo metallurgical plant under a tolling agreement.

Gold production at the Loulo-Gounkoto complex was 707,116oz in 2016, 12% above the prior year. The increase in production was due to a 7% increase in tonnes processed, a 4% increase in head grade milled to 5.0g/t and a 1% increase in recovery. Total cash cost per ounce dropped by 17% to $563/oz compared to the prior year at $675/oz.

Gold sales of $881.5 million were 22% higher than the previous year. Profit from mining activity (before interest, tax and depreciation) increased by 61% to $481.7 million due to the higher ounces sold and an 8% increase in the average gold price received.

Production results for the 12 months ended December 31	**2016**	**2015**
MINING		
Tonnes mined (000)	37,776	31,360
Ore tonnes mined (000)	4,804	4,513
MILLING		
Tonnes processed (000)	4,875	4,543
Head grade milled (g/t)	5.0	4.8
Recovery (%)	91.0	90.1
Ounces produced	707,116	630,167
Ounces sold	709,737	630,627
Average price received ($/oz)	1,242	1,148
Cash operating costs[1] ($/oz)	489	606
Total cash costs[1] ($/oz)	563	675
Gold on hand at period end[2] ($000)	6,061	8,133
Profit from mining activity[1] ($000)	481,651	298,396
Gold sales[1] ($000)	881,529	724,167

[1] *Refer to explanation of non-GAAP information provided in the section "—Non-GAAP information" above.*

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[2] *Gold on hand represents gold in doré at the mine multiplied by the prevailing spot gold price at the end of the period.*

LOULO

Operations

Gold production at Loulo increased by 20% to 419,801oz following a 17% increase in head grade milled to 5.5g/t (2015: 4.7g/t) and a 1% increase in recovery to 91.0%. The increased gold production impacted positively on the total cash cost which dropped to $551/oz, a 25% decrease on the prior year. Gold sales of $524.4 million were 29% higher than the previous year due to the increase in production and the 8% higher average gold price received.

Profit from mining activity (before interest, tax and depreciation) increased to $292.5 million for the year, enabling the company to repay $202.0 million of outstanding shareholder loans. Capital expenditure for the year of $129.4 million dropped by 29% compared to the previous year and included the Yalea and Gara underground development, as well as the installation of two new medium speed generators, the replacement of the standby tailings pipeline and the construction of new refrigeration plants at both the underground mines.

Mining and Production

Having taken over the underground mining from contractors in December 2015, the owner mining team sustained the rate of mine development and ore production throughout 2016 with 13.4km of development completed and 2,652kt of ore at 5.8g/t mined and hoisted to surface. Delivery from the backfill plants improved during the year, reducing the required development rates and opening up more reserves. The owner mining team continues to focus on improving efficiencies throughout the operation. Extensive training on equipment simulators and underground on-the-job training, has enabled the team to develop a number of highly competent host country nationals in the operation of loaders, solos and jumbos as part of the mine’s policy of localizing its skilled workforce.

Two refrigeration plants were constructed and commissioned by the end of the year, giving the mines the ability to operate during the high temperatures and humidity of the annual rainy season.

Production results for the 12 months ended December 31	**2016**	**2015**

MINING		
Tonnes mined (000)	2,682	2,598
Ore tonnes mined (000)	2,652	2,520
MILLING		
Tonnes processed (000)	2,587	2,570
Head grade milled (g/t)	5.5	4.7
Recovery (%)	91.0	90.1
Ounces produced	419,801	350,604
Ounces sold	420,660	352,927
Average price received ($/oz)	1,247	1,152
Cash operating costs[1] ($/oz)	477	670
Total cash costs[1] ($/oz)	551	739
Gold on hand at period end[2] ($000)	3,145	3,678
Profit from mining activity[1] ($000)	292,484	145,875
Gold sales[1] ($000)	524,358	406,643

Randgold owns 80% of Loulo and the State of Mali 20%. Randgold has funded the whole investment in Loulo by way of shareholder loans and therefore controls 100% of the cash flows from Loulo until the shareholder loans are repaid.

Randgold consolidates 100% of Loulo and shows the non-controlling interest separately.

[1] Refer to explanation of non-GAAP information provided in the section "—Non-GAAP information" above.
[2] Gold on hand represents gold in doré at the mine multiplied by the prevailing spot gold price at the end of the period.

Ore Reserves

Ore reserves increased by over 12%, net of depletion, from the infill grade control drilling of the Yalea North high grade extension and the conversion of the Gara South extension zone into reserve, following infill drilling and an update of the mine design.

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at December 31	Category	Tonnes (Mt) 2016	Tonnes (Mt) 2015	Grade (g/t) 2016	Grade (g/t) 2015	Gold (Moz) 2016	Gold (Moz) 2015	Attributable Gold[2] (Moz) 2016	Attributable Gold[2] (Moz) 2015
ORE RESERVES[1]									
Stockpiles	Proven	1.7	1.9	1.7	1.7	0.09	0.1	0.07	0.08
Open pits	Proven	-	-	-		-	-	-	-
	Probable	6.9	5.3	3.2	3.4	0.7	0.6	0.6	0.5
Underground	Proven	12	6.7	5.1	5.3	2.0	1.1	1.6	0.9
	Probable	16	18	4.8	5.0	2.4	2.9	1.9	2.3
TOTAL ORE RESERVES	Proven and Probable	37	32	4.5	4.6	5.3	4.7	4.2	3.7

[1] *Open pit ore reserves are reported at a gold price of $1,000/oz and an average cut-off of 1.1g/t and include dilution and ore loss factors. Open pit ore reserves were calculated by Mr. Shaun Gillespie, an officer of the company and competent person. Underground ore reserves are reported at a gold price of $1,000/oz and a cut-off of 2.7g/t for Yalea underground and 2.4g/t for Gara underground and includes dilution and ore loss factors. Underground ore reserves were calculated by Mr. Andrew Fox, an external consultant and competent person.*

[2] *Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 80% interest in Loulo.*

Processing, Plant and Engineering

Processing

A total of 4,875kt at 5.0g/t, which includes 2,288kt from Gounkoto, was treated at the Loulo plant during the year, compared to 4,543kt at 4.8g/t in 2015, which includes 1,973kt from Gounkoto. The modifications initiated in 2015 and completed during 2016 included installation of the launders at the Carbon in Leach (CIL) to replace the inter-tank piping, and enabled the plant to increase the throughput capability to above 4.8Mtpa.

Overall gold recovery of 91.0% was 1% higher than the prior year, while plant utilization of 96.0% increased from 92.3% in 2015. Gold recovery of +91% is being targeted for 2017 on the back of the upgrades to the gravity, elution and regeneration circuits, along with the oxygen plant expansion and enhanced oxygen dispersion system. Notwithstanding the +91% recovery target, a program to reduce CIL reagent consumption is being undertaken to lower the cost of processing and consequently extend the Life of Mine (LoM).

Loulo contributed 52% (21% Gara underground; 29% Yalea underground; 2% Gara opencast) and Gounkoto 48% of the ore to the plant, but with the higher grade ore from Loulo, the gold production was in line with the 60:40 plan to balance the mines' respective reserves.

Engineering and power supply

In the metallurgical plant, the availability of the mills and crusher increased to 96.9% (2015: 94.8%) and 90.3% (2015: 87.9%) respectively. This followed ongoing improvements in planned maintenance and the effectiveness of planned shutdowns to sustain the plant runtime.

The power plant produced a total of 353.8GWh of electricity (2015: 331.6GWh), a 7% increase on the prior year due to the additional underground demand, including increased usage by the paste backfill plants and primary ventilation upgrades.

A new switching room for the medium voltage distribution system was completed, leading to improved power stability in the second half of the year. To further enhance power efficiency, an advanced power management system is currently being installed and is expected to be commissioned in the first quarter of 2017. Taking advantage of cheaper Heavy Fuel Oil (HFO), two additional medium speed HFO generators were commissioned during the year. This, together with the lower fuel price, contributed to a significant improvement in power costs to $0.13/kwh against $0.15/kwh in 2015. The focus will

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remain on increasing the proportion of HFO in the fuel mix to above 80% to reduce the power generation cost.

Exploration

A deposit scale structural review has been completed at Yalea which has identified a transfer zone, developed between the hanging wall carbonate units and the footwall argillite contact, as an important control to higher grade Purple Patch style mineralization. As a result of this review, five near-mine targets have been generated and ranked for follow-up work. During the year, exploration drilling confirmed upside potential in the south of the deposit by intersecting extensions to the mineralized Yalea system at depth. At Loulo 3, a structural review of previous boreholes confirmed that higher grade mineralization is hosted in a steeply plunging dilational jog with characteristic sheared hydrothermal breccias, intense silica-carbonate alteration, and minor associated quartz carbonate veins.

Greenfields mapping and trenching at Gara North has identified an additional +600m of prospective strike length to greywacke Quartz Tourmaline host units of the Gara system, which remains open to the north. Going forward, structural measurements with fold vergence observations from surface work will be used to motivate drill testing at depth, down plunge of interpreted folds. In the south of the Gara system, mapping is also underway to locate further extensions to this mineralization. Field mapping at Goldfinger West has validated the DK Structure as a major, +2.4km long, 10m to 50m wide corridor of sheared heterolithic breccia with variable disseminated pyrite mineralization and polyphase alteration. Interpreted intersections between this deformational corridor, the Yalea Shear and the Yalea Structure are the focus of follow-up trenching.

Health and Safety

Four Lost Time Injury (LTI) cases were recorded during the year, representing a Lost Time Injury Frequency Rate (LTIFR) of 0.67 per million hours worked, an improvement on 0.87 in the previous year. During the year, a baseline occupational health survey was conducted to identify Similar Exposure Groups (SEGs) and high and medium priority exposures, followed by a quantitative exposures assessment. The results of this survey will be incorporated into the ongoing medical surveillance program.

The mine successfully completed its annual cyanide audit in compliance with the group code.

During the year 824 malaria cases were treated, an incidence rate of 28% which is a 37% decrease compared to 2015, mainly due to the Mass Drug Administration (MDA) program and ongoing education and awareness programs.

Overall, 2,567 Voluntary Counselling and Testing cases (VCTs) were seen during the year with an HIV positivity rate of 1.6% compared to 2,358 VCTs and a positivity rate of 1.8% for the previous year. This continual improvement in the uptake of VCTs is attributable to the mine's efforts together with its NGO partner, Soutoura.

A Hepatitis B prevention and inoculation program is currently being implemented with intensive awareness campaigns, voluntary screening (1,424 workers tested with 206 positive cases) and inoculation against hepatitis (1,233 vaccinated) for negative employees.

Environment

The mine retained its environmental management system (EMS) certification for ISO 14001 following the surveillance audit during the year. An environmental management plan (EMP) audit was undertaken to monitor implementation of the measures recommended in the environmental and social impact assessment (ESIA) in order to maintain the operation's environmental permit. Environmental permits were obtained from the ministry of environment for the Gara and Yalea refrigeration plants and the acid regeneration unit.

No major environmental incidents occurred during the year.

A water balance study was undertaken to improve mine water management. Some gaps were identified and actions are being taken to address them. The TSF water recycling rate increased to 75% from 70% in 2015.

A land and aquatic biodiversity assessment study was undertaken and concluded that, based on the number of fauna and flora species and the untroubled behavior of animals, biodiversity on site is very well conserved. As part of the rehabilitation program, +67ha were rehabilitated and more than 6,000 trees planted.

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Human Resources and Industrial Relations

The operational labor complement at Loulo comprises 2,915 employees (including personnel employed by contractors and temporary laborers) of which 94% are Malians.

Industrial relations were slightly unsettled during first and second quarter of the year due to strike actions initiated at the national level by both Union Nationale des Travailleurs du Mali (UNTM) and Confederation Syndicale des Travailleurs du Mali (CSTM) which were both partially followed by their affiliated employees on site, although production at the mine was not affected.

A total of 1,263 employees received formal training during the year in line with the company's development program.

Loulo Manpower

	2016			2015		
at December 31	**Expats**	**Nationals**	**Total**	**Expats**	**Nationals**	**Total**
Employees	151	1,596	1,747	153	1,775	1,928
Contractors	37	1,131	1,168	31	937	968
TOTAL	188	2,727	2,915	184	2,712	2,896

Community

In a combined program between Loulo and Gounkoto, the operations undertook various community projects during the year. The company's annual sustainability report was presented to the relevant authorities at Kayes, through regional radio stations and to the community. Continued engagement with the communities took place through monthly development committee meetings. During the CEO's now traditional annual dinner with village chiefs, an update of the previously agreed projects noted a very high level of satisfaction in the local communities.

Bursaries were awarded to 26 local students by the mine as part of school improvement programs together with the NGO, World Education. A few local businesses have been trained in business planning and management, and have been assisted in accessing the mine-sponsored microfinance program which raised some $400,000 to invest in local economic development during the year. To reinforce women's capabilities within the community, 35 local women

were trained in liquid and solid soap manufacture and food processing and provided with the necessary equipment, which has proven to be a successful revenue generator.

A tractor was handed over to the local village chiefs (adding to the seven already donated) to create a revenue stream for the villages. The joint Loulo-Gounkoto agricollege initiative functioned well throughout the year with 57 students currently in training, and the incubation phase of the project was launched.

The mine will continue to promote alternative livelihood opportunities to create economic revenue sources for the local villages, contributing to the fight against poverty in the area and maintaining and building on its good relationship with the community.

GOUNKOTO

Operations

Gounkoto produced 287,315oz of gold in 2016, 3% more than in the previous year. Tonnes processed increased by 16% to 2,288kt while the head grade milled reduced by 12% to 4.3g/t in line with the mining plan.

Gold sales of $357.2 million were 12% above the previous year due to the increased production and 8% higher average gold price received, resulting in profit from mining activity (before interest, tax and depreciation) of $189.2 million.

Capital expenditure totalled $19.7 million for the year, mainly in respect of the deferred stripping on the MZ3 zone of the orebody, as well as the super pit feasibility drilling and exploration.

During the year, Gounkoto paid a total of $47.3 million in dividends to its shareholders.

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Mining and Production

A total of 35.1Mt was mined, including 2,152kt of ore at an average grade of 4.3g/t, compared to 28.8Mt including 1,992kt of ore at 4.9g/t in 2015. A total of 2,288kt of ore was fed from Gounkoto to the Loulo plant at an average head grade of 4.3g/t compared to 1,973kt of ore at 4.9g/t in 2015.

The strip ratio for the year was 15.3, compared to 13.4 in 2015, which was higher than the LoM strip ratio, although in line with the plan. During the year, $15.5 million was capitalized as a stripping asset in relation to stripping of the waste to access the MZ3 lode of the orebody. However, all ore was mined in the fourth quarter and thus the stripping asset was fully depreciated by year end.

Following completion of the super pit feasibility study during the year, the Gounkoto pit is now scheduled to be mined until 2024, based on a revised mine plan that focuses on sustainable production over a 10-year period, although the LoM will continue until 2027 including the processing of stockpiles. The underground mine will extract the remnant high grade orebody below the current super pit bottom as explained below.

12 months ended December 31	2016	2015
MINING		
Tonnes mined (000)	35,094	28,762
Ore tonnes mined (000)	2,152	1,992
MILLING		
Tonnes processed (000)	2,288	1,973
Head grade milled (g/t)	4.3	4.9
Recovery (%)	91.0	90.1
Ounces produced	287,315	279,563
Ounces sold	289,076	277,700
Average price received ($/oz)	1,236	1,143
Cash operating costs[1] ($/oz)	507	526
Total cash costs[1] ($/oz)	581	594
Gold on hand at period end[2] ($000)	2,916	4,455
Profit from mining activity[1] ($000)	189,166	152,521
Gold sales[1] ($000)	357,171	317,524

Randgold owns 80% of Gounkoto and the State of Mali 20%. Randgold consolidates 100% of Gounkoto and shows the non-controlling interest separately.

[1] *Refer to explanation of non-GAAP information provided in the section "—Non-GAAP information" above.*
[2] *Gold on hand represents gold in doré at the mine multiplied by the prevailing spot gold price at the end of the period.*

Ore Reserves

Ore reserves remained the same as in 2015 with those ounces depleted by mining in 2016 being replaced largely as a result of the redesign of the open pit and underground mine plan.

		Tonnes (Mt)		Grade (g/t)		Gold (Moz)		**Attributable Gold[2] (Moz)**	
at December 31	Category	2016	2015	2016	2015	2016	2015	2016	2015
ORE RESERVES[1]									
Stockpiles	Proven	1.7	1.9	2.2	1.9	0.1	0.1	0.1	0.09
Open Pits	Proven	5.1	2.2	4.5	4.2	0.7	0.3	0.6	0.2
	Probable	12	12	4.6	4.4	1.8	1.6	1.5	1.3
Underground	Probable	2.2	4.7	6.1	7.2	0.4	1.1	0.3	0.9
TOTAL ORE RESERVES	Proven and Probable	21	20	4.6	4.8	3.1	3.1	2.5	2.5

[1] *Open pit ore reserves are reported at a gold price of $1,000/oz and 1.2g/t cut-off and include dilution and ore loss factors. Open pit ore reserves were calculated by Mr. Shaun Gillespie, an officer of the company and competent person.*

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Underground ore reserves are reported at a gold price of $1,000/oz and a cut-off of 3.0g/t and include dilution and ore loss factors. Underground ore reserves were calculated by Mr. Tim Peters, an external consultant and a competent person.

[2] *Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 80% interest in Gounkoto.*

Gounkoto Super Pit Project

The feasibility study on the Gounkoto super pit was completed at the end of the year and the project was approved by both the Gounkoto and Randgold boards.

The super pit option was shown to be economically more attractive than the smaller pit and underground option. It also has other benefits including:

- Lower operational risk in managing the local grade variability present in the high grade portions of the Gounkoto orebody;
- Increased ore flexibility for the Loulo-Gounkoto complex; and

An economic assessment of the financial viability of the Gounkoto super pit project was carried out, based on the key parameters summarized below:

- Total ore mined from Gounkoto super pit and Faraba pit of 17.9Mt at an average grade of 4.2g/t containing 2.4Moz of gold;
- Strip ratio of 13.7:1 to give total tonnes mined of 263Mt, which includes 60Mt of capitalized waste stripping, representing the excess waste in periods where the strip exceeds the average LoM strip ratio;
- Mining costs average of $2.4/t over the LoM;
- Crush and haul costs average of $5.2/ore tonne;
- Plant costs average of $17.9/ore tonne;

- G&A costs of $8.0/ore tonne milled over LoM, including outside engineering costs;

- Capital cost of $69.8 million including the surface water diversion trench, pumping, workshop and the rebuilding of equipment, while a further $139 million is expected to be capitalized in respect of waste stripping; and

- Diesel price of 65c/l, equivalent to approximately a $60/bbl oil price.

A financial model was run using a $1,000/oz gold price feeding the current mining schedule, together with a 6% royalty on revenue, three year tax holiday, followed by 30% corporate tax, which produced a total net cash flow after tax of $741 million.

Exploration

A structural review for additional brownfields opportunities across the entire Gounkoto system has identified three targets that are located in the footwall domain of the Gounkoto orebodies; MZ4 south extension, MZ2 Footwall, and MZ1 Footwall. These targets are being validated for follow-up drill testing. Satellite potential has been identified at Faraba North, where a review of the geology and structural models has demonstrated higher grade mineralization associated with a distinctive silica-carbonate-chlorite alteration and higher strain deformation textures. Follow-up drilling is planned early in 2017. A project-wide updated greenfields gap analysis has been completed for both the Domain Boundary and Faraba priority structures at Gounkoto, highlighting areas along strike which require follow up fieldwork. Initial focus for the new greenfields team will be field mapping and trenching across gaps in the Domain Boundary.

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Health and Safety

One LTI was recorded during the year with an LTIFR of 0.45 per million hours worked compared to an LTI free 2015. The mine successfully passed the OHSAS 18001 recertification audit.

As at Loulo, a baseline occupational health survey was conducted to identify SEGs and high and medium priority exposures, followed by a quantitative exposures assessment. The results of this survey will be incorporated into the ongoing medical surveillance program.

During the year 436 Malaria cases were treated, an incidence rate of 40% which is an 18% decrease compared to 2015, in large part due to the MDA program and ongoing education and awareness programs.

Overall, 1,443 VCTs were seen during the year with an HIV positivity rate of 0.9%, compared to 650 VCTs and a positivity rate of 0.5% for the previous year.

Environment

The mine renewed its environmental management system certification, ISO 14001, following the recertification audit with no major findings. An EMP audit was undertaken to monitor implementation of the measures recommended in the ESIA in order to maintain the operation’s environmental permit.

A management review forum and environmental inspections were undertaken to ensure continued improvement. No major environmental incidents occurred during the year. An updated environmental study was undertaken as part of the Gounkoto super pit feasibility study and control measures identified.

Human Resources and Industrial Relations

The total operational complement is 1,184, including personnel employed by contractors and temporary employees, of which 98% are Malian. The increase in the total number is due to employees recruited by the main contractors GMS

(mining) and SFTP (hauling) to satisfy production and maintenance needs at the operations.

Industrial relations were generally stable through most of the year, although a 96 hour strike was undertaken by UNTM affiliated employees in the second quarter of the year. These strike actions were initiated by the union at the national level and did not affect production at the mine.

A total of 46 employees received formal training during the year, in line with the company's development program.

Gounkoto Manpower

	2016			2015		
at December 31	**Expats**	**Nationals**	**Total**	**Expats**	**Nationals**	**Total**
Employees	4	127	131	4	128	132
Contractors	25	1,028	1,053	29	879	908
TOTAL	29	1,155	1,184	33	1,007	1,040

Community

The mine reinforced its partnership with local communities through engagement and a number of development programs. A health center was jointly constructed at Mahinamine by the mine and the city hall, and the local cooperative that the mine employs for managing traffic on the haul road has been able to purchase two tractors to diversify its revenues and improve agriculture in the community. The mine also donated another two tractors, fertilizer and seeds as part of its agriculture support program.

A school was built at Bantankoto and a bursary program implemented during the year.

A local employment sub-committee from the combined operation will, together with local authorities and the mining contractor, establish a training program for the youth in the area.

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TONGON

The Tongon gold mine is located within the Nielle mining permit, 628 kilometers north of the Côte d'lvoire port city of Abidjan and 55 kilometers south of the border with Mali. The Tongon gold mine and associated mining permit is owned by Société des Mines de Tongon SA (Tongon), in which Randgold has an 89.7% interest, the State of Côte d'lvoire 10% and 0.3% is held by a local company.

Operations

Mining at Tongon began in April 2010 with gold production starting in December 2010. The Tongon mine comprises two open pit operations, the SZ and NZ and, with current reserves, has a five year LoM.

The mine produced 260,556oz of gold in 2016, a 7% increase year on year, as a result of a 9% improvement in head grade and a 1% improvement in recovery. Mill throughput decreased by 4% mainly as a result of one mill being offline for 46 days to repair and refurbish the mill journal (lubricated bearing sets which support the mill shell). The quaternary CH440 Hydrocone crushing circuit, designed to improve overall mill throughput, was installed and commissioned in the second quarter. Soon afterwards, the associated dewatering circuit was relocated to facilitate ease of operation and efficiency. Both circuits were successfully commissioned in the second quarter.

By the third quarter of 2016, optimization of the total crushing plant, inclusive of the primary, tertiary, secondary and quaternary circuits, continued with the supplier. Mechanical inefficiencies detected in the tertiary crushers necessitated their change-out with new units. Despite this, the mine continued to improve on the crusher throughput and product size closer to the designed parameters. Extensive training, improvement of operator skills, and localization of the workforce continued in 2016.

Grid electricity issues, with frequent power outages and voltage drops, followed the same trends in the second quarter and third quarter as in 2015, necessitating the use of a higher proportion of diesel generated power at a higher cost than originally planned. However, the grid-to-generated power ratio improved to 89:11 for the year compared to 79:21 in the prior year.

Gold sales increased year on year to $319.2 million at a total cash cost of $771/oz, resulting in a profit from mining activities, before interest, tax and depreciation, of $121.8 million. Capital expenditure for the year totalled $10.5 million of which $4.9 million was spent in the fourth quarter on six new 3512B CAT generators, installed and

commissioned in order to increase the mine's total generated capacity to 24MW. The remaining capital was towards the installation of the new quaternary crushing circuit, grid power plant upgrades and TSF Phase II extension.

During the year, Tongon paid a total of $21.3 million in dividends to its shareholders.

Mining and Production

Both the SZ and NZ pits were mined in the review period. SZ mining was mainly the pushback of the eastern and southern walls to supply fresh sulphide ore to the plant. The eastern pushback was completed in the fourth quarter. In the NZ pit, mining focused on oxide waste stripping during the first, second and third quarters which allowed oxide ore mining in the fourth quarter for plant feed. As in 2016, mining activities for 2017 will focus equally on both the NZ and SZ pits, mining both ore and waste.

The LoM schedule is summarized as follows:

- Mining in the SZ pit started in 2010 and will continue to 2020, with the oxide pit extension of SZ planned to be mined from 2019; and
- Mining in the NZ pit started in 2011 and will continue to 2020; mining of the NZ satellite pit has been included in the mine plan and is scheduled to start in 2019.

Total material mined in 2016 of 27.5Mt was in line with the annual target. Total ore mined at 4,195kt was 18% above the previous year. The strip ratio for the year at 5.6 was 21% below the prior year, but in line with the LoM plan.

Dewatering remains an integral part of Tongon's mining strategy as the pits lie in the catchment area of an old river system and are downstream of the water storage dam. Mining schedules and plans are developed with a view to ensuring two low spots (sumps) in the pit at any one time and ahead of the mining cycle, to allow mining to take place in dry ground while

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the water is pumped away from the sumps. The SZ pit 260RL stage, installed in the fourth quarter of 2014, continued to serve as the main pumping station during 2016. The rainy season preparation and action plan for 2017 is already in place. In both the pits, borehole pumps are permanently pumping on the perimeter of the pit. Sumps and trenches around the pit and waste dump are in place to capture surface water for ex-pit dewatering.

Production results for the 12 months ended December 31	2016	2015
MINING		
Tonnes mined (000)	27,547	28,826
Ore tonnes mined (000)	4,195	3,563
MILLING		
Tonnes processed (000)	3,853	4,018
Head grade milled (g/t)	2.5	2.3
Recovery (%)	83.7	82.6
Ounces produced	260,556	242,948
Ounces sold	255,942	241,478
Average price received ($/oz)	1,247	1,148
Cash operating costs[1] ($/oz)	734	801
Total cash costs[1] ($/oz)	771	836
Gold on hand at period end[2] ($000)	7,070	1,576
Profit from mining activity[1] ($000)	121,847	75,444
Gold sales[1] ($000)	319,249	277,253

Randgold owns 89.7% of Tongon, having acquired an additional 0.7% interest during the year, with the State of Côte d'Ivoire and outside shareholders owning 10% and 0.3% respectively. Randgold consolidates 100% of Tongon and shows the non-controlling interest separately.

[1] Refer to explanation of non-GAAP information provided in the section "—Non-GAAP information" above.
[2] Gold on hand represents gold in doré at the mine multiplied by the prevailing spot gold price at the end of the period.

Ore Reserves

Both Tongon Southern Zone (SZ) and Northern Zone (NZ) reserve models and open pit designs have been updated, using a significant quantity of new data from grade control, advanced grade control and further infill reserve drilling.

This led to a reduction in reserves within the updated NZ pit design due to the update of the graonodiorite intrusive contact. Drilling continues on both the NZ and SZ to test the orebodies below the current pit design for possible extensions.

Further reserve drilling is also underway on several other satellite targets.

		Tonnes (Mt)		Grade (g/t)		Gold (Moz)		**Attributable gold[2] (Moz)**	
at December 31	Category	2016	2015	2016	2015	2016	2015	2016	2015
ORE RESERVES[1]									
Stockpiles	Proven	2.4	2.4	1.4	1.3	0.1	0.1	0.1	0.1
Open pits	Proven	5.0	5.8	2.6	2.7	0.4	0.5	0.4	0.4
	Probable	12	18	2.5	2.4	0.9	1.4	0.8	1.3
TOTAL ORE RESERVES	Proven and Probable	19	26	2.4	2.4	1.5	2.0	1.3	1.8

[1] Open pit ore reserves ore reported at a gold price of $1,000/oz and 0.8g/t cut-off and include dilution and ore loss factors. Open pit ore reserves were calculated by Mr. Shaun Gillespie, an officer of the company and competent person.

[2] Attributable gold (Moz) refers to the quantity attributed to Randgold based in its 89.7% interest in Tongon SA.

Processing, Plant and Engineering

Processing

Ore tonnes treated in 2016 at 3,853kt was 4% below the previous year's performance, following the impact of the mill No2 slipper pad and journal mechanical breakdown in the second quarter, which required major repairs and refurbishing over

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a 46 day period.

The second phase of the quaternary crusher installation took place in the first quarter with commissioning in the second quarter. This, together with the relocation of the dewatering screen, improved crusher throughput and product size but was still below the designed 740tph at a product size P_{80} of 9.5mm. By year end a throughput rate of 620tph and product size P_{80} of 10.6mm was achieved. The total crushing circuit, from the primary to quaternary crushing circuits, is being optimized with the supplier. This includes a review of the mechanical integrity of all crusher units. Mechanical deficiencies were identified in the tertiary crushers, rendering them unable to operate at peak performance. Identical new replacement sub-frame, top and bottom shell components have been sourced, and are expected to be delivered and installed in the first quarter. These replacement tertiary crusher components should increase the integrity of the units and enable them to operate at the levels of power and pressure necessary to achieve the required product tonnage and fineness.

The milling circuit performance was reviewed in 2016 and several initiatives were identified to improve mill throughput:

- upgrade of the mill motor from 7MW to 8MW (complete for one mill);
- upgrade of both mill cyclone clusters (complete);
- change to a lower profile mill liner (the first quarter of 2017); reduction of the sizes for the mill trunnion feed opening (complete); and
- conversion of one mill to a grate discharge configuration (the second quarter of 2017).

Following this, the mill power will be raised from 6.3MW to 7.0MW. This action of raising the mill power on the mills coupled with improving the crushing plant performance, is expected to ramp up mill tonnage throughput to 4.5Mtpa in 2017.

Year on year, gold recovery improved by 1% to 83.7% and by December 2016 had improved to almost 85%, mainly as a result of improving and sustaining the mass pull of both the flash and rougher flotation circuits, splitting the treatment of concentrates and rougher tails within the CIL circuit and sustaining the required dissolved oxygen and cyanide levels in the CIL circuit. Gold production increased 7% year on year to 260,556oz, partially as a result of the higher grade ore feed. Further recovery gains are anticipated with the addition of a fourth rougher flotation cell, through optimization of the flotation circuits to recover all the arsenopyrite associated gold and the upgrade of the

oxygen plant with an additional 20t capacity to satisfy leach dissolved oxygen requirements. This should enable the attainment of the target 86% recovery.

Engineering and power supply

Overall mill runtime for 2016 was 83.8%, a decrease of 7% compared to 2015, following the production hours lost for the repairs and refurbishment of mill No2 journal and replacement of the slipper pads. Subsequent to this, mill runtime improved significantly through the remainder of the year as further minor item deficiencies, such as the final tails pumps and valves, were addressed together with improved grid power supply and better power management.

Grid power to generated power ratio improved year on year from the 79:21 achieved in 2015 to 89:11 in 2016, although this remained below the targeted 97:3 ratio. Fewer grid power interruptions were experienced in the last quarter of 2016 mainly as a result of improved liaison with the national power utility, CIE, and improvement of the mine's total power supply facilities and their management. The major power events in 2016 were the overhaul of both 20MVA transformers at the substation, the replacement of the 11 kV grid capacitors and the installation of six new 3512B CAT generators, which increased generating capacity to 24MW, sufficient to operate the total process plant should a total grid power outage occur.

Power demand increased from 21.6MW to an average 23.18MW in 2016. Mine consumption increased in line with the raised operational availability and utilization, and an increase in the number of process units demanding power as new equipment and projects were commissioned during the year. Following the improvement in the grid to generated power ratio, the cost of power decreased to $0.11/kWh compared to $0.12kWh in 2015.

Exploration

The exploration team has continued to pursue the dual strategy of working to replace depletion at the mine with further

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drilling in and around the Tongon pits while continuing exploration to discover a new deposit on the Nielle permit, balancing a brownfields focus and intensive greenfields activities. Work included the completion of the diamond drilling at the NZ deposit to refine the interpretation of the granodiorite contacts at depth. Close to the Tongon mine, interpretation and modelling have culminated in pit optimization and diamond drilling for reserve conversion at the Seydou and Sekala satellites, while follow up work is being designed on the next satellite priorities.

Health and Safety

One LTI was recorded in 2016 resulting in a LTIFR of 0.21 per million hours worked compared to a LTIFR of 0.82 for 2015. As per our standard operating procedures, the LTI was fully investigated and corrective and preventative measures were put in place. In addition, the top five safety risks were identified and communicated within the mine as well as the 10 safety lifesaving rules derived from international best practice, all aimed at reducing the likelihood of mine incident occurrence.

The mine was recertified with OHSAS 18001 compliance for an additional three years after the completion of a successful audit in November 2016. Safety was taken to the next level with 50 mine personnel, including the total Tongon management team, deputy heads of department and key senior personnel, being extensively trained in managing safety, equipping the team to effectively identify risks and improve their way of safely managing in the work areas. Risk assessments were reinforced as the key prerequisite at the start of every task on the mine.

Malaria management and control continued to improve year on year as reflected in the reduction of the incidence rate from 42% in 2015 to 33% in 2016. This improvement followed an intensive indoor residual spraying program and increased door-to-door awareness campaigns in the surrounding communities and within the mine site. More than 2,000 long-lasting impregnated mosquito nets were distributed to workers and community members.

Environment

Tongon mine maintained its ISO 14001 certification after a successful surveillance audit in November 2016. No major or significant environmental incidents occurred during the year.

The antipollution governmental authority (CIAPOL) released a full report closing off the December 2014 Class 1 environmental incident after the implementation of all corrective and preventative actions. The mine has engaged with the Comoe Park, a UNESCO listed site, to explore ways to contribute towards its conservation program, as part of

Tongon's biodiversity offset strategy, and visits have been scheduled for the first quarter of 2017.

The mine continues to review its mine closure plan annually with assistance from international specialist consultants. The mine's focus in 2016 has been to partially rehabilitate available areas concurrently with mining operations rather than leaving this to the end of the mine's life.

The management of arsenic within the mine and TSF has been the main environmental focus in 2016. A mine wide detailed arsenic distribution assessment was undertaken together with Digby Wells Environmental. Findings indicated that there are no current issues downstream of the process plant and the TSF catchment dams, situated within the mine perimeter. A monitoring system and a series of tests are being established to evaluate the long term behavior of arsenic within the TSF and to review the measures in place to ensure stability thereof. Settling ponds and wetland systems within the mine are being developed to trap sediments and passively treat mine discharge water.

Human Resources and Industrial Relations

Tongon's recruitment and localization strategy is designed to minimize the influx of outsiders into the area and any disruption to community life, while maximizing the benefits of the mine's operations for the communities surrounding the mine. The principle of employing locally first and spreading recruitment between local villages is fundamental to the mine's recruitment and localization policy. This is evident in the percentage of Ivorians employed by the mine, which has increased to more than 97%. To date, 80% of the operational labor is from local villages. Overall, the operational labor complement for Tongon comprises 640 personnel, excluding people employed by contractors, while the total manpower is 1,736.

Open and continuous engagement between Tongon's workforce, the union and management ensured that a constructive work environment was maintained in 2016. In January 2017, the mine experienced an illegal sit-in which took place over a week, with employees demanding annual ex gratia payments, which ended after management, supported by the

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local and national authorities, negotiated a settlement with them.

As part of Tongon's succession plan, training workshops were held for 613 workers. These consisted mainly of engineering employees identified for promotion to higher levels of responsibility, and in some cases to replace expatriates.

Tongon manpower numbers increased, mainly due to the transfer of temporary appraised employees, such as samplers, geologists, shift metallurgists, mechanical engineers, fitters and boilermaker artisans, into permanent positions in the operation's departments, and partly due to recruitment of key skilled Ivorian personnel. This coincided with the decrease in the number of contractors and expatriates at the mine.

An In-Reach program was started during the year as part of the overall Randgold strategy of reaching inwards to all mine employees and building a 'One Team, One Mission' mind-set and culture with all of the mine's employees. The In-Reach objective has been shared with all the mine employees and contractors, and action plans are being rolled out to ensure the success of this key initiative.

Tongon Manpower

	2016			2015		
at December 31	Expats	Nationals	Total	Expats	Nationals	Total
Employees	15	625	640	17	573	590
Contractors	29	1,067	1,096	30	1,147	1,177
TOTAL	44	1,692	1,736	47	1,720	1,767

Community

The year ended with three minor grievances recorded, all of which were resolved, helping to maintain good relations with the community and local authorities.

Tongon continued investing in the development of educational, community health and agricultural projects, designed to provide post mining employment, in 2016. The mine focused on the installation and start-up of community approved revenue generation projects and on improving communication with the community via the chiefs, youth and local authorities. Projects included the building of an abattoir for Poungbe, cultivating 80ha of maize for Katonon and Kofiple, rehabilitating the Sekonkaha water dam and procuring tractors to support the agribusiness project started last year.

The remaining community funding was mainly directed towards potable water projects and primary education, with the construction of twelve new classrooms inclusive of three nurseries, and primary health care projects inclusive of medical staff housing and the Mbengue surgical unit.

Training was given to eight youths from Sekonkaha, Kationron, Katonon and Kofiple on maintaining the installed potable water systems. An agreement has been signed with the community villages, in the presence of the Prefect, for the management of these potable water systems. Management committees have been put in place in each village.

KIBALI

The Kibali gold mine is located in the northeast of the Democratic Republic of Congo (DRC), approximately 300 kilometers to the east of Isiro the capital of the Haut-Uele Province, 150 kilometers west of the Ugandan border town of Arua and 1,800 kilometers from the Kenyan port of Mombasa. The Kibali gold mine and its associated mining permits is owned by Kibali Goldmines SA (Kibali) which is a joint venture company between Randgold (45%), AngloGold Ashanti Limited (AngloGold Ashanti) (45%) and Société Minière de Kilo-Moto (SOKIMO) (10%). The mine was developed and is operated by Randgold.

Operations

The Kibali mine is being developed in two phases. Phase 1, which includes the KCD open pit operation and processing plant, the mine infrastructure (including a 36 unit high speed thermal power station) and the first of three hydropower stations, was completed in December 2014. Phase 2 comprises the underground mine development, including the vertical shaft, which is scheduled for commissioning in 2017, and two additional hydropower stations, one of which was commissioned at the start of 2017 and the other scheduled for 2018, along with further satellite pits. The mine is expected to produce an average of 600koz of gold per annum over the first 12 years of its life, which currently extends to 2029. Open pit

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mining started in July 2012 and commissioning of the oxide processing circuit began in the third quarter of 2013. Kibali poured its first gold in September 2013, ahead of plan, and started commercial production in the fourth quarter of 2013. Commissioning of the sulphide circuit began at the end of the first quarter of 2014 and production has steadily ramped up since then with the mine now being able to process at its nameplate capacity.

In 2016, Kibali produced 585,946oz of gold at a total cash cost of $736/oz. Gold sales amounted to $709.4 million (100% basis) resulting in a profit from mining activity (before interest, tax and depreciation) of $291.1 million.

During 2016, capital expenditure totalled $198.1 million. The main capital projects were the underground decline and shaft development, Ambarau hydropower station, including remedial work following the flooding in 2015, and other surface infrastructure. The construction of the Azambi hydropower station and the ultra-fine grind (UFG) project expansion in the metallurgical plant were also started during the year.

In 2016, Kibali repaid $52.0 million of shareholder loans to Randgold and AngloGold Ashanti who provided the funding for the development of the mine and associated infrastructure.

Mining and Production

Open pit mining

A total volume of 14.8 million BCMs was mined from the open pits, exceeding the 12.4 million BCMs mined in 2015, including 4.65Mt of ore (2015: 6.1Mt). The KCD Pushback 2 South was mined out as scheduled in the first quarter of 2016 and Pushback 3 (Durba Hill) is planned for later in the life of the mine, although a trade-off study to test the optimum scheduling of the various satellite reserves is being done. Mining of the Pakaka open pit was initiated on schedule in the first quarter of 2016, and from two additional pits, Kombokolo in the third quarter and Rhino in the fourth quarter. Mining of Gorumbwa, the seventh open pit at Kibali, is planned to begin in the third quarter of 2017.

Underground mining

Underground ore production was almost doubled at 1.57Mt of ore mined in 2016 compared to the 804kt in 2015 and it is planned to continue to ramp-up during 2017. The vertical shaft is scheduled to be completed in the third quarter of

2017, together with commissioning of ore handling (haulage, crushing, hoisting) through the shaft. The underground mine is scheduled to produce approximately 2.2Mt of ore in 2017.

Production results for the 12 months ended December 31	2016	2015
MINING		
Tonnes mined (000)	31,879	31,170
Ore tonnes mined (000)	6,218	6,862
MILLING		
Tonnes processed (000)	7,296	6,833
Head grade milled (g/t)	3.1	3.5
Recovery (%)	80.0	83.8
Ounces produced	585,946	642,720
Ounces sold	568,375	643,976
Average price received ($/oz)	1,248	1,160
Cash operating costs[1] ($/oz)	678	557
Total cash costs[1] ($/oz)	736	604
Profit from mining activity[1] ($000)	291,101	358,184
ATTRIBUTABLE (45%)		
Gold sales[1] ($000)	319,217	336,272
Ounces produced	263,676	289,224
Ounces sold	255,769	289,789
Gold on hand at period end[2] ($000)	13,840	4,006
Profit from mining activity[1] ($000)	130,995	161,183

Randgold owns 45% of Kibali with the DRC State and joint venture partner owning 10% and 45% respectively. The group equity accounts for its 45% joint venture holding in Kibali.

[1] Refer to explanation of non-GAAP information provided in the section "—Non-GAAP information" above.

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[2] *Gold on hand represents gold in doré at the mine multiplied by the prevailing spot gold price at the end of the period.*

Ore Reserves

Total ore reserves decreased this year as a function of mining depletion and geological model changes on the back of a significant increase in the underground grade control drilling. Underground drilling continues and is showing a significantly improved correlation with the new geological model. Drilling is also being conducted on the 3000 lode to confirm the underground potential. Depending on the dimensions of the lodes and the subsequent production capacity for this area, the appropriate mine design will be undertaken. Further drilling is also underway on the immediate up plunge extension of the current 9000 lode reserve that has the potential to add some mining flexibility and replenish reserves.

		Tonnes (Mt)		Grade (g/t)		Gold (Moz)		**Attributable gold[2] (Moz)**	
at December 31	Category	2016	2015	2016	2015	2016	2015	2016	2015
ORE RESERVES[1]									
Stockpiles	Proven	2.9	3.8	1.4	1.7	0.1	0.2	0.06	0.1
Open pits	Proven	1.4	0.2	2.9	3.7	0.1	0.03	0.06	0.01
	Probable	25	30	2.1	2.2	1.7	2.2	0.8	1.0
Underground	Probable	42	45	5.4	5.6	7.2	8.2	3.2	3.7
TOTAL ORE RESERVES	Proven and Probable	71	80	4.0	4.1	9.2	11	4.1	4.8

[1] *Open pit ore reserves are reported at a gold price of $1,000/oz and an average cut-off of 0.88g/t and include dilution and ore loss factors. Open pit ore reserves were calculated by Mr. Nicholas Coomson, an officer of the company and a competent person. Underground ore reserves are reported at a gold price of $1,000/oz and a cut-off of 2.5g/t and include dilution and ore loss factors. Underground ore reserves were calculated by Mr. Tim Peters, an external consultant and a competent person.*

[2] *Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 45% interest in the Kibali gold mine.*

Processing, Plant and Engineering

Processing

The mine faced a number of challenges in the first half of the year, largely due to management and operational issues, compounded by a decision to trial 100% sulphide feed, followed by having to deal with multiple ore types. The stable ore feed from KCD dropped off substantially at the end of the first quarter to be replaced by multiple ore sources from underground and satellite pits, and the stability issues were further aggravated by a mill journal failure at the end of the first quarter.

Increased management focus, including changes within the metallurgical, engineering and mineral resource management teams, coupled with increased ore feed flexibility resulted in a steady improvement in both throughput and recoveries through the second half of the year. Throughput increased steadily, culminating in 7.3Mt of ore treated in 2016, a 7% increase over the previous year.

Engineering and power supply

Following the issues in the first half of the year and after some changes to management, the team focused on increasing mill availability and run-time in the second half, with 94.4% and 93.7% achieved respectively during the last quarter.

The Nzoro II hydropower station was optimized during 2015 and reached its design power supply (22M) by the start of 2016. The increased power required to maximize mill throughput and supply the expanding underground development resulted in a 60:40 hydropower/thermal power blend. Commissioning of a second new hydropower station, Ambarau, at the start of 2017 and a new, third, Azambi, in 2018, is expected to deliver hydropower in line with the original feasibility study, along with a consequent drop in power costs. Nonetheless, with the steadier supply of hydropower and increased grid stability, combined with slightly lower fuel prices, power costs dropped from $0.15/kWh in 2015 to $0.13kWh in 2016. Total power consumption was 284GWh in 2016 compared with 253GWh in 2015.

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Construction

Following the damage caused by flooding of the Ambarau hydropower project at the end of 2015, remedial work on the diversion dam and Carpi membrane (protective watertight geomembrane covering on the wall) had to be undertaken before work on the final section of hardfill (non-reinforced cemented aggregate material) wall could resume. This was completed during the year and the station was successfully commissioned in January 2017 during the lowest river flow and therefore lowest risk period.

Work has started on the third hydropower station, Azambi, which is expected to be completed and commissioned in 2018.

An expansion of the process plant's UFG capacity was approved during the year and is expected to be completed by the end of the first quarter of 2017. This should enable Kibali to maintain recovery with the current throughput capacity when operating on a 100% sulphide feed, which will be required as the ore feed from underground is increased. The introduction of a secondary crushing circuit on Line 2 in the metallurgical facility was also completed during the fourth quarter and successfully commissioned in January 2017. This addition will add to the capability of the metallurgical facility to process a 100% sulphide feed, including the flexibility to feed free-milling ore, at the nameplate throughput rate.

Decline Development

The mine continued to increase the rate of underground decline development with 13.2km of development achieved in 2016 compared to 10.6km in 2015. This takes the total development for the project to 35.9km. The C-decline is on schedule to hole with the shaft bottom in the second quarter of 2017.

Vertical Shaft System

Construction of the underground infrastructure for the vertical shaft is still in progress and the system is planned for commissioning in the third quarter of 2017. The remaining off-shaft development was slightly ahead of plan for the year.

KIBALI VERTICAL SHAFT RESULTS

12 months ended December 31	2016	2015
Vertical meters	-	45
Off shaft development	3,116	735

KIBALI UNDERGROUND DECLINE RESULTS

12 months ended December 31	2016	2015
Ore tonnes mined	1,578,386	803,879
Development meters	13,182	10,599

Exploration

Exploration focused mainly on the near mine targets with upside potential to give flexibility to the mining operations. Work was also undertaken on updating the KCD model from the relogging of the underground core from the 9000 and 3000 lodes which resulted in a motivation to drill the new model. Drilling started at the end of 2016 and will continue in 2017.

A secondary focus during the year was on generating and elevating regional targets with potential. Kalimva-Ikamva was one of the targets where the conclusion of the surface and sub-surface work resulted in a motivation for a drilling program. Drilling started at the end of the year and will continue during the course of 2017. A zone of potential mineralization was identified at Sessenge SW at the contact between the BIF and meta-conglomerate. Similarly, trenching also identified three lenses of mineralization at Agbarabo East, hosted in the meta-sediments plunging northeast, with this mineralization supported down plunge by RC drillhole results.

Health and Safety

Kibali had five LTIs during the year, a decrease from the six LTIs reported in 2015, resulting in a 21% decrease in

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LTIFR to 0.44 compared to the previous year (2015: 0.56). The total injury frequency rate (TIFR) also decreased from 6.11 in 2015 to 3.19 in 2016. A concerted effort was made during the year to address the high levels of malaria through awareness and educational campaigns, achieving a further 26% reduction in the malaria incidence rate to 26.4% following the 46% decrease in 2015.

There was an encouraging increase in voluntary HIV testing in 2016, with 1,330 VCTs conducted during the year and a HIV positivity rate of 3.4% compared to 7.3% in 2015.

The mine's health and safety management system was successfully assessed by an independent third party to be compliant with the requirements of the draft ISO 45001 standard, and the mine is awaiting the finalization of this standard which is yet to be published by ISO.

Environment

Environmental management was well controlled with no major incidents recorded during the year. The biodiversity off-set program, in partnership with the Garamba National Park, completed its third year with Kibali contributing towards infrastructure development to facilitate vehicle access into the park, and further elephant collaring.

Rehabilitation continues as areas become available, with the Mofu waste dumps now completely vegetated.

The DRC mining authority in charge of environment has approved the updated environmental and social impact assessment report.

The mine successfully underwent its first ISO 14001 surveillance audit in December and retained its certification.

Human Resources and Industrial Relations

Constructive labor relations were maintained with the unions and workforce during the year and there were no disruptions to operations resulting from industrial action. An excellence bonus was implemented following the

agreement reached at the end of 2015.

Following the demobilization and reduction of the workforce during 2015, the start of construction on the Azambi hydropower station, an expanded geological drilling campaign and the addition of three more satellite pits resulted in an increase in operational labor complement to 5,048 during the year.

The mine has continued to focus on employing locally, increasing training and transferring skilled jobs to host country nationals, and of the total manpower, 90% are now nationals compared to 87% in the prior year.

Kibali Manpower

	2016			2015		
at December 31	Expats	Nationals	Total	Expats	Nationals	Total
Employees	105	664	769	96	609	705
Contractors	409	3,870	4,279	448	3,008	3,456
TOTAL	514	4,534	5,048	544	3,617	4,161

Community

2016 was a difficult year for the DRC due to heightened political uncertainty. However, Kibali maintained a cooperative relationship with the surrounding communities. In addition to the investment in community infrastructure such as schools, clinics, potable water sources and sporting facilities, the mine also continued to focus on sustainable local economic development, including the establishment of several small businesses, poultry and livestock projects, as well as micro-finance facilities. A 500ha community maize farm and the start of an industrial scale palm oil farm and processing unit are also planned for 2017.

A ‘pride of school’ competition has been launched successfully. This involves active participation by parents in the business of the schools. In addition, construction and equipping of the community clinic was completed during the year which will supplement sustainable primary health care in the area.

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MORILA

The Morila gold mine is situated some 280 kilometers southeast of Bamako, the capital of Mali and 900 kilometers to the north of the port of Abidjan in Côte d'Ivoire. The mine can also be supplied via the port of Dakar in Senegal located 1,200 kilometers to the northwest. The mine and associated mining lease is owned by Société des Mines de Morila SA (Morila) which is a joint venture company owned by Randgold (40%), AngloGold Ashanti (40%) and the State of Mali (20%). The mine is operated by Randgold.

Operations

Since Morila's inception in 2000, it has produced more than 6Moz from an open pit. In 2009, the mine was converted to a stockpile treatment operation. Closure was originally scheduled for 2013 but a pit pushback, now complete, and the TSF retreatment are planned to extend the LoM to 2019.

Morila produced 54,022oz in 2016, a 56% drop on the prior year as it transitioned from mining full grade ore to treating mineralized waste and finally started re-processing TSF material.

The mine continued to feed the mineralized waste from its stockpiles until its depletion in the third quarter and successfully converted the operation in the fourth quarter to feed higher grade TSF material in parallel with hydro-sluicing the waste material to the pit, as part of its rehabilitation and closure plan.

With the lower grade fed and consequent lower recovery achieved, total cash costs increased to $1,113/oz compared to $674/oz in the previous year.

Gold sales amounted to $65.1 million (100% basis), a 54% drop on the previous year, leading to a significant decrease in the profit from mining activity (before interest, tax and depreciation) to $6.9 million for the year compared to the $60.5 million the previous year.

Capital expenditure for the year was $2.1 million which was related to the TSF retreatment project and feasibility work on the Ntiola and Viper projects (2015: $11.0 million).

Mining and Production

Mining activity during the year initially consisted of the re-handling of the mineralized waste stockpiles until its completion in the third quarter. The TSF reclamation started in June with a progressive ramp up to reach full production in the fourth quarter.

The TSF material fed to the plant was primarily from the higher grade eastern wall which was reground in the plant prior to leach recovery. This will continue through the first half of 2017 while the operation continues to expose the basin material (which can be fed directly to the leach circuit), allowing the ball mill operation to be stopped to further reduce costs.

12 months ended December 31	2016	2015
MINING		
Tonnes mined (000)	-	3,425
Ore tonnes mined (000)	-	939
TSF material processed (000)	1,760	-
MILLING		
Tonnes processed (000)	3,774	3,063
Head grade milled (g/t)	0.6	1.4
Recovery (%)	79.4	91.1
Ounces produced	54,022	122,374
Ounces sold	52,296	122,374
Average price received ($/oz)	1,245	1,168
Cash operating costs[1] ($/oz)	1,039	645
Total cash costs[1] ($/oz)	1,113	674
Profit from mining activity[1] ($000)	6,867	60,487
Attributable (40%)		
Gold sales[1] ($000)	26,034	57,197

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12 months ended December 31	2016	2015
Ounces produced	21,609	48,950
Ounces sold	20,918	48,950
Gold on hand at period end[2] ($000)	800	-
Profit from mining activity[1] ($000)	2,747	24,195

Randgold owns 40% of Morila with the State of Mali and joint venture partner owning 20% and 40%, respectively. The group equity accounts for its 40% joint venture holding in Morila.

[1] Refer to explanation of non-GAAP information provided in the section "—Non-GAAP information" above.
[2] Gold on hand represents gold in doré at the mine multiplied by the prevailing spot gold price at the end of the period.

Ore Reserves

Only the higher grade portion of the TSF is reported as ore reserves as it forms the bulk of the feed within the current LoM plan.

		Tonnes (Mt)		Grade(g/t)		Gold (Moz)		**Attributable Gold[2] (Moz)**	
at December 31, 2015	Category	2016	2015	2016	2015	2016	2015	2016	2015
ORE RESERVES[1]									
Stockpiles	Proven	-	-	-	-	-	-	-	-
Open pit	Probable	-	-	-	-	-	-	-	-
TSF	Probable	15	15	0.5	0.6	0.3	0.3	0.1	0.1
TOTAL ORE RESERVES	Proven and Probable	15	15	0.5	0.6	0.3	0.3	0.1	0.1

[1] TSF ore reserves are reported at a $1,000/oz cut-off grade of 0.49g/t. Ore reserves were calculated by Mr. Shaun Gillespie, an officer of the company and competent person.
[2] Attributable gold (MOZ refers to the quantity attributed to Randgold based in its 40% interest in Morila.

Processing, Plant and Engineering

Processing

Throughput increased during the year by 23% to 3,774kt (2015: 3,063kt) with a throughput rate of 484tph compared to 372tph in 2015. The increase in throughput rate was a consequence of the improvement in the milling and crushing circuits which impacted the first half of the year and also the feeding of the TSF material from the second half of the year.

Changes were made in the plant for the handling of the TSF material, including the recommissioning of the second thickener, to allow the feed of higher slurry volumes and recycling of the excess water. The crushing circuit was stopped at the end of the third quarter after the depletion of the mineralized waste material but the milling circuit has been maintained to allow for the regrinding of the TSF coarse wall material which cannot be fed directly to the CIL.

The oxygenation circuit was also upgraded with an extra 5 tonne oxygen plant to sustain the recovery rate. The installation of Aachen high shear oxygen reactors on CIL tanks 1 and 2, to enhance oxygen dispersion leading to improved dissolved oxygen levels in the CIL circuit and a reduction in cyanide consumption, was also completed.

Engineering and power supply

Engineering availability for the year was 90.2%, slightly below target, mainly due to the lower availability of the power generation equipment and the extended scheduled shut down for maintenance and replacement of the ball mill liners. The crushing section has been stopped following the completion of the mineralized waste processing and has been placed on care and maintenance until future ore supply is secured.

Total power consumption of 104.2GWh decreased by 2% compared to the previous year (2015: 106.4GWh). This was generated at a fuel efficiency of 0.242l/kWh, resulting in a total power cost of $0.15/kWh (2015: $0.17/kWh), which was positively impacted by lower fuel prices during the year.

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The operating agreement of the power station ended in November and the mine has taken over the management of the power operations. A partnership has been maintained with the original engine supplier with regard to the major overhauling of the engines and the supply of critical parts. Major services were performed on two of the medium speed generators during the year.

TSF Project

The TSF project was approved in 2015 and the mine began full TSF processing in October 2016. The de-capping operation to remove the lower grade tailings fraction on the TSF which began in April 2015 was hampered in early 2016 when the mine experienced issues with pit water pumping and distribution. These were subsequently addressed with the upgrading of the pumping system and the acquisition of two higher capacity pumps along with the redirection of the pumping pipelines.

The LoM, currently based only on TSF material, has been updated to recover the remaining material to be sluiced to the pit or fed to the plant:

- 30.1Mt of low grade material to be pumped directly into the pit through to 2020; and
- 15.6Mt of higher grade material (0.5g/t) to be processed in the plant through to 2019.

Domba Project

The Domba project is still awaiting approval of the final permitting process. Management continues to engage with all interested and affected parties to clear the outstanding approvals which will enable the project to go ahead, which is expected to be achieved in the first half of the year. This would add approximately 40,000oz of production over a three month period if it were to proceed. Domba is currently not included in the LoM plans or reserves.

Exploration

The company has engaged with Birimian Gold Limited (Birimian), the permit holder of the nearby Ntiola and Viper deposits situated on the Massigui project 25km NW of Morila. An option agreement was concluded to conduct a six

month evaluation program of these two deposits. Following this, should the results prove economic, an upfront payment will be made to Birimian to allow Morila to mine and process the ore with royalties payable to Birimian based on the gold produced.

The first phase of evaluation drilling was completed on both the Ntiola and Viper targets. 104 holes (totalling 6,900m) were drilled including Reverse Circulation (RC) and diamond drilling aimed at reducing the drill spacing by half in the $1,000/oz pit shell. Work continues on confirming the geological models with further results expected during the first quarter of 2017.

Health and Safety

One LTI was recorded during the year compared to zero in the prior year. The LTIFR was 0.56 compared to zero in 2015. An external audit for OHSAS 18001 compliance was undertaken in January and the mine maintained its certification.

The malaria incidence rate dropped to 13% during the year, a 44% decrease from the previous year. This was supported by the mass drug administration program initiated by the mine. In total, 930 people were tested for HIV and the prevalence rate was 0.1% (one positive case). Blood sampling for Hepatitis B continued during the year and 731 people (92% of employees) were sampled with 108 positives cases recorded (prevalence rate of 15%). Of the 108 cases, only three were evolutionary and the others showed old traces of the virus, with follow-up treatment provided as needed.

Environment

No major environmental incidents were recorded during the year. The Morila operation was successfully audited by an external consultant and has been recommended for certification of ISO 14001. A new Weak Acid Dissociable (WAD) analyser has been installed for pit water cyanide analysis. A new modern incinerator complete with an exhaust gas analyser has been acquired for the biomedical waste incineration at the medical centers and air quality control at the power plant.

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During the year, a number of studies with independent consultants, including a fauna and flora study, social evaluation study and aquatic assessment were undertaken. All indicated positive improvements in the environment.

The rehabilitation of 100ha has been completed as per the rehabilitation and closure plan. A closure workshop was held with the community and government representatives at Morila and two sessions of closure communication to stakeholders were held in the surrounding towns of Bougouni and Sikasso. The mine has drilled two additional monitoring boreholes around the pit for groundwater quality control.

Human Resources and Industrial Relations

Employment remained steady with a slight decrease in the total manpower at the end of the year to 776 (2015: 781) of which 99% are Malian. This includes 404 persons employed by contractors. A stable industrial relations climate was maintained and preparations for the next retrenchment step has been completed with the involvement of workers' representatives (union and delegates), in line with the cessation of mining activities. Training programs for employee capacity building, have been implemented. A career development plan for rising employees has also been designed in line with group policy.

Morila Manpower

	2016			2015		
at December 31	Expats	Nationals	Total	Expats	Nationals	Total
Employees	0	372	372	2	357	359
Contractors	4	400	404	4	418	422
TOTAL	4	772	776	6	775	781

Community

Good relations with the community were maintained during the year and regular meetings were held with the local development committee (LDC). In conjunction with the LDC, a number of infrastructure development projects were undertaken for the benefit of the community, including:

- Fencing Fingola health center;
- Upgrading of Sanso mosque;

- Additional water borehole drilled at Fingola;
- 11 water boreholes repaired at Domba; and
- Nos Vies en Partage (charitable foundation) and CURE (medical supplies and equipment) project donations at Sanso (estimated value $0.5 million).

Agribusiness

During the year the mine continued to develop the pilot projects in partnership with potential operators with the aim of establishing a viable and sustainable agricenter, in line with the closure plan and strategy:

- Fish – 12 new floating cages completed bringing available cages to 24; and
- Poultry – construction of a rearing house with capacity for 15,000 chicks and two layer houses, each with capacity for 15,000 layers, were completed, bringing the total capacity of the poultry section to 40,000 layers.

In addition to Group Kledu as a potential operator, Morila consolidated its relationship with the UN Women's Group and later with father Godfrey Nzamujo, founder of one of the most successful agribusiness initiatives in Africa, Songhai. With these new partners, Morila has raised awareness of the project and succeeded in obtaining the support of the Ministry of Industrial Development. The team is working to get a formal endorsement from the governmental council in 2017.

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Massawa Gold Project

The Massawa project is located within the Kedougou-Kenieba erosional inlier, which is underlain by Lower Proterozoic Birimian metasedimentary-volcanic sequences. Regionally it is located on the plus 150km long northeast/southwest trending Main Transcurrent Shear Zone (MTZ) which is a significant transcrustal dislocation between the Mako Supergroup (basaltic flow rocks, minor intercalated volcaniclastics, and ultramafic sub-volcanic intrusions) and the Diale-Dalema Supergroup (volcano-sedimentary to sedimentary rocks) within the Kedougou-Kenieba inlier. Mineralization at Massawa is located in various lithologies but is structurally controlled within anastomosing shears that converge to the north. Sofia is hosted in a west-dipping mylonitic shear structure with intense silica-albite alteration that contains fine, disseminated pyrite located in an intrusive package in the immediate hangingwall of an early gabbroic sill.

The project consists of the main Massawa deposit, which is split into two zones, the Central Zone (CZ) and Northern Zone (NZ), and the Sofia deposit, located 11km west of the Massawa deposit, which was added to the project reserve during the past year.

		Tonnes (Mt)		Grade (g/t)		Gold (Moz)		**Attributable Gold (Moz)** [2]	
at December 31, 2016	Category	2016	2015	2016	2015	2016	2015	2016	2015
ORE RESERVES[1] Open pits	Probable	19	21	4.3	3.1	2.6	2.0	2.2	1.7
TOTAL ORE RESERVES	Proven and Probable	19	21	4.3	3.1	2.6	2.0	2.2	1.7

[1] Open pit ore reserves are reported at a gold price of $1,000/oz and a 1.13g/t cut-off and include dilution and ore loss factors. Open pit ore reserves were generated by Mr. Shaun Gillespie, an officer of the company and competent person.

[2] Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 83.25% interest in Massawa.

Project Update

The development of the Massawa project was delayed in 2011 since it did not pass Randgold's investment hurdle rates, principally due to the high cost of treating the refractory ores. However, evaluation work has continued and a number of fundamental findings have been made over the last two years which, together with the lower cost environment, have reprioritized the project:

- The non-refractory Sofia deposit has been added to the reserves of the project in the last year. There remains significant potential for the Sofia deposit to be expanded with continued drilling;

- Orientation reverse circulation (RC) grade control drilling of four portions of the Massawa CZ have allowed the complex geological model of the anastomosing shears to be revised, resulting in a lower tonnage, higher grade geological model;

- The metallurgical test work on the four orientation grids has indicated that an 80% metallurgical recovery is achievable on the bulk of the CZ deposit with a gravity, flotation, ultra-fine grind and leach circuit; and

- Bio-oxidation (Biox) batch test work has confirmed the technology is capable of delivering an 89% overall recovery for the NZ refractory ore.

These key changes have resulted in the critical mass of the combined Massawa-Sofia project moving away from the high cost refractory ore to one that is dominated by the relatively easy leaching ores of Sofia and the Massawa CZ. The updated geological model of the Massawa CZ has clearly defined two styles of mineralization consisting of a thin high grade Phase 2, with a significant coarse gold component, surrounded by a lower grade Phase 1 mineralization. Metallurgical testwork has now identified the transition boundary between the refractory ore of North Zone 2 (NZ2) and the CZ.

The Sofia ore is free leaching and a recovery of 89% is possible with gravity and cyanide leaching. Oxide ores range from 91% recovery in Sofia to 85% recovery in NZ2. The overall recovery over the life of the project is expected to exceed 85%, with the earlier years reporting higher recoveries when the feed schedule is dominated by Massawa oxide material and Sofia ore. Approximately one quarter of the total feed material is from the Sofia deposit and will be hauled to the Massawa plant (5.8Mt), while just less than 30% of the material is from the refractory NZ (6.3Mt), and would be subject to Biox in the latter years of the project. The remaining 5.8Mt of fresh sulphide ore is from the CZ, and would be subjected to the flotation

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and ultra-fine grind circuit.

Technical and Financial Assessment

The technical and financial assessment of the project was updated during the year to include the latest available information. Operating costs have been updated based on HFO power generation on site of 17c/KWh and a total plant throughput of 2.4Mtpa, split into two streams of 1.2Mtpa each. Operating costs range from $18/t milled for Sofia to $36/t for the refractory ore of NZ2. An economic assessment, based on the key parameters summarized below, demonstrated the potential for the project to pass Randgold's investment filters:

- Total ore mined from Massawa and Sofia Main and North pits of 21.6Mt of ore at an average grade of 3.97g/t containing 2.75Moz of gold;
- Strip ratio of 7:1 to give total tonnes mined of 172Mt;
- Mining costs average of $3.28/t mined over the LoM;
- Haulage costs average of $3.2/ore tonne;
- Plant costs average of $23.5/ore tonne but include a range of costs dependant on ore feed and process route;
- G&A costs of $8.0/ore tonne milled over LoM, including outside engineering costs;
- Capital construction cost of $438 million;
- Ongoing capital of $38 million over LoM; and
- A closure cost of $20 million.

A financial model was run using a $1,000/oz gold price feeding the current mining schedule, together with a 3% royalty on revenue and a 5-year tax holiday, followed by corporate tax at a 25% rate, which produced a total net cash flow after tax of $458 million, and IRR of 18%. Only 19Mt at 4.3g/t for 2.6Moz of the total material reviewed in the

technical assessment qualified as ore reserve. Further drilling is required on Sofia North before this can be classified as ore reserve.

Looking Forward

As the economic assessment is now approaching Randgold's required hurdle rate for investment, the project is being progressed with the intention to grow the project and reserves to pass Randgold's key hurdle rates for investment. In 2017, the intention is to continue to drill out and expand the Sofia reserves to increase the portion of free leaching ore in the project, while simultaneously completing infill RC drilling of the Massawa CZ, which it is estimated will take 10 months to complete.

Exploration

The exploration program at Sofia has revised the geological modelling for the area leading to a better understanding of the control on mineralization. In addition to this, other advanced targets have been identified for follow up investigation.

EXPLORATION REVIEW

The team has set itself the target of three new world class projects in the next five years and the first of these is expected to be the Massawa-Sofia project in Senegal where perseverance, combined with a new geological and metallurgical understanding, has materially altered the economics of the project. The team also continues to focus on Randgold's strategic areas where it believes there is the potential for world-class deposits – Eastern Senegal and Western Mali, Southern Mali and Côte d'Ivoire, and Northeastern DRC.

The aim is to continue growing Randgold's portfolio over the most prospective structures in these districts while at the same time replacing mining depletion at the operations. Randgold's exploration portfolio consists of 134 active targets within an exploration permit portfolio of 14,072km^2 with a further 7,188km^2 under application.

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SENEGAL

Sofia

The current focus in Senegal is the ongoing work on Massawa and Sofia to expand these deposits. This is focused on increasing the amount of non-refractory mineralization on the project relative to refractory ore, and banking the Sofia North reserve. Results from this year's work represent a material change in the understanding of the Massawa-Sofia project and its potential to be Randgold's next operation.

Sofia is an old target which has been rejuvenated over the last two years following a review of historically high grade intersections. The target features a zone of high grade (+6g/t) mineralization which plunges gently to the northeast over a strike of 600m. Mineralisation is hosted in a west-dipping mylonitic shear structure with intense silica-albite alteration which contains fine, disseminated Pyrite located in an intrusive package in the immediate hangingwall of an early gabbroic sill.

The understanding of the Sofia model improved through the year with a full drill-out at 40m spacing within the $1,000/oz pit shell at Sofia Main. Additionally, deeper diamond holes were drilled around the pit to test open extensions to the high grade mineralization and a number of these targets remain open for further testing in 2017.

The Sofia target has not yet been drilled below 150m and high grade intersections remain open at both the northern and southern strike extensions. The strike potential of the system goes beyond the current focus of the drilling as well as historical exploration work, and extends over a 10km strike along the Sofia structure which will be a priority focus for the team in 2017. This is part of the wider exploration program across the Kanoumba permit, which features a number of existing satellites and a range of early stage targets developed from generative programs conducted through the year.

Massawa

At Massawa, work focused on improving the geological model to develop a better understanding of the complex metallurgy of the deposit.

During the year, the deposit was completely relogged and remodelled, resulting in an updated geological model of two separate domains of mineralization in the CZ known as Phase 1 and Phase 2. Subsequent drilling confirmed the continuity of these zones and highlighted the potential to reduce tonnes and increase grade, improving the economics of Massawa. At the same time, extensive metallurgical testwork in the CZ has shown that it responds well to gravity, flotation and ultra-fine grind followed by leaching, returning up to 80% recovery which also has a favorable impact on the deposit economics and, along with Sofia, increases the non-refractory component of the Massawa project.

Similar work was completed on the Northern Zone (NZ) mineralization at Massawa which has been confirmed as refractory with recoveries of up to 89% from Bio-oxidation testwork. The current program identified the metallurgical transition boundary between the two distinct metallurgical domains of CZ and NZ.

Bambadji

An updated joint venture agreement with Randgold's partner, Iamgold, was signed during the year. However, the restart of work on the Bambadji permit was delayed due to the government's finalization of the mining convention under the terms of the new mining code. This process is expected to conclude early in 2017. In preparing to restart work at Bambadji, which is located to the immediate west of the Loulo-Gounkoto complex, all historical data was reintegrated to create new geology and prospectivity maps of the permit. The key aims are to identify and delineate the major fluid pathways within the Bambadji permit area and complete a first pass review to identify priority targets along these structures. A visual analysis of lithology, structures and geochemical anomalism was used to preliminarily define 22 targets with four priority targets, and field work is expected to begin early in 2017.

MALI

Loulo

Brownfields

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On the Loulo permit, the focus continued to be on brownfields exploration around the deposits to replace depleted reserves and identify near mine satellite deposits to provide the operation with flexibility. Twenty-three diamond holes were drilled into the exploration panel which confirmed the continuity of the Gara quartz tourmaline breccia up to a major fault on the margin of an albitite intrusion. The intersections from this program were predictably variable, as is the nature of the Gara mineralization.

Going forward, exploration drilling at Gara will focus on testing several targets on the northern limits of the Gara deposit, hosted in sub-horizontally plunging ‘Gara style’ fold hinges located at depth. Surface mapping on the strike extensions of the deposit towards the end of the year confirmed a 600m extension of the tourmalized system to the north of Gara and identified a number of mineralized quartz tourmaline outcrops to the south of Gara, both of which are exciting follow up targets for 2017.

At Yalea, relogging early in the year identified two structural models at depth to the south of the deposit which were subsequently drill tested. These targets were based on the projection of features within the orebody which have a close correlation with the high grade, Purple Patch mineralization. YDH278 returned 9.35m @ 0.3g/t from 804m, and did not confirm the model of a gently plunging carbonate structural intersection. In contrast, the second deeper scout hole, YDH279, intersected two zones of mineralization returning 11.7m @ 3.66g/t from 1,244.2m (Zone 1) and 17.9m @ 2.44g/t from 1 267.3m, including 5.65m @ 5.2g/t (Zone 2). Alteration and mineralization are typical of the Yalea system but lacks the intense deformation associated with the high grade ore required at these depths.

This work concluded the testing of all the existing targets around Yalea. A new relog and study of the deposit was initiated to review the controls to high grade mineralization at Yalea to generate drill targets to test for additional near-mine high grade potential in 2017. This work has been completed and proposes a new control on high grade mineralization at Yalea where Purple Patch type mineralization is controlled by dilational west dipping structures as the Yalea Shear transfers strain between ductile footwall and hangingwall carbonates. Follow-up drilling on up to five different exploration targets at Yalea is planned for 2017.

Significant work this year was also carried out on the Gara South target, with trenching, RC and diamond drilling confirming the continuity of a sinistral fold model for the mineralized system, which is the southern extension, at surface, of the Gara deposit. Results from over 1.1km of identified strike to a depth of 150m from surface, confirmed the potential for open pit mineralization above 3g/t, which is close to the plant. However, a zone of weaker grades in the center of the target caused a material decrease in the volume of +5g/t mineralization at surface affecting the pit shells. An economic evaluation of mineralization at Gara South open pit shows this opportunity is only economically viable at a $1,200/gold price or higher and, as such, may only have potential to supply supplementary plant feed towards the end of its project life.

Gounkoto

At Gounkoto, work focused around the deposit and on a renewed exploration program along the main Gounkoto and Faraba structures. At P64W at the northern end of the Gounkoto pit, further analysis of the target identified steeply plunging shoots of high grade mineralization along structural intersections between NS striking chlorite-sericite altered shears that cross-cut NE striking hematite-magnetite-chlorite sheared ‘ironstone’ with open potential for an underground target. Despite some of the initial boreholes being weak, the system remains open, close to the Gounkoto underground project and the team is evaluating options for further drilling.

The first of several other conceptual targets around Gounkoto was drill tested during the year. At Miriya, 500m north of the pit on the MZ3 structure at Gounkoto, hole MRDH001 returned weak results and showed the chlorite-hematite alteration associated with higher grades lacks spatial continuity. These results have diminished the prospectivity of the jog target, while drilling to test the northern extension of the MZ3 HW structure at depth is underway.

A structural review for additional brownfields opportunities across the entire Gounkoto system has identified three targets located in the footwall domain; MZ4 south extension, MZ2 footwall, and MZ1 footwall. These targets are being validated for follow-up drill testing.

At Faraba Main (which has not been worked on since before the Gounkoto discovery) a review and re-log confirmed the relationship between pyrite with arsenopyrite mineralization and shearing, albite/hematite alteration and coarse grained, competent units in the local stratigraphy. This information was used to update the interpretation at Faraba North, where higher grade mineralization occurs in the footwall to broad, low grade ‘Faraba Main’ style mineralization. High grade mineralization is related to several factors including increased shear strain, intensity of silica carbonate alteration that

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overprints early silica albite, and quartz carbonate vein development. In addition, higher grade mineralization is often hosted within competent breccia units. Follow-up work is being planned for 2017 to test if the silica-carbonate altered shears that host higher grade mineralization are part of the Faraba Structure or a separate NNE cross cutting structure.

Trenching at Faraba West and Faraba Southwest targets along the Gounkoto Domain boundary in the second quarter returned weaker than expected results. At Faraba West, FWTR05 returned intercepts of 13.45m @ 2.05g/t from 41m (Domain Boundary) and 10.65m @ 0.27g/t from 96.10m (NE Structure). At Faraba SW, trench FSWTR01 tested the interpreted strike projection of the Domain Boundary and returned 2.7m @ 0.37g/t from 29.35m.

A gap analysis has been completed for both the Domain Boundary and Faraba structures at Gounkoto, highlighting areas along their strike which require follow-up fieldwork. The initial focus in 2017 is field mapping and trenching across previously untested parts of these mineralized trends and their projection into the Bena project to the south and Bambadji project to the northwest.

Bakolobi (Taurus joint venture)

At Bakolobi, work this year continued along the two main mineralized trends which were identified through previous work. These trends feature west-dipping, brittle ductile structures with variable but continuous silica, carbonate and albite alteration and mineralization along their strike, which in the Bakolobi permit is approximately 7km. The grades in these structures are between 0.5g/t and 1.5g/t. However, this year work focused on confirming the continuity of these structures and, in the process, identified zones of higher grade mineralization particularly in the eastern Dioula-Gamaye structure.

At Dioula, close to the northern limit of the permit, two trenches excavated 125m and 260m north of BKTR003 – 16.15m @ 2.23g/t, including 5.1m @ 5.33 g/t, confirmed approximately 350m strike length of stronger alteration and elevated grades compared to the rest of the structure. BKTR010 returned 18.30m @ 3.55g/t including 11.10m @ 5.27g/t from 8.30m while BKTR011 intersected 16.50m @ 1.18g/t from 13.60m including 1m @ 11.70g/t from 13.60m, hosted in a brecciated and sheared sandstone with silica, carbonate, albite, sericite and local tourmaline alteration.

Following further trenching along the structure, which confirmed its continuity, a drilling program of 30 holes was completed to test for high grade mineralization in plunging shoots, including six diamond holes. The results at Dioula and Gamaye confirmed a continuous alteration and mineralization system along the full 6km strike. Best intersections from Dioula include: DLDH001 – 9m @ 4.61g/t from 114m; DLDH002 – 7.05m @ 3.46g/t from 116.8m; DLRC044 11m @ 3.31g/t from 59m, with highlights from the Gamaye drilling: GARC046 – 8m @ 3.63g/t from 80m and

GADH001 – 6.1m @ 2.32 g/t from 108.75m. Mineralization is hosted in a 20-50m wide silica-carbonate, sericite, albite and chlorite alteration envelope delineated by HW and FW shears, with the best grades located close to the HW shear and within the most silicified zones of the host sandstone and breccia lithologies. At Gamaye, mineralization is hosted more in banded quartzites with an additional high grade FW mineralized zone (GARC044 – 8m @ 5.56g/t). Analysis of the results defined a number of higher grade parts (between 350 and 750m strike length) while follow-up programs in 2017 will include drilling on the western Kolinguida target.

Legend joint venture

After significant surface and sub-surface work, a final decision was made to cease the joint venture with Legend Gold to the south of Sadiola.

Alecto joint venture

A new joint venture was signed with Alecto Minerals covering 137km² in two permits, Kobokoto and Koussikoto, along the northern part of the MTZ. Randgold is earning up to 65% of the project through the completion of a prefeasibility study. The Alecto permits cover a strike length of approximately 6km of the Mali MTZ structure and contain a number of mineralized trench and drill results beneath significant scale soil anomalies.

Regional mapping with lithosampling and validation of soil anomalies confirmed the NW-SE striking orientation of the lithologies in the area and also identified two or more major geological domains. These are interpreted to be basinal sediments and clastic rocks which have been intruded by a range of different plutonic rocks in the east, and a mélange of volcano-sedimentary rocks in the west, interpreted to be part of the Mako volcanic system. The results of the geochemical work confirmed the mineralization trend in the central part of Kobokoto permit along a NS-NNW trend at Massakama main and Massakama south with lithosamples along a chert ridge returning results of up to 3g/t. Intensive pitting, trenching and

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detail mapping were carried out over the priority targets defined in the central part of the Kobokoto permit. First pit results have highlighted the presence of mineralization associated with weakly altered saprolite and oxidized veins following the main NS and NNW structures and further work is in progress along this trend to better define its potential to host large deposits.

Bena license

The Bena license is located to the immediate South of the Gounkoto permit and hosts the strike extensions of the Faraba and Gounkoto structures. Work at Bena continues to focus on the two principal N-S targets of Sinsinko and Boulandissou.

At Sinsinko, a new mapping program and reinterpretation of the main structure highlighted a possible west dip of the main mineralized pink quartzite unit. Previous drilling tested an east dipping model and may explain weak historical results along the target which may not have been adequately tested. Drilling to test this new model will take place in 2017. Trenching on other sub-parallel targets to Sinsinko Main during the year confirmed the presence of weak silica carbonate alteration with high grades confined to centimetric oxidized structures containing silica carbonate veinlets.

A trench completed to the north of the old Boulandissou target (historical trench results include 26m @ 3.53g/t and 12.87m @ 2.04g/t) intersected altered saprolite with an intersection of 11m @ 0.43g/t in sheared and brecciated sandstone units confirming the open nature of the Boulandissou structure at the southern limit of transported material in the north of the Bena permit. A drilling program in 2017 will test the strike extension of this structure beneath the transported material.

Morila

No further exploration work was carried out at Morila. However, Morila signed an option agreement with Birimian Gold Mali Sarl (Birimian) providing access to Birimian's N'tiola and Viper targets which are approximately 25km from the Morila plant. Morila would pay $1 million to exercise its option to mine the satellites, following a successful feasibility study which is expected to take six months. The first phase of drilling on the targets has been completed and has broadly confirmed the model at Ntiola and highlighted a 700m strike length of elevated grades in the Viper target. The feasibility study will be completed in 2017.

CÔTE D'IVOIRE

Côte d'Ivoire is Randgold's principle grassroots destination and exceeds DRC in terms of its total groundholding. The company has eight permits totalling 4,211km² with a further 19 permits under application. Randgold and Newcrest recently signed a heads of agreement to jointly explore within a large area of interest in the SE of the country. This program is expected to begin in 2017 pending the award of appropriate permits to begin exploration.

Mankono

At Mankono, work has continued on the Gbongogo target where exploration previously identified a wide, mineralized intrusion which may be amenable to bulk mining. Previously reported trench results include 102.70m @ 1.90g/t including 73.60m @ 2.36g/t, 14.20m @ 3.25g/t and 6.60m @ 3.84g/t, 62m @ 1.59g/t including 36.50m @ 2.38g/t and 17.75m @ 3.41g/t. This year, reconnaissance diamond drilling confirmed this system at depth with quartz-tourmaline-pyrite veins intersected in a deformed and altered granitic intrusion. This drilling confirmed the host rocks of the stockwork to be over 100m wide and present along the strike of the target. Intrusive contacts dip to the west at a moderate 40-50 degrees while the majority of mineralized veins dip to the east. Mineralization in fresh rock is pyrite within and around the quartz tourmaline veins and within the variable altered intrusive itself. Additional zones of alteration and disseminated sulphide mineralization were also intersected on both the hangingwall and footwall sides of the intrusion.

Holes drilled perpendicular to the west dipping contacts of the intrusion but parallel to the veins within it returned: GBDDH002 – 81.70m @ 1.68g/t including 15m @ 3g/t and 7.50m @ 5.69g/t; GBDDH004 – 76.95m @ 2.50g/t including 18.20m @ 6.16g/t; 14.40m @ 2.68g/t; GBDDH006 – 26.50m @ 2.34g/t including 6m @ 5.26g/t, 24.10m @ 1.18g/t and 7.70m @ 2.48g/t; and GBDDH005 – 41.80m @ 1.04g/t including 27.30m @ 1.28g/t and 5.10m @ 3.15g/t. One hole, GBDDH007 was drilled perpendicular to the veins to better appreciate their distribution and for a more accurate estimation of the grade. It returned a more consistent intersection of 130.20m @ 2.68g/t including 10.70m @ 15.02g/t and 8.10m @ 3.71g/t.

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Drilling along strike to test the extensions of the intrusion show it to be pinching out and therefore more work is required to define Gbongogo's potential to pass our strategic filters. Gbongogo main zone has been confirmed over a total strike length of 320m, at an average width of 70m and an average grade of 1.8g/t although grades could be as high as 2.68g/t.

In order to increase the potential of the target, the strategy at Gbongogo is to trace the mineralizing system beyond its intrusive host through alteration and structural mapping to vector into feeder structures to the system. A ductile, steeper and strongly mineralized structure (11.60m @ 3.80g/t) has been identified outside of and at the northeastern end of the intrusion at Gbongogo. The structure is NNE trending and is associated with strong pervasive silicification, ankerite and weak tourmaline alteration, as well as strong quartz veins and fine disseminated pyrite.

Elsewhere on the Mankono permit infill soil sampling identified a robust, high grade soil anomaly over 2.8km in strike and over 400m width at Kowa, 10km to the SW of Gbongogo. The anomaly is located at the convergence of several structural, geochemical and lithological trends. Follow-up work has so far defined two anomalous trends comprising a broad zone of up to 70m width towards the west and a narrower eastern trend intersected in the trench KOWTR001 – 6.10m @ 0.60g/t. The western anomalism is still open along strike and requires further investigation. Pit lines are being extended to cover this contact, while first results from the infill soil along strike are pending.

Boundiali

Results from the VTEM survey were integrated with existing data resulting in a fundamental change in the interpretation and understanding of the main structures in the permit. The team has identified three key trends including the Syama and Fonondara structures which strike over +50km within the permit and underlie significant untested soil anomalies. On the back of this work, eight targets were identified and five prioritized for immediate follow-up along a 27km corridor on the Fonondara structure, while a 25km corridor containing three targets was prioritized on the Syama structure. Work towards the end of the year stepped away from known targets and focused on these new and untested areas which display a favorable lithological setting and structural complexity. Results from this work, which were being received at year end, are looking positive with pitting on the Baya target defining an anomalous zone of 200m width in silicified and moderately sheared volcaniclastics.

Earlier in the year, surface work at Kassere returned extremely encouraging results, with strong trench results confirming a wide system over a 1.2km strike. Results included: KT006 of 19.70m @ 5.21g/t including 10.50m @ 6.54g/t and 4m @ 8.05g/t; 23m @ 3.63g/t including 10m @ 5.82g/t and 16.60m @ 1.99g/t (open) including 7.60m @ 3.73g/t, and confirmed a large mineralized system over +130m width. The main mineralization at Kassere is controlled by multiple shears within greywacke intruded by feldspar porphyries. Four wide spaced reconnaissance diamond holes beneath the Kassere trenches returned weak results with best results: KASDDH001 – 33m @ 1.27g/t from 28m including 10.30m @ 2.13g/t from 39m; and KASDDH002 – 13.90m at 3.82g/t including 1.20m @ 38.10g/t,

confirming the system at depth and along the strike of the target but with lower grades and narrower zones of mineralization compared to the trenches. The strong grades at surface mean that the Kassere mineralization could contribute to the oxide potential on the Boundiali permit. At this stage, the drilling completed at Kassere does not indicate the presence of a world class deposit but the occurrence of several near surface mineralized structures.

To the south of Kassere, the Fonondara structure strikes over +50km in the permit and hosts the Fonondara mineralized system where work this year consisted of infill trenching between the existing trenches and drilling to better understand the controls of the high grade mineralization and improve the geological model for further drilling. A total of seven trenches were excavated and confirmed the current model and identified strong zones of alteration and brecciation related to the intersection between NS and NE structures. Results included: FSTR006B – 39.20m @ 3.08g/t including 5.80m @ 3.20g/t; 5.80m @ 6.20g/t and 9.70m @ 4.70g/t.

Infill RC drilling at Fonondara Main this year confirmed the presence of high grade mineralization in the target including 31m @ 3.53g/t from 29m including 22m @ 4.62g/t; 12m @ 3.03g/t from 36m including 7m @ 4.82g/t; 12m @ 2.68g/t from 24m including 5m @ 6.16g/t; 15m @ 2.14g/t from 19m incl. 6m @ 3.37g/t and 11m @ 3.85g/t. The drilling also revealed a complex geometry of the ore at Fonondara Main with a pinching and swelling system both along strike and down dip with variability in both grades and widths. The system comprises up to four lodes within an alteration envelop of +150m.

Near Fonondara, a reconnaissance drilling program along the 15km Fonondara corridor identified multiple, narrow, low grade zones of mineralization controlled by multiple shears within greywacke or at an altered contact between sediments and a volcaniclastics unit. Intersections from this drilling include: 8m @ 0.99g/t including 3m @ 1.78g/t from 17m; 4m @

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2.29g/t including 1m @ 6.97g/t from 95m; 10m @ 1.16g/t from 1m including 4m @ 2.42g/t; 5m @ 1.06g/t including 2m @ 2.06g/t; 5m @ 1.22g/t including 2m @ 2.22g/t, confirming the prospectivity of these regional structures at Boundiali which will be the focus of field work in 2017.

Fapoha

At Fapoha North, the integration of the last trench data returned low grades and confirmed the lack of structural complexity and lithological contrast to host a mineralized system which could pass Randgold's filters. No further work is planned on this target and the priority was shifted to the western part of the permit where results from infill soil sampling programs are defining a number of strong anomalies at the contact with a granodiorite body.

Part of the Fapoha team has been moved to the new permit of Tiorotieri and started basic exploration over the strong soil anomalies defined on the Syama structure.

Nielle

At Tongon, the focus is extending the LoM. The drilling at Tongon NZ was completed in the third quarter, with 39 holes drilled in the pit to refine the granodiorite contacts and test the model. A zone of strong silica flooding containing visible gold was mapped over 190m strike in the center of the deposit where structures and mineralized zones converge. Assay results from this drilling are variable and do not always confirm the observations of visible gold. Larger leachwell analysis is being carried out to eliminate the nugget effect.

Three diamond holes totalling 427m were completed at Seydou south with the aim of collecting more lithological and structural data to improve the geological model. The holes provided key lithological and structural data pointing to a more complex mineralized system than previously thought, with steep and flat lying structures controlling mineralization.

Around Tongon, five targets for further work, including the poorly tested 1.4km gap between Seydou South and Jubula, have been prioritized for follow-up work as part of the program to extend Tongon's LoM.

DEMOCRATIC REPUBLIC OF CONGO

Kibali

The Kibali project is located in the Archean Moto volcanic belt of northeast DRC where Randgold (through its Kibali joint ventures) holds ground over 35km strike of the KZ structure, a regional mineralized trend which hosts the giant KCD deposit.

Exploration at Kibali continued to focus on the identification of satellite targets for operational flexibility. Kombokolo features a high grade plunging shoot in the hinge of an open fold. It is 1.6km from the plant, outcropping at surface and has favorable metallurgy with average recoveries of over 80% by straight cyanidation techniques. The deepest hole to be drilled in the high grade axis intersected KKDD023 – 16.9m @ 4.26g/t from 159.3m including 7.78m @ 8.81g/t from 168m, illustrating that the deposit is open down plunge.

Extensive surface work around the Rhino deposit continued through the year which identified a number of plunging mineralized lodes. At Agbarabo East, northwest of Rhino, 20 RC holes were completed over four fence lines which returned good results with fence 3 intersecting an average of 5.75m @ 4.09g/t over 30m (including a high grade zone of 2.75m @ 7.36g/t) and fence 4 returning an average of 12.5m @ 2.6g/t over 40m (including 8m @ 5.18g/t over 35m) both of which will be further explored in 2017.

At Sessengue SW, the target was progressed through trenching and RC drilling which identified a number of mineralized lenses on the contact of a folded Ironstone. Trench results included: STR0020 – 34m @ 5.69g/t including 12m @ 13.9g/t; STR0002 – 22m @ 4.01g/t from 146m; and STR0017 – 28m @ 3.18g/t from 126m including 10m @ 7.6g/t from 130m showing the potential for high grade close to surface in oxides. A range of strong RC results immediately down plunge of the trenches were returned from several phases of drilling during the year including: SSRC0001 – 11m @ 9.5g/t from 0m including 2m @ 30.4g/t; SSRC0004 – 12m @ 6.55g/t from 0m; SSRC0007 – 16m @ 2.35g/t from 0m including 6m @ 5.08 g/t; SRC294 – 16m @ 2.27g/t from 70m; and SRC299 – 28m @ 1.96g/t from 16m including 4m at 5.12g/t from 26m and 4m at 3.85g/t from 34m. The geology at Sessengue SW is complex and further work planned for 2017 is designed to resolve the geological model which will put the results from the target in context.

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At Aindi Watsa, along the KZ trend to the south of KCD, diamond drilling confirmed that mineralization is thinning and weakening towards the east while it is still open towards the west. Five trenches tested the surface projection of the main mineralized zones and returned results from the chert confirming the western extension of the target. Results included: AWTR024 – 40m @ 2.08g/t including. 24m @ 3.03g/t; and AWTR022 – 15.2 m @ 1.09g/t from 36m including 2m @ 2.42g/t and further programs are planned to test the western extensions of Aindi Watsa towards the targets of Dilolo and Zambula in 2017.

At the Ikamva target along the KZ trend to the north of KCD, four fence lines consisting of 80 shallow, close-spaced RC holes were completed to test a model of a blind mineralized shear at the base of the Ironstone. Results highlighted two main zones of mineralization; one with a weighted average of 5.3m @ 1.0g/t over 80m observed on fence 1 and the second with a weighted average of 5.47m @ 1.12g/t over 200m observed in fences 2 and 3. The grade results were lower than expected and the team is completing an evaluation of the down-plunge potential at Ikamva before making a final decision on the target.

While the team continued with the key priorities through the year, a detailed audit of the KCD deposit geology was also carried out. This study included a full relog of the 3000, 5000 and 9000 lodes and resulted in an updated model for the deposit which is significantly more robust than previous versions. This work not only optimizes mining on the deposit but provides key insights into the controls of mineralization which can then be used elsewhere. One example of this is that geochronological work at KCD combined with the new interpretation this year has led to the inference that the KZ trend is a system of structures which have channelled mineralizing fluids at the margin of a younger intra-belt basin which extends into the Moku project to the west of Kibali.

The Kibali exploration team has also started a project to re-evaluate the eastern portion of the Kibali mining permits after some new ideas that have been forthcoming from our generative team.

Moku

Work on the Moku project began in the second quarter of 2016 over a large area which Randgold believes to be highly prospective and over which relatively little conventional exploration had been completed. Early work included remote interpretation of the geology and structures in the permit which confirmed a basin of folded and truncated ironstone units in the east of the project in contact with mafic volcanics and plutonic intrusives in the west. Through the rest of the year the team completed regional traverses to ground truth the interpretation, assessed all historical Belgian workings and active artisanal sites and completed a regional stream sediment program across the entire project.

The data from the stream sediment program shows that there is a close spatial relationship between the catchments with higher gold values and the structures which we interpret to have formed along the margin of the younger basin in the Moto belt, and which are comparable to the structures in the KZ trend at Kibali. The anomalous areas include the Moku trend and the Zembe trend in the south of the permit, around the Gau workings in the center of the permit and the Ganga-PC trend in the north of the permit. Soil sampling programs are being carried out on priority targets of Ganga-PC block and Zembe, because of the observations of mineralization on the margins of Ironstones in proximity to the basin margin structures and artisanal workings.

At Gau Main, an artisanal site in the center of the permit, three channel samples taken over a 230m strike returned results of 6.1m @ 2.3g/t (3m below 7.5m @ 4.3g/t), 5m @ 4.6g/t and 8m @ 2.3g/t in metasediment units near the contact of silicified BIF on a NW-SE strike. At Gau Central, 12 litho samples results returned 7.13g/t, 2.51g/t, 2.15g/t , 0.77g/t, 20.9g/t, 12.9g/t, 29.5g/t, 7.43g/t, 0.33g/t, 14.9g/t, 1.4g/t and 8.24g/t hosted in strongly silicified BIF units, with a shallow ESE plunging rodding within a NW-SE striking shear.

In 2017, work will involve further soil programs and mapping and interpretation over anomalous basins while more advanced targets will be promoted quickly to enable some early drilling on the ground.

Ngayu

A 10,013km line helicopter borne electromagnetic (VTEM) survey has been completed over the Ngayu belt in northeast DRC. The survey was performed by Geotech Airborne over approximately five months and final data and products are expected to be received in the first quarter. Preliminary results are currently being integrated with all other geological layers to identify and prioritize areas for follow up in 2017. Seven AOIs have been highlighted including four in the Imva

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Fold area.

GENERATIVE

Randgold is pursuing a range of world class research projects across its portfolio in central and West Africa aimed at identifying the structures where exploration is more likely to locate a world class deposit. This work is building a foundation of knowledge which it believes will assist the teams in making new discoveries. The generative team has and will continue to make contributions to generating new targets and developing Randgold's exploration and orebody models while constantly improving its geology skill base. In particular the generative team has added material value to the company this year through the review and remodelling of the orebodies at Tongon, Loulo and Kibali. In 2017 the focus will be on identifying new opportunities while reviewing the follow-up and advanced targets in the resource triangle to ensure no new world-class discoveries are missed.

MINERAL RIGHTS AND ORE RESERVES

Table of mineral rights at December 31, 2016:

SCHEDULE OF MINERAL RIGHTS
at December 31, 2016

COUNTRY	**TYPE[1]**	AREA (km²)	**EFFECTIVE EQUITY INTEREST[3]** (%)
MALI			
Loulo	EP	263	80.0
Gounkoto	EP	100	80.0
Morita	EP	200	40.0
Bena West	EEP	22	90.0
Bakolobi[2]	EEP	120	Earn in minimum 45.9
Djidian	EEP	325	90.0
Kobokoto Est[2]	EEP	100	Earn in minimum 58.5
Koussikoto[2]	EEP	37	Earn in minimum 58.5
Mogoyafara	EEP	100	90.0
Finkola	EEP	88	Option to acquire 90.0
Ntiola	EEP	64	Option to acquire 90.0

CÔTE D'IVOIRE			
Nielle	EP	751	89.7
Boundiali	EEP	1,320	84.6
Mankono	EEP	519	84.6
Datekro N	EEP	350	84.6
Fapoha North[2]	EEP	387	84.6
Fapoha South[2]	EEP	398	84.6
Tengrela South	EEP	400	84.6
Tiorotieri[2]	EEP	86	84.6
SENEGAL			
Kanoumba	EEP	606	83.3
Dalema	EEP	301	83.3
Bambadji[2]	EEP	236	Earn in minimum 58.5
DEMOCRATIC REPUBLIC OF CONGO			
Kibali[2]			
11447	EP	227	45.0
11467	EP	249	45.0
11468	EP	46	45.0
11469	EP	92	45.0
11470	EP	31	45.0
11471	EP	113	45.0
11472	EP	85	45.0
5052	EP	302	45.0

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COUNTRY	**TYPE[1]**	AREA (km²)	**EFFECTIVE EQUITY INTEREST[3]** (%)
5073	EP	399	45.0
5088	EP	292	45.0
Ngayu project JVs[2]			
1796	EEP	97	Earn in minimum 61.8
1793	EEP	196	Earn in minimum 61.8
1794	EEP	198	Earn in minimum 61.8
1797	EEP	157	Earn in minimum 61.8
1798	EEP	185	Earn in minimum 61.8
1800	EEP	168	Earn in minimum 61.8
1801	EEP	167	Earn in minimum 61.8
1802	EEP	163	Earn in minimum 61.8
1803	EEP	147	Earn in minimum 61.8
1804	EEP	124	Earn in minimum 61.8
1805	EEP	175	Earn in minimum 61.8
1806	EEP	86	Earn in minimum 61.8
1807	EEP	119	Earn in minimum 61.8
12976	EEP	71	Earn in minimum 61.8
12984	EEP	20	Earn in minimum 61.8
12988	EEP	70	Earn in minimum 61.8
12982	EEP	7	Earn in minimum 61.8
12975	EEP	6	Earn in minimum 61.8
12986	EEP	111	Earn in minimum 61.8
12990	EEP	11	Earn in minimum 61.8
2226	EEP	137	Earn in minimum 48.5
2227	EEP	137	Earn in minimum 48.5
2229	EEP	126	Earn in minimum 48.5
2230	EEP	155	Earn in minimum 48.5
2231	EEP	197	Earn in minimum 48.5
Isiro[2]			
2285	EEP	197	Earn in minimum 48.5
2286	EEP	185	Earn in minimum 48.5
2287	EEP	183	Earn in minimum 48.5
2288	EEP	173	Earn in minimum 48.5
2289	EEP	195	Earn in minimum 48.5
2290	EEP	189	Earn in minimum 48.5
2291	EEP	191	Earn in minimum 48.5
Moku[2]			
5047	EP	152	Earn in minimum 51.0
5057	EP	356	Earn in minimum 51.0
12709	EP	190	Earn in minimum 51.0
12710	EP	220	Earn in minimum 51.0
12711	EP	146	Earn in minimum 51.0
12712	EP	208	Earn in minimum 51.0
TOTAL AREA		14,072	

1 *EP Exploitation permit*

EEP exclusive exploration permit

2 *Subject to a joint venture agreement.*

3 *Effective equity interest takes into account joint venture interest and free carried interest of State.*

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Annual ore reserve declaration at December 31, 2016

At Mine	Category	Tonnes (Mt)		Grade (g/t)		Gold (Moz)		Attributable Gold (Moz)		
		2016	2015	2016	2015	2016	2015	2016	2015	
ORE RESERVES										
Kibali								45	%	45 %
	Proven	4.3	4.0	1.9	1.8	0.3	0.2	0.1		0.1
	Probable	66	76	4.2	4.3	8.9	10	4.0		4.7
Sub total	Proven and Probable	71	80	4.0	4.1	9.2	11	4.1		4.8
Loulo								80	%	80 %
	Proven	14	8.6	4.7	4.5	2.1	1.2	1.7		1.0
	Probable	23	23	4.3	4.7	3.1	3.4	2.5		2.7
Sub total	Proven and Probable	37	32	4.5	4.6	5.3	4.7	4.2		3.7
Gounkoto								80	%	80 %
	Proven	6.8	4.1	3.9	3.1	0.9	0.4	0.7		0.3
	Probable	15	16	4.9	5.2	2.3	2.7	1.8		2.2
Sub total	Proven and Probable	21	20	4.6	4.8	3.1	3.1	2.5		2.5
Morila								40	%	40 %
	Probable	15	15	0.5	0.6	0.3	0.3	0.1		0.1
Sub total	Proven and Probable	15	15	0.5	0.6	0.3	0.3	0.1		0.1
Tongon								89.7	%	89 %
	Proven	7.5	8.2	2.2	2.3	0.5	0.6	0.5		0.5
	Probable	12	18	2.5	2.4	0.9	1.4	0.8		1.3
Sub total	Proven and Probable	19	26	2.4	2.4	1.5	2.0	1.3		1.8
Massawa								**83.25 %**		83 %
	Probable	19	21	4.3	3.1	2.6	2.0	2.2		1.7
Sub total	Proven and Probable	19	21	4.3	3.1	2.6	2.0	2.2		1.7
TOTAL ORE RESERVES	Proven and Probable	182	194	3.7	3.6	22	23	14		15

The reporting of ore reserves is also in accordance with SEC industry Guide and JORC 2012 Code and as such are reported to the second significant digit. Reporting standards are equivalent to National Instrument 43-101.

Reserve pit optimizations are carried out at a gold price of $1,000/oz for all pits.

Underground ore reserves are also based on a gold price of $1,000/oz. Dilution and ore loss are incorporated into the calculation of reserves.

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Mineral Rights and Permits

The following map shows the position of our current permits in West Africa:

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The following map shows the position of our current permits in Central Africa:

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, there can be no assurance 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 and DRC provide a right to mine should an economic orebody be discovered on a property held under an exploration permit, there can be no assurance that the relevant government will issue a permit that would allow us to mine. All mineral rights within the countries in which we are currently prospecting are state-owned. Our interests effectively grant us the right to develop and participate in any mine development on the permit areas.

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL SUSTAINABILITY

Randgold's commitment to sustainable mining is delivered through well-established policies, management systems and a rolling stakeholder engagement program. These governance processes are designed to keep our sustainability strategy on track and to ensure sustainability remains fundamental to our corporate DNA. It also aims to drive lasting, mutually-beneficial partnerships with all stakeholders including host countries and communities, employees and shareholders.

Corporate sustainability policies

At the heart of Randgold's sustainability governance is a set of policies concerning environmental and social practices. These include our code of conduct, anti-corruption compliance policy, conflict free gold policy, human rights policy, biodiversity policy and our site-specific environmental and safety polices – which align with the expectations of the ISO 14001 and OHSAS 18001 international standards, respectively. All policies are available in local languages as well as English. In all our countries of operation we also have legally binding mining conventions (or mining codes) that guarantee fiscal stability, govern taxes applicable and allow for international arbitration in the event of force majeure or a dispute.

Our code of conduct defines the behavior we expect from all employees and suppliers, and includes details of our best practice approach in areas such as whistleblowing, anti-discrimination, environmental management, health and safety and conflicts of interest. The code is taught to all staff as part of their induction training and contravention of the code leads to

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disciplinary action and potential termination of employment. No breaches of the code occurred in 2016.

Our anti-corruption compliance policy explains our zero tolerance approach to any form of bribery or corruption, and complies with all applicable anti-corruption and anti-bribery laws, rules and regulations. This includes termination of employment for accepting any bribes or facilitation payments. The policy also sets out our commitment to undertake anti-corruption due diligence on all parties we do business with, and to include anti-corruption clauses into sub-contractor agreements. The policy also commits us to train all personnel in anti-bribery and corruption measures. No breaches of the policy occurred in 2016.

Our conflict free gold policy reinforces other policies to ensure the gold we produce is delivered in a manner that does not fuel armed conflict, fund armed groups or contribute to human rights abuses associated with such conflicts. No breaches of the policy occurred in 2016.

All our sustainability related policies are drafted to both comply with host country legislation, or where it is stronger, to follow the lead of international standards such as the IFC Performance Standards, World Bank Operational Guidelines, OECD Convention on Combating Bribery and the Voluntary Principles on Security and Human Rights. For example in 2016 an internal audit of Loulo's safety management system was conducted against the IFC Environmental Health & Safety Guidelines (with the mine achieving a 91% compliance with the clauses).

Management systems for sustainability

In recent years Randgold has invested significantly to put in place people and systems that can ensure our sustainability policies are implemented.

Randgold's sustainability management system starts at the top with our board holding ultimate responsibility for sustainability performance. The environmental & social oversight committee (E&S committee), which meets quarterly, is the main body that oversees implementation. This is chaired by our CEO and also includes the general managers of each mine, our group health & safety officer, group community and environmental officer and an independent consultant in an advisory and oversight role.

Randgold has two executives who drive our work on community relations, health and safety, environmental management and sustainability reporting and they report operationally to our chief operating officers (who sit above the mine general managers) and functionally to the CEO. This helps provide an important layer of independent

sustainability oversight. On site we have dedicated departments for the implementation of environmental and social programs.

Randgold also builds sustainability performance into the remuneration system for its most senior executives and employees at each of its operations. For example, part of both our CEO's and CFO's annual bonus payments are dependent on the group achieving zero major environmental incidents and a zero LTI to achieve the full reward in these categories.

Perhaps more importantly than having dedicated staff to deliver our sustainability goals, we foster a culture of sustainability across the whole company. We see the delivery of a safe working environment, prosperous and healthy host communities, and a thriving environment as the responsibility of all Randgold employees, suppliers and partners and communicate this clearly and regularly to all arms of our business.

Stakeholder engagement

Randgold's stakeholders are the cornerstone of our business. We have established a wide-ranging stakeholder engagement program to ensure their input is an integral part of our governance of sustainability.

We categorize stakeholders into eight groups and our stakeholder engagement program ensures that consistent mechanisms are in place to keep an ongoing two-way dialogue with each of these diverse constituencies throughout the year. These mechanisms take several forms tailored to the group in mind.

For example, local communities are engaged through formal mechanism such as consultations, CDCs, presentations of annual and sustainability reports and our materiality assessment; as well as through informal mechanisms such as mine teams joining local feasts (such as Tabaski Day in Mali and Côte d'Ivoire) or by appearances on local radio.

Our engagement program applies at all stages of a mine's lifecycle from exploration through to construction, operation

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and closure. For example, even during the early exploration stage we commit to setting up an official grievance mechanism as a channel of communication for any community concerns, and to employing local people in the exploration teams.

Our aim is to be receptive and flexible to the feedback we receive through our stakeholder engagement program. For example, as part of the employee engagement process in 2016 we launched our In-Reach program which aims to improve the flow of information between management and staff and to ensure that staff ideas are taken on board and corporate values are communicated throughout the group.

Grievance mechanism

An important part of our sustainability governance is the grievance mechanism which is in place at all sites and designed in line with both national regulation and international best practice IFC Performance Standards. This process is a very valuable two-way channel of communication with local communities. Randgold puts significant effort and resource into ensuring it is a fair and accessible way for local communities to lodge a complaint if they feel they have been unfairly treated or discriminated against in a non-work related disagreement.

We commit to responding to all grievances within one week and aim to resolve 100% of grievances to the satisfaction of all parties. Access points are widely distributed around surrounding communities and are advertised using local radio, posters and local notice boards.

63 grievances were received during 2016 and all (100%) had been satisfactorily resolved by 31 December 2016. Encouragingly the total number of grievances registered was down over 60% this year.

Any grievance related to human rights is flagged as a separate category that draws the attention of senior management, however no such grievances were registered in 2016.

Examples of grievances raised and settled throughout the year include a complaint about pit discharge spreading too close to farmland (a trench was built to solve the issue) and minor damage to a house caused by an exploration team (house was repaired). The mechanism is also the main channel by which resettlement compensation is managed and this accounts for a large proportion of the claims made and settled.

Materiality assessment

In order to gather further insights from our stakeholders and to understand the relative importance that each group gives to specific sustainability issues Randgold carries out a ‘materiality assessment’ each year. The exercise surveys both internal and external stakeholders to rank the critical sustainability risks they deem the highest priority and is implemented in line with guidance set out by the GRI G4 guidelines.

The materiality assessment in 2016 found that the four highest priority issues across both internal and external stakeholders were: ‘cyanide management’, ‘water pollution’, ‘closure planning’ and ‘local & national employment’. The latter is a new addition to this category having been classified as a ‘medium priority’ issue the previous year.

The results also introduced six new issues as ‘medium priority’ issues: ‘talent attraction and retention’, ‘governance’, ‘land disturbance’, ‘indigenous peoples’, ‘waste management’ and ‘community grievance resolution’. All of these issues are addressed in this report.

One of the most useful parts of the materiality assessment exercise is to enable us to understand whether there are issues that internal management and external stakeholders have different perceptions of in terms of prioritization. This year for example, the exercise suggested that ‘HIV/AIDS’ and ‘air pollution’ were both high priorities for external stakeholders yet were ranked noticeably lower by internal stakeholders. Conversely ‘legal compliance’, ‘community grievance resolution’ and ‘environmental incidents’ featured in internal management’s top 10 priorities but were ranked lower externally. Randgold will take these results on board and ensure that the priorities of all stakeholders are addressed in 2017.

At the conclusion of the process we were able to produce a risk matrix showing which sustainability issues were collectively assessed as highest priority. High priority issues are those that appeared in the top 10 issues of both internal and external stakeholders. Medium priority issues are those that appear in the top third of either group. Definitions of each issue are included on the following page.

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Safety first

All parts of a gold mine's operations carry health and safety risks.

Our policies

The aim of our safety policy is to ensure a safe and healthy workforce. This begins with the delivery of a safe working environment, free of fatalities and lost time injuries. We have a target to reduce the LTIFR and the Total Injury Frequency Rate (TIFR) by 10% year on year. To help us achieve these goals we follow a three-pronged approach.

First, we ensure all our operational mines have robust safety systems in place. These are guided by and certified to the OHSAS 18001 or ISO 45001 international best practice safety standards and are based on a risk mitigation hierarchy. This sees us eliminate, mitigate then manage our safety risks. This applies to all parts of the mine and all possible safety incidents from falls to fire, contaminant exposure to explosives.

The second prong to our safety approach is training and risk awareness-raising. To ensure our workforce fully understand the risks and safety procedures unique to their jobs, each department runs a toolbox safety briefing at the start of each shift, providing a daily reminder of safety procedures or a focus on a particular topic. Departments also manage pre-shift equipment inspections and use of personal protective equipment. Each department has its own specialized training modules and we also run site and groupwide programs.

The final prong of our approach is supporting a holistic safety culture that encourages every person to take responsibility for the safety of themselves and those around them. We do this through compulsory safety induction programs for all workers, contractors and visitors and by encouraging employees to challenge people if they think the correct safety equipment or procedures aren't being used. We also conduct random audits to check our workers understanding of correct safety procedures and condition of personal protective equipment (PPE).

When an incident occurs, the relevant safety, health and environment (SHE) teams assess the incident and ensure that appropriate corrective actions are taken. We take care to ensure signage includes local languages and is explained to illiterate workers. All mines have an emergency preparedness and response plan and undertake evacuation drills and equipment testing throughout the year. Following drills, any sub-standard employees' reaction is addressed through training and awareness work. Our underground projects both have specially trained mine rescue teams on site with specialist equipment.

We have a zero tolerance policy for drug and alcohol use and unsafe behavior on site, and conduct random breath testing across all sites. Any failure results in disciplinary action.

Our performance

After a rise in the LTIFR during 2015, we intensified our focus on safety throughout 2016, and experienced a 22% drop in LTIFR to 0.46 per million hours worked.

This represents our lowest LTIFR in 21 years of operation, and was bolstered by a group wide LTI free third quarter. We also recorded a 17% drop in our Total Injury Frequency Rate (TIFR) and, most importantly, we recorded a fatality-free year. However, Morila and Gounkoto did not repeat their 2015 achievement of an LTI-free year.

We attribute the improvements in safety performance in part to the additional training and awareness raising campaigns provided in 2016. For example at Tongon we ran awareness campaigns on safe scaffolding, motorbike safety and risk assessment, and at Kibali we ran training on first aid, supervisor awareness, defensive driving, basic life support and refresher training for our mine rescue teams. At group level, 146 senior management staff attended the ‘Managing Safely’ training course run by the British Institute of Occupational Safety and Health (IOSH).

Industrial relations

Our policies

We welcome all forms of labor union representation among our workforce. Our partnership approach underpins all our industrial relations.

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Union representatives participate in the leadership of our mines for example by attending each mine's quarterly board meetings, and are able to view and comment on management's presentations and voice any general issues of concern. They also participate in management cost reviews and regular dialogues with each mine's general manager.

Our CEO Mark Bristow meets with union representatives during board meetings, at strategic planning meetings (at least annually), at ad hoc meetings and through holding mass employee meetings at each mine twice a year. All staff are invited to attend these public forums and they provide an important opportunity for staff to raise issues or ask any questions they feel important directly with the CEO.

A key policy in our prevention of strikes and stoppages is the signing of a Mine Level Agreement (MLA) at each mine that is reviewed every three years. MLAs are agreed between the local unions and management and set out mutually agreed rules for each mine on detailed items such as salary increments or the parameters of acceptable behavior in a strike situation.

Our performance

We estimate that approximately 85% of our employees are union members with the remaining 15% set apart only due to a long term incentive program we introduced for senior employees.

Industrial relations were generally calm across all mines in 2016. There were three industry-wide strikes totalling 12 days during May, June and July in Mali. This included a five day strike from June 27 to July 1, although this did not significantly affect production. The strikes were a result of national union issues rather than any conflict specific to Randgold's mines. In each case all employees were reminded that we respect their right to adhere to a legal strike though they must not prevent employees willing to work to exercise such right. The strikes were only partially followed by Randgold unions and employees, did not significantly impact production and anecdotal evidence suggests our work attendance rates on these national strike days were much higher than our industry peers in the country.

There were also many strikes that were avoided during the year due to our active and constant communication with employees and their representatives, helping them to agree to packages that benefit all in the business. For example, in Côte d'Ivoire we intervened to prevent a contractor-related strike over cost of living rises and helped the supplier in question to resolve the issue directly with the unions.

The MLAs for both Loulo and Tongon mines were signed and renewed for another three years in 2016. A small number of positions were retrenched in 2016 as part of closure planning for our Morila mine, which is due to cease operational life in 2019.

Closure planning

Our policies

From the very start of a mine's operations, we plan for its closure. No mine operates until we have agreed a closure plan for the mine area with the host country government, including a ring-fenced budget set aside to meet closure obligations when the time comes. Our closure planning is guided by each host country's legislative requirements, as well as IFC guidelines.

Throughout operations we then invest substantially to build local capacity for non-mining based economic activity, training for alternative employment, promoting entrepreneurialism and continuous rehabilitating land. A key part of this is our integration of agribusiness planning within our closure policy, meaning that at the time of closure all mines should have a thriving and locally appropriate group of industries to support the local economy long after a mine has closed down.

We recognize that the successful closure of a mine is as important to our host countries and communities as the successful operation of one. Thus each individual closure plan is regularly reviewed and comprises robust plans to ensure all health and safety requirements are met, that a healthy ecosystem is restored with as much of the original biodiversity as possible, and that economic and land use plans are developed in full consultation with local communities and the national government. We also undertake a social closure impact assessment in the run-up to closure.

We do not have any plans to divest or sell any of our assets to other purchasers. If that were the case then any purchaser would have to fulfill all sustainability requirements of our closure plans.

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Our performance

All our mines have detailed and ongoing closure plans in place and we continued to refine these throughout 2016.

Our Morila mine in Mali is due to cease operational life by 2019 and will be Randgold's first mine closure. From a peak of around 2,000 staff, the majority of mining activities have already wound down and the mine required less than 400 employees in 2016. However, the agribusiness and other economic development investments continued to grow last year. For example, over five tonnes of mango and 90 tonnes of fish were produced during 2016, while our 40,000 laying hens are capable of producing 1,000 trays of eggs a day. The fish business has also put in place a plan to sell produce to the Bamako fish market in Mali's capital city. Unfortunately egg production was impacted by an outbreak of Newcastle disease in March which resulted in the death of many of the laying birds. However, we have since restocked our laying houses, and built additional ones. Our CEO met the newly-appointed Malian Minister of Mines who expressed his satisfaction with the mine closure projects.

One of the main developments at Morila in 2016 was the review and restructuring of the agribusiness initiatives to continue building on success. This has included inviting market specialists to commercialize and scale-up different business units. The production and manufacturing units have been assigned to former workers in the community and a number of project developers, research and financial institutions, including IFC/World Bank, have been engaged. The developments are based on the Songhai model of integrated agriculture and production, which was established in Benin in 1985 and has been successfully introduced to 15 countries across Africa. A delegation from Songhai, including founder Father Godfrey Nzamuzo, visited Morila and confirmed the project's viability. The next step is to obtain official endorsement from the Malian government. During January 2017 representatives from Morila mine and its partners, the Group Kledu and the UN Women's Organization, presented plans to the Malian minister of Industrial Development who described the project as innovative and timely.

Agribusiness projects for closure planning progressed on all other sites in 2016, even though they are all many years from closure. These included:

- **At Tongon** – A pilot fish farming project has been developed using best practice from Morila and in 2016 produced and sold its first tonnes of fish. The production of jute, a high yield fibre used in the manufacture of bags and garden twine, is also being fostered on site.

- **At Loulo-Gounkoto** – The first year of operation for the new $1.4 million agribusiness training center was very successful with the first 58 local students completing courses in farming entrepreneurialism. More partners have also expressed interest in providing financial or other support to the college. Agribusiness initiatives produced over 70 tonnes of vegetables and 10 tonnes of broiler chickens.

- **At Kibali** – We continue to plan with the DRC government for the creation of a sustainable palm oil project, which would provide employment opportunities for four times as many people as the Kibali mine. In 2016, the mine invested in the creation of a small-scale palm oil facility to bring to life the potential of the project for future investors, and surveyed existing community capacity to ensure the best model for the local region is developed. Trials of maize flour production are also underway to develop a program with optimal yield for the region, which can then be rolled out across the area. We also brought in an agribusiness specialist Chris Ben Associates, from Kinshasa, to help establish poultry and pork projects and lead community training.

From catering to construction, soap making to shopping we foster many projects in the community that support entrepreneurialism and local economic development.

Human rights and security forces

Randgold operates in remote regions of Africa where human rights may not be fully recognized or respected. In this context we believe it is critical that our company not only upholds the fundamental human rights of any stakeholder impacted by our operations, but that we also proactively use our influence with local communities, suppliers and others to raise awareness of the importance of universal human rights. This is not only the right thing to do, but a material business concern. Respect for human rights leads to improved livelihoods and security and this reduces the risk of Randgold operations being disrupted or damaged.

To help embed the UN Voluntary Principles on Business and Human Rights into all our operations Randgold has a

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comprehensive (and publicly available) human rights policy covering, but not limited to, the protection of human rights in employment, community resettlement and engagement of private security forces. Other core policies such as our code of conduct, anti-corruption and anti-bribery policy, and conflict free gold policy also include human rights aspects. All staff are trained in these policies both at induction and where relevant through stand-alone training programs. For example, compulsory training is provided for all security providers in the UN Voluntary Principles on Business and Human Rights.

We proactively encourage respect for human rights by including detailed human rights obligations within all supplier contracts. These put a legal duty on our contractors, large and small, to comply with Randgold's zero tolerance in areas such as bribery, any form of forced or vulnerable labor (including child labor), corporal punishment or infringement of freedom of association. We also undertake due diligence before engaging with new suppliers to ensure they do not have a history of human rights infringements.

In regards to security forces, it is the company's policy not to arm any security forces at its gold mines and nor does it provide benefits to any armed groups who have committed or been credibly accused of human rights abuses. The crux of our security is the strong bonds and real partnerships