

RANDGOLD RESOURCES LTD
Form 20-F
June 30, 2004

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

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

OR

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

For the transition period from _____ to _____

Commission file number: 000-49888

RANDGOLD RESOURCES LIMITED

(Exact name of Registrant as specified in its charter
and translation of Registrant's name into English)

JERSEY, CHANNEL ISLANDS

(Jurisdiction of incorporation or organization)

La Motte Chambers, La Motte Street, St. Helier, Jersey JE1 1BJ, Channel Islands

(Address of principal executive offices)

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

Title of each class

Name of each exchange on which registered

None

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

Ordinary Shares, U.S. Dollar ten cent par value per share

(Title of Class)

American Depositary Shares

(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, 2003, the Registrant had outstanding 29,260,685 ordinary shares, par value \$0.10 per share.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by a checkmark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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GLOSSARY OF MINING TECHNICAL TERMS

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

Birimian:	Geological time era, about 2.1 billion years ago.
Carbonate:	A mineral typically found in quartz veins and as a product of hydrothermal alteration of sedimentary rock.
Carbon-In-Leach (CIL):	A process similar to CIP (described below) except that the ore slurries are not leached with cyanide prior to carbon loading. Instead, the leaching and carbon loading occur simultaneously.
Carbon-In-Pulp (CIP):	A common process used to extract gold from cyanide leach slurries. The process consists of carbon granules suspended in the slurry and flowing counter-current to the process slurry in multiple-staged agitated tanks. The process slurry, which has been leached with cyanide prior to the CIP process, contains gold in solution. The gold in solution is absorbed onto the carbon granules which are subsequently separated from the slurry by screening. The gold is then recovered from the carbon by electrowinning onto steel wool cathodes or by a similar process.
Chalcopyrite:	A mineral compound of copper, iron and sulphide.
Clastic:	Rocks built up of fragments of pre-existing rocks which have been produced by the processes of weathering and erosion.
Craton:	A part of the earth's crust that has attained stability and has been little deformed for a long time.
Cut-off grade:	The grade at which the total profit from mining the orebodies, under a specified set of mining parameters, is maximized.
Development:	Activities required to prepare for mining activities and maintain a planned production level and those costs to enable the conversion of mineralized material to reserves.
Dilution:	Mixing of ore grade material with non-ore grade/waste material in the mining process.
Disseminated:	

	A term used to describe fine particles of the ore mineral dispersed through the enclosing rock.
Dyke:	A sheet-like body of igneous rock which is discordant to bedding or foliation.
EEP:	Exclusive exploration permit.
Elution:	Chemical process of extracting gold from activated carbon.
EP:	Exploration permit.
Exploration:	Activities associated with ascertaining the existence, location, extent or quality of mineralized material, including economic and technical evaluations of mineralized material.
Fault:	A fracture or a zone of fractures within a body of rock.
Feldspar:	An alumino-silicate mineral.

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Flotation:	A recovery process by which valuable minerals are separated from waste rock to produce a concentrate. Chemicals are then introduced to induce certain minerals to attach to air bubbles and to float.
Fold:	A flexure of planar structures within the rocks.
Foliation:	A term used to describe planar arrangements of minerals or mineral bands within rocks.
Footwall:	The underlying side of a fault, orebody or stope.
Fragmentation:	The breakage of rock during blasting in which explosive energy fractures the solid mass into pieces; the distribution of rock particle sizes after blasting.
g/t:	Gram of gold per metric tonne.
Gold reserves:	The gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tonnes and head grade).
Grade:	The quantity of metal per unit mass of ore expressed as a percentage or, for gold, as grams of gold per tonne of ore.
Greenstone:	A field term used to describe any slightly metamorphosed rock.
Greywacke:	Type of sedimentary rock.
Grinding:	Reducing mineralized rock to the consistency of fine sand by crushing and abrading in a rotating steel grinding mill.
Head grade:	The grade of the ore as delivered to the metallurgical plant.
Hydrothermal:	Pertaining to the action of hot aqueous solutions on rocks.
Igneous:	A rock or mineral that solidified from molten or partially molten material.
In situ:	In place or within unbroken rock or still in the ground.
Intrusive:	A rock produced by the emplacement and subsequent solidification of hot magma in pre-existing rock.
Kriging:	An interpolation method that minimizes the estimation error in the determination of reserves.
Landsat:	Spectral images of the Earth's surface.
Leaching:	Dissolution of gold from the crushed and milled material, including reclaimed slime, for absorption and concentration on to the activated carbon.

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

Measures: Conversion factors from metric units to U.S. units are provided below:

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

Metamorphism: Alteration of rocks and minerals by a combination of heat, pressure and chemical processes over a long time period.

Metasediment: A sedimentary rock that has undergone metamorphism.

Metallurgical plant: A processing plant used to treat ore and extract the contained gold.

Metallurgy: In the context of this document, the science of extracting metals from ores and preparing them for sale.

Mill delivered tonnes: A quantity, expressed in tonnes, of ore delivered to the metallurgical plant.

Milling/mill: The comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.

Mineable: That portion of a mineralized deposit for which extraction is technically and economically feasible.

Mineralization:

	<p>The presence of a target mineral in a mass of host rock.</p>
Mineralized material:	<p>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.</p>
Moz:	<p>Million troy ounces.</p>
Mt:	<p>Million metric tonnes.</p>
Open pit:	<p>Mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.</p>
Orebody:	<p>A continuous, well-defined mass of material containing sufficient minerals of economic value to make extraction economically feasible.</p>
Orogenic:	<p>Of or related to mountain building, such as when a belt of the Earth's crust is compressed by lateral forces to form a chain of mountains.</p>
Ounce:	<p>One troy ounce, which equals 31.1035 grams.</p>
Overburden:	<p>The soil and rock that must be removed in order to expose an ore deposit.</p>
Oxide:	<p>Soft, weathered rock.</p>

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Paste Tailings:	<p>The technique of tailings deposition using high-density</p>
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	thickened tailings rather than the conventional unthickened tailings.
Payshoot:	A defined zone of economically viable mineralization.
Porphyry:	Medium grained igneous rock containing larger mineral crystals.
Probable reserves:	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.
Prospect:	An area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.
Prospecting license or permits:	An area for which permission to explore has been granted.
Proven reserves:	Reserves for which quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
Pyrite:	A brassy-colored mineral of iron sulphide (compound of iron and sulfur).
Pyrrhotite:	A mineral compound of iron and sulphide.
Quartz:	

Quartzite:	A mineral compound of silicon and oxygen. Metamorphic rock with interlocking quartz grains displaying a mosaic texture.
Refining:	The final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.
Regolith:	Weathered products of fresh rock, such as soil, alluvium, colluvium, sands, and hardened oxidized materials.
Rehabilitation:	The process of restoring mined land to a condition approximating its original state.
Reserve:	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
Reverse circulation (RC) drilling:	A drilling method.
Rotary Air Blast (RAB) drilling:	A drilling method.
Sampling:	Taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).

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Saprock:	A transitional rock; a state of weathering between fresh rock and total weathered saprolite or clay.
Sedimentary:	Sourced from erosion of other rocks.
Shear zone:	An elongated area of structural deformation.
Silica:	A naturally occurring dioxide of silicon.

Silicification:	Introduction of additional silica into the rock during hydrothermal alteration.
Stockpile:	A store of unprocessed ore.
Stope:	The underground excavation within the orebody where the main gold production takes place.
Stripping:	The process of removing overburden to expose ore.
Stripping ratio:	Ratio of waste material to ore material needed to be moved in an open pit mine.
Sulphide:	A mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite or iron sulphide. Also a zone in which sulfide minerals occur.
Tailings:	Finely ground rock from which valuable minerals have been extracted by milling.
Tectonic:	Deformation related to orogenic events.
Tonalite:	A type of igneous rock.
Tonnage:	Quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.
Tonne:	One tonne is equal to 1,000 kilograms (also known as a "metric" ton).
Total cash costs:	Total cash costs, as defined in the Gold Institute standard, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, transfers to and from deferred stripping and royalties.
Trenching:	Making elongated open-air excavations for the purposes of mapping and sampling.

Trend:	The arrangement of a group of ore deposits or a geological feature or zone of similar grade occurring in a linear pattern.
Waste:	Rock mined with an insufficient gold content to justify processing.
Weathered:	Rock broken down by erosion.

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

We are incorporated under the laws of Jersey, Channel Islands with the majority of our operations located in West Africa. Our books of account are maintained in U.S. dollars and our annual and interim financial statements are prepared on a historical cost basis in accordance with International Financial Reporting Standards, or IFRS. IFRS differs in significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. This Annual Report includes a discussion of the relevant differences between IFRS and U.S. GAAP, and Note 23 to our consolidated financial statements included in this Annual Report sets forth a reconciliation from IFRS to U.S. GAAP of net income and shareholders' equity. We have also included in this Annual Report the audited financial information for the years ended December 31, 2003 and 2002 of Société des Mines de Morila SA, or Morila SA. On October 25, 1999, we approved a change in our fiscal year from March 31 to December 31. Accordingly, the financial statements for the period in which the change in fiscal year became effective cover a nine month period from April 1, 1999 through December 31, 1999. The financial information included in this Annual Report has been prepared in accordance with IFRS, and except where otherwise indicated, is presented in U.S. dollars. For a definition of cash costs, please see Item 3. Key Information–A. Selected Financial Data.

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

PART 1

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. SELECTED FINANCIAL DATA

The following selected historical consolidated financial data have been derived from the more detailed information and financial statements, including our audited consolidated financial statements for the years ended December 31, 2003, 2002 and 2001 and as at December 31, 2003 and 2002 which appear elsewhere in this Annual Report. The historical consolidated financial data for the year ended December 31, 2000 and the nine month period ended December 31, 1999 and as at December 31, 2000 and 1999 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. In Note 23 to our audited consolidated financial statements, we present the principal differences between IFRS and U.S. GAAP and a reconciliation of our net income and shareholders' equity to U.S. GAAP.

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	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000	Nine Months Ended December 31, 1999
(In thousands, except per share and per ounce data)					
STATEMENT OF OPERATIONS DATA:					
Amounts in accordance with IFRS					
TOTAL REVENUES	\$ 116,505	\$ 134,651	\$ 87,507	\$ 201,385	\$ 37,663
SELECTED ITEMS INCLUDED WITHIN TOTAL REVENUES					
Product sales	109,573	131,440	84,154	63,781	34,872
Interest income	999	225	2,293	2,167	64
Other income	5,933	2,986	1,060	10,458	2,727
TOTAL COSTS	69,330	69,143	70,278	178,282	120,561
SELECTED ITEMS INCLUDED WITHIN TOTAL COSTS					
Cash operating costs	25,373	22,234	46,354	58,178	42,069
Royalties	7,648	9,185	5,801	3,718	2,028
Total cash costs	31,637	31,419	52,155	61,896	44,097
Interest expense	1,895	3,686	4,067	14,874	2,764
Depreciation and amortization	10,269	8,765	7,097	12,208	17,081
Exploration and corporate expenditure	17,007	16,686	9,187	10,731	5,621
Impairment	—	—	—	74,606	45,007
Loss/(gain) on financial Instruments	1,733	346	(7,424)	(3,602)	4,569
Other expenses	7,779	8,241	5,196	7,569	1,422
	47,175	65,508	17,229	23,103	(82,898)

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Income/(loss) from operations before income tax and minority interest					
Income tax expense	—	—	(126)	(363)	(256)
Profit/(loss) before minority interest	47,175	65,508	17,103	22,740	(83,154)
Minority interest	351	220	656	1,621	4,984
Net income/(loss)	47,526	65,728	17,759	24,361	(78,170)
Basic earnings/(loss) per share (\$)	1.66	2.61	0.58	0.74	(2.36)
Fully diluted earnings per share (\$)	1.65	2.59	0.57	0.73	—
Amounts in accordance with U.S. GAAP (2)					
Revenue from product sales	—	—	16,723	48,613	—
Loss from operations before joint venture	(22,135)	(31,081)	(16,705)	(15,179)	—
Equity income of Morila joint venture	64,744	90,522	32,482	7,908	—
Net income	42,960	59,661	16,434	24,323	—
Basic earnings per share (\$)	1.50	2.37	0.54	0.74	—
Fully diluted earnings per share (\$)	1.49	2.35	0.53	0.73	—
OTHER FINANCIAL DATA					
Amounts in accordance with IFRS					
Net assets	177,187	118,985	30,497	96,844	69,500
Number of shares outstanding	29,260,385	27,663,740	22,461,630	33,076,629	33,056,416
Capital stock (excluding long-term debt and dividends declared)	—	—	—	—	—
Total cash costs (\$ per ounce) (1)	100	74	153	260	348

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	December 31, 2003	At December 31, 2002	At December 31, 2001	At December 31, 2000	At December 31, 1999
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(In thousands, except per share and per ounce data)

BALANCE SHEET AMOUNTS IN ACCORDANCE WITH IFRS

Cash and equivalents	\$ 105,475	\$ 59,631	\$ 6,683	\$ 63,505	\$ 4,313
Restricted cash	3,882	4,526	4,474	—	—
Receivables	15,196	14,262	16,558	26,769	18,073
Inventories	17,165	11,601	9,743	10,534	25,585
Total current assets	141,718	90,020	37,458	100,808	47,971
Property, plant and equipment, net.	72,822	76,436	79,737	77,295	137,166
Other long-term assets	10,885	7,402	2,359	368	483
Total assets	\$ 225,425	\$ 173,858	\$ 119,554	\$ 178,471	\$ 185,620
Bank overdraft.	\$ 1,550	\$ 1,170	\$ 1,708	\$ 1,867	\$ 7,995
Current portion of long-term liabilities	11,567	9,726	11,224	12,200	55,956
Accounts payable & accrued liabilities	11,990	10,838	10,851	16,092	21,046
Total current liabilities	25,107	21,734	23,783	30,159	84,997
Provision for environmental rehabilitation	5,962	4,972	4,340	3,616	1,713

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Liabilities on financial instruments	8,488	7,530	2,452	1,465	7,969
Long-term loans	7,723	19,307	57,147	44,071	15,741
Loans from minority shareholders in subsidiaries, net.	958	1,330	1,335	2,316	5,700
Total long-term liabilities	23,131	33,139	65,274	51,468	31,123
Total liabilities	48,238	54,873	89,057	81,627	116,120
Share capital	2,926	2,766	2,246	3,307	3,305
Additional paid-in capital	200,244	190,618	161,830	240,742	240,664
Accumulated losses	(18,580)	(66,106)	(131,834)	(149,593)	(174,469)
Other reserves	(7,403)	(8,293)	(1,745)	2,388	—
Shareholders' equity	177,187	118,985	30,497	96,844	69,500
Total liabilities and shareholders' equity	\$ 225,425	\$ 173,858	\$ 119,554	\$ 178,471	\$ 185,620

ACCOUNTS IN ACCORDANCE WITH

U.S. GAAP (2):

Total assets	194,402	136,789	78,107	132,587	—
Long-term debt	891	3,999	30,727	10,727	—
Shareholders' equity	177,187	118,771	30,359	93,903	—

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

Costs	Year Ended December 31, 2003		Year Ended December 31, 2002		Year Ended December 31, 2001		Year Ended December 31, 2000		Nine Months Ended December 31, 1999	
		%		%		%		%		%
Production	26,195	85	22,706	72	37,349	72	43,823	71	37,771	86
General and administration	6,108	20	4,128	13	11,262	22	9,332	15	5,617	13
Gold refining	408	1	588	2	547	1	237	0	193	0
Royalties	7,648	25	9,185	29	5,801	11	3,718	6	2,028	5
Stockpiles and production inventory	(6,229)	(20)	(145)	—	(813)	(2)	5,153	9	6,417	14
Deferred stripping	(3,484)	(11)	(5,043)	(16)	(1,991)	(4)	(367)	(1)	(7,929)	(18)
Total cash costs	30,646	100	31,419	100	52,155	100	61,896	100	44,097	100

1. We have calculated total cash costs per ounce by dividing total cash costs, as determined using the Gold Institute industry standard, by gold ounces produced for all periods presented. The Gold Institute is a non-profit international association of miners, refiners, bullion suppliers and manufacturers of gold products, which has developed a uniform format for reporting production costs on a per ounce basis. The standard was first adopted in 1996 and revised in November 1999. Total cash costs, as defined in the Gold Institute standard, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, transfers to and from deferred stripping

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

2. Under IFRS, we account for our interest in Morila Limited using the proportionate consolidation method, whereby our proportionate share of Morila Limited's assets, liabilities, income, expenses and cash flows are incorporated in our consolidated financial statements under the appropriate headings. Under U.S. GAAP, we equity account for our interest in Morila Limited. This requires that we recognize our share of Morila Limited's net income as a separate line item in the statement of operations, equity income of Morila Limited. In the balance sheet, we reflect as an investment our share of Morila Limited's net assets. While this results in significantly different financial statement presentation between IFRS and U.S. GAAP, it has no impact on our net income or our net asset value except for any difference between IFRS and U.S. GAAP which relates to Morila Limited.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

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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.

Risks Relating to Our Business

Because we depend upon Morila, and our interest in Morila Limited, for substantially all of our revenues and cash flow, our business will be harmed if Morila's revenues or its ability to pay dividends are adversely impacted.

We hold our ownership interest in Morila through our 50% ownership interest in Morila Limited, which in turn owns 80% of Morila SA, the direct owner of Morila, or the Morila mine. In 2003, substantially all of our revenues and cash flows were derived solely from sales of gold mined at Morila, and we expect that this mine will continue to provide substantially all of our operating revenue and cash flows for at least the next eighteen months. As a result, our results of operations, cash flows and financial condition could be materially and adversely affected by any of the following factors:

- fluctuations in the price of gold realized by Morila;
- the failure of Morila to produce expected amounts of gold;
- any disputes which may arise between us and AngloGold Limited, or AngloGold, with respect to the management of Morila Limited; and
- restrictions contained in the loan agreement between Morila SA and its lenders, on the ability of Morila SA to pay dividends to its shareholders, including Morila Limited.

The provisions of Morila SA's loan agreement and its cash requirements may prevent it from paying dividends to its shareholders, including Morila Limited, which would reduce our cash flow and adversely affect our business.

The terms of Morila SA's loan agreement restrict Morila SA's ability to pay dividends. Morila SA may pay dividends only in the event it meets various financial tests and is otherwise not in default under the loan agreement. The loan agreement provides that Morila SA may declare dividends only if it has cash on hand in excess of three months projected working capital, capital expenditure commitments and any cash balances required to satisfy covenants under the loan agreement. Our business, cash flows and financial condition will be materially and adversely affected if anticipated dividends are not paid by Morila SA.

The profitability of our operations, and the cash flows generated by our operations, are affected by changes in the market price for gold which in the past has fluctuated widely.

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

- the demand for gold for industrial uses and for use in jewelry;
- international or regional political and economic trends;
- the strength of the U.S. dollar, the currency in which gold prices generally are quoted, and of other currencies;
- financial market expectations regarding the rate of inflation;
- interest rates;
- speculative activities;

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- actual or expected purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;
 - hedging activities by gold producers; and
 - the production and cost levels for gold in major gold-producing nations.

The volatility of gold prices is illustrated in the following table, which shows the quarterly high, low and average of the afternoon London Bullion Market fixing price of gold in U.S. dollars for the past two years and the first quarter of 2004.

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Year		Price per ounce (\$)		Average
		High	Low	
2004	First Quarter	425.50	390.50	408.44
2003	Fourth Quarter	416.25	370.25	391.92
	Third Quarter	390.70	342.50	363.24
	Second Quarter	371.40	319.90	346.74
	First Quarter	382.10	329.45	352.09
2002	Fourth Quarter	349.30	310.75	321.87
	Third Quarter	326.30	302.25	314.20
	Second Quarter	327.05	297.75	312.40
	First Quarter	304.30	277.75	290.07

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

If gold prices should fall below and remain below our cost of production for any sustained period, we may experience losses and may be forced to curtail or suspend some or all of our mining operations. In addition, we would also have to assess the economic impact of low gold prices on our ability to recover any losses we may incur during that period and on our ability to maintain adequate reserves. For our continued operations, which does not include Syama, the total cash cost of production per ounce of gold sold was \$100 in the year ended December 31, 2003, \$74 in the year ended December 31, 2002 and \$102 in the year ended December 31, 2001. For all operations, the total cash cost of production per ounce of gold sold was \$100 in the year ended December 31, 2003, \$74 in the year ended December 31, 2002, \$156 in the year ended December 31, 2001.

We expect that Morila's total cash costs will rise as the life of the mine advances, which will adversely affect our profitability in the absence of any mitigating factors.

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

We use derivative instruments to protect the selling price of some of our anticipated gold production. The intended effect of our derivative transactions is to lock in a minimum sale price for future gold production at the time of the transactions, reducing the impact on us of a future fall in gold prices.

To the extent these instruments protect us against low gold prices, they will only do so for a limited period of time. If the instrument cannot be sustained, the protection will be lost. Derivative transactions can even result in a reduction in possible revenue if the instrument price is less than the

market price at the time of settlement. Moreover, our decision to enter into a given instrument is based upon market assumptions. If these assumptions are not met, significant losses or lost opportunities for significant gains may result. In all, the use of these instruments may result in significant losses or prevent us from realizing the positive impact of any subsequent increase in the price of gold on the portion of production covered by the instrument.

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

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

Our mining operations may yield less gold under actual production conditions than indicated by our gold reserve figures, which are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, production costs and the price of gold.

The ore reserve estimates contained in this Annual Report are estimates of the mill delivered quantity and grade of gold in our deposits and stockpiles. They represent the amount of gold that we believe can be mined, processed and sold at prices sufficient to recover our estimated total costs of production, remaining investment and anticipated additional expenditures. Our ore reserves are estimated based upon many factors, including:

- the results of exploratory drilling and an ongoing sampling of the orebodies;
- past experience with mining properties; and
- the experience of the person making the reserve estimates.

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

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

We may be required to seek funding from third parties or enter into joint development arrangements to finance the development of our properties and the timely exploration of our mineral rights, which funding or development arrangements may not be available on acceptable terms, or at all.

We require substantial funding to develop our properties. For example, if we ultimately determine that our Tongon project would sustain profitable mining operations, our ability to build a mine at this site would be dependent upon the availability of sufficient funding. In some countries, if we do not conduct any mineral exploration on our mineral holdings or make the required payments in lieu of completing mineral exploration, these mineral holdings will lapse and we will lose all interest that we have in these mineral rights.

We may be required to seek funding from third parties if our internally generated cash resources are insufficient to finance these activities. Our ability to obtain outside financing will depend upon the price of gold and the industry's perception of its future price, and other factors outside of our control. We may not be able to obtain funding on acceptable terms when required, or at all. Cash constraints

and strategic considerations may also lead us to dispose of all or part of our interests in some of our projects or mineral rights or to seek out third parties to jointly develop one or more projects.

We conduct mining, development and exploration activities in countries with developing economies and are subject to the risks of political and economic instability associated with these countries.

We currently conduct mining, development and exploration activities in countries with developing economies, including Côte d'Ivoire, Mali, Senegal, Burkina Faso, Ghana and Tanzania. These countries and other emerging markets in which we may conduct operations have, from time to time, experienced economic or political instability, in the form of:

- war and civil disturbance;
- expropriation or nationalization;
- changing regulatory and fiscal regimes;
- fluctuations in currency exchange rates;
- high rates of inflation;
- underdeveloped industrial and economic infrastructure; and
- unenforceability of contractual rights.

The countries of Mali, Senegal, Burkina Faso and Côte d'Ivoire were French colonies and Tanzania and Ghana were British colonies until their independence in the early 1960's. Each country has, since its independence, experienced its own form of political upheavals with varying forms of changes of government taking place, including violent coup d'etats. The military has also taken a hand in the politics of these countries and has returned them to stability in times of political upheavals. Successful democratic elections have been held in all of these countries in recent years, which has seen civilian rule returned to power. However, Côte d'Ivoire, the leading economic power in the region, and once considered one of the most stable countries in Sub-Saharan Africa, has experienced several years of political chaos, including an attempted coup d'etat. In November 2002, a mutiny by disaffected soldiers developed into a national conflict between rebels who took control of the north of the country and Government supporters in the south. Discussions between the two parties continue regarding the establishment of an interim power sharing government which would seek to establish a more permanent peaceful solution for the country. A cease fire between all parties was signed at the beginning of May 2003.

A United Nations peace keeping force has been sent to the country to ensure that peace is maintained between the various parties. West African political leaders have continued to apply pressure to the parties to bring about a peaceful solution.

Any political or economic instability in the West African countries in which we currently operate could have a material and adverse effect on our business and results of operations.

The conflict in Côte d'Ivoire has resulted in us suspending work in the country pending a peaceful solution. As a result, the progress of the Tongon feasibility study has been delayed. We anticipate starting the next phase of the project once normality returns.

Most goods are supplied to Mali through Côte d'Ivoire. Other supply routes to Mali are, however, functioning. Our operations in Mali have been affected only to the extent of making the supply of diesel more expensive since it now

has to be delivered via Togo, which adds additional transportation costs to allow for greater delivery distances.

Also, any present or future policy changes in the countries in which we operate may in some way have a significant effect on our operations and interests. The mining laws of Mali, Côte d'Ivoire, Senegal, Burkina Faso, Ghana and Tanzania stipulate that should an economic orebody be discovered on a property subject to an exploration permit, a permit that allows processing operations to be undertaken must be issued to the holder.

Except for Tanzania, legislation in these countries currently provides for the relevant government to acquire a free ownership interest, normally of at least 10%, in any mining project. For example, the

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Malian government holds a 20% interest in Morila SA, and cannot be diluted below 10%, as a result of this type of legislation. The requirements of the various governments as to the foreign ownership and control of mining companies may change in a manner which adversely affects us.

If we are required to change how we account for our interest in Morila Limited in the future to the equity method, any resulting confusion in the investor community could cause persons not to invest in our securities.

Our financial statements have been prepared in accordance with IFRS since our inception as an international company, under which we employ joint venture accounting and proportionately consolidate our interest in Morila Limited's assets, liabilities, income, expenses and cash flows. If we are not permitted to utilize joint venture accounting under IFRS in the future, we would be required to utilize the equity method to account for our interest in Morila Limited and our other joint ventures, which could cause confusion in the investor community and adversely affect a prospective investor's willingness to invest in our securities. The most likely circumstance under which we would be prohibited from using proportionate consolidation would be if existing accounting policies under IFRS were changed to prohibit proportionate consolidation for joint ventures of this type. Under the equity method of accounting, which is mandatory under U.S. GAAP, we would recognize our share of the company's net income as a separate line item in our income statement and would reflect as an investment our share of Morila Limited's net assets on our balance sheet.

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. Factors critical to retaining our present staff and attracting additional highly qualified personnel include our ability to provide these individuals with competitive compensation arrangements, equity participation and other benefits. If we are not successful in retaining or attracting highly qualified individuals in key management positions our business may be harmed. The loss of any of our key personnel could adversely impact our ability to execute our business plan. We do not maintain "key man" life insurance policies on most members of our executive team.

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

We may become subject to liabilities, including liabilities for pollution or other hazards, against which we have not insured adequately or at all or cannot insure. Our insurance policies contain exclusions and limitations on coverage. Our current insurance policies provide worldwide indemnity of \$100 million in relation to legal liability incurred as a

result of death, injury, disease of persons and/or loss of or damage to property. Main exclusions under this insurance policy, which relates to our industry, include war, nuclear risks, silicosis, asbestosis or other fibrosis of the lungs or diseases of the respiratory system with regard to employees, and gradual pollution. In addition, our insurance policies may not continue to be available at economically acceptable premiums. As a result, in the future our insurance coverage may not cover the extent of claims against us.

Our chairman holds positions with other companies in our industry, which may present conflicts with Randgold Resources that are resolved in a manner unfavorable to us.

Our chairman, holds positions with Randgold & Exploration Company Limited, or Randgold & Exploration, our largest shareholder, and other companies in our industry. These positions could create, or appear to create, potential conflicts of interest our chairman is faced with decisions that could have different implications for us and the other companies in which he holds positions. These conflicts may ultimately be resolved in a manner that is unfavorable to us.

Legal action instituted against our chairman may adversely affect our share price.

Our chairman, Roger A.R. Kebble, resigned as a director of Durban Roodepoort Deep Limited, or DRD, a South African company, in June 2002. Management of DRD has instituted legal

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proceedings alleging that while Mr. Kebble was chairman of DRD, he may have benefited from transactions involving payments to a close corporation of which he was a member, which was not disclosed to DRD. Mr. Kebble has disputed the claims. The matter continues to be adjourned and no final date for a hearing has been set.

A criminal action, brought on November 12, 2002, is pending in the Specialised Commercial Crime Court in Johannesburg against Mr. Kebble for an alleged contravention of Section 234 of the Companies Act No. 51 of 1973 and/or fraud, arising out of an alleged failure by Mr. Kebble, as a director of DRD, to declare to DRD his interest in Skilled Labour Brokers CC and allegations that DRD received invoices from this corporation which were paid by DRD at a time when Mr. Kebble had an undisclosed interest in that entity. Final charges have not yet been filed.

A criminal action, brought on December 6, 2002, is pending in the High Court of South Africa, Witwatersrand Local Division, against Western Areas Limited, Mr. R. Brett Kebble, Hendrik Buitendag and Mr. Roger A.R. Kebble on unspecified alleged charges of fraud. Details of the charges have not been provided. We have been informed that the proceedings arise out of the proposed restructuring of JCI Gold Limited, Consolidated African Mining Limited, Randgold & Exploration, Free State Development and Investment Corporation Limited and Barnato Exploration Limited, towards the end of 1999. This action is still pending.

In the event that these legal actions continue against our chairman, investors may be unwilling to invest in our securities, which may have an adverse effect on our share price.

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

We are incorporated in Jersey, Channel Islands and a majority of our directors and senior executives are not residents of the United States. Virtually all of our assets and the assets of those persons are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon those persons or us.

Furthermore, the United States and Jersey currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, it may not be possible for you to enforce a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon United States Federal securities laws against those persons or us.

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

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

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

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Risk Relating to Our Industry

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

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

- encountering unusual or unexpected formations;
- environmental pollution;
- personal injury and flooding; and
- decrease in reserves due to a lower gold price.

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

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

If management determines that capitalized costs associated with any of our gold interests are not likely to be recovered, we would incur a write-down on our investment in that interest. All of these factors may result in losses in relation to amounts spent which are not recoverable.

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

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

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

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

Our operations are subject to extensive government 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

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regarding exploration operations, public safety, employee health and safety, use of explosives, air quality, water pollution, noxious odor, noise and dust controls, reclamation, solid waste, hazardous waste and wildlife as well as laws protecting the rights of other property owners and the public.

Any failure on our part to be in compliance with these laws, regulations, and requirements with respect to our properties could result in us being subject to substantial penalties, fees and expenses, significant delays in our

operations or even the complete shutdown of our operations. We accrue estimated environmental rehabilitation costs over the operating life of a mine. Estimates of ultimate rehabilitation are subject to revision as a result of future changes in regulations and cost estimates. The costs associated with compliance with government regulations may ultimately be material and adversely affect our business.

Because we depend upon Morila, and our interest in Morila Limited, for substantially all our revenues and cash flow, our business may be harmed if the Government of Mali fails to repay fuel duties.

Morila is responsible for paying to diesel suppliers the customs duties which are then paid to the Government of Mali. Morila can claim reimbursement of these duties from the Government of Mali on presentation of a certificate from Société Générale de Surveillance. During the third quarter 2003, the Government of Mali began to reduce payments to all the mines in Mali due to irregularities involving certain small exploration companies. The Government of Mali is re-assessing its internal procedures and has temporarily stopped fuel duties reimbursements.

If Morila is unable to recover these amounts, its ability to pay dividends to its shareholders would be affected. Our business, cash flows and financial condition will be materially and adversely affected if anticipated dividends are not paid.

If our environmental and other governmental permits are not renewed or additional conditions are imposed on our permits, our financial condition and results of operations may be adversely affected.

Generally, compliance with environmental and other government regulations requires us to obtain permits issued by governmental agencies. Some permits require periodic renewal or review of their conditions. We cannot predict whether we will be able to renew these permits or whether material changes in permit conditions will be imposed. Non-renewal of a permit may cause us to discontinue the operations requiring the permit, and the imposition of additional conditions on a permit may cause us to incur additional compliance costs, either of which could have a material adverse effect on our financial condition and results of operations.

Labor disruptions could have an adverse effect on our operating results and financial condition.

All Malian national employees are members of the Union Nationale des Travailleurs du Mali, or UNTM. Due to the number of employees that belong to UNTM, we are at risk of having Morila's mining and exploration operations stopped for indefinite periods due to strikes and other labor disputes. Should any labor disruptions occur, our results of operations and financial condition could be materially and adversely affected.

AIDS poses risks to us in terms of productivity and costs.

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

A. HISTORY AND DEVELOPMENT OF THE COMPANY

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

We were formed by Randgold & Exploration, a South African resource company, as a result of the decision by Randgold & Exploration to separate its exploration activities between those conducted inside South Africa and Namibia, or the Randblock, and those in Africa outside of the Randblock. Randgold & Exploration is a publicly traded company whose shares trade on the Johannesburg Stock Exchange and on the Nasdaq National Market, in the form of ADRs. This enabled us to engage in the exploration and development of gold deposits and associated metals from African countries, excluding the Randblock, independently of Randgold & Exploration.

Randgold & Exploration transferred its interests in mineral activities outside of the Randblock to us in August 1995, for \$5 million, which we satisfied by issuing 8,000,000 shares to Randgold & Exploration.

In October 1996, Randgold & Exploration, through an intermediate holding company, Randgold Resources (Holdings) Limited, acquired from BHP International Inc., or BHP, the entire issued share capital of BHP Minerals Mali (which was later renamed Randgold Resources Mali Inc., or RRMI) and the benefit of \$78 million in shareholder loans. The main asset of RRMI was a 65% interest in Société des Mines de Syama SA, or Somisy, whose assets included the Syama mine. We then acquired the investment in RRMI in exchange for the issuance of 3,212,812 new shares at \$25.50 per share. As part of that transaction, Randgold & Exploration guaranteed a \$32.2 million loan, including interest, which remained owing to BHP from RRMI.

We acquired the Syama mine in October 1996. However, in April 2004, Resolute Mining Limited of Australia, or Resolute, exercised their option to acquire the Syama mine. For a more detailed discussion of the Syama mine, please see Item 4. Information on the Company — B. Business Overview.

We discovered the Morila deposit during December 1996.

In July 1997, we listed on the London Stock Exchange and completed our initial public offering of 5,000,000 ordinary shares, including Global Depositary Shares, or GDSs, resulting in net proceeds to us of \$77.5 million. These proceeds were used to:

- retire the retained loan from BHP of approximately \$32.2 million;
- contribute to the funding of the capital expansion program at the Syama mine; and
- fund the exploration activities of the Golden Ridge project in Tanzania, a project which we held for four years. In 1999, this project was sold to Barrick Gold Corporation.

During November 1998, we acquired a further 10% interest in Somisy and certain related shareholder loans, through the issue of 1,157,444 of our ordinary shares to the International Finance Corporation.

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

In April 2001, we acquired an additional 29% of Société des Mines de Loulo, or Somilo, under a sale of shares and loan claims agreement with Normandy LaSource SAS for a purchase price of \$2 million, which brought our share of Somilo to 80%. Also under this agreement, we acquired loan claims regarding cash advanced to Somilo by Normandy LaSource to fund exploration activities.

We now conduct our operations through:

- a 50% interest in Morila Limited; and
- a controlling interest in Somilo, which conducts exploration activities over the Loulo permit.

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

In September 2002, we completed an exchange offer in which we exchanged substantially all of our outstanding GDSs for ADSs representing a like number of our ordinary shares.

On December 16, 2002, we entered into a settlement agreement with Randgold & Exploration, Somisy, Rolls-Royce Power Ventures Limited, Syama Power Sales Limited, or SYPPS, and Operation d'Energie de Syama S.A. regarding our outstanding litigation relating to a contract for the supply of power generating equipment to the Syama gold mine. As a result of this agreement, all parties have withdrawn their claims. Under this agreement, we, Somisy and Randgold & Exploration agreed to pay SYPPS a total amount of \$5.3 million in three installments. Resolute assumed the outstanding balance of this settlement when it acquired the Syama mine. The equipment has been returned to Rolls-Royce Power Ventures Limited which removed the equipment from the mine site at its expense.

On March 10, 2003, we changed our ADR ratio from two ordinary shares to one ADR, to one ordinary share to one ADR.

On April 16, 2003 we entered into a heads of agreement with Resolute. Under this agreement we gave Resolute a 12 month option to acquire our entire interest in our wholly-owned subsidiary, Randgold Resources (Somisy) Limited, or RRL Somisy, for \$6 million, plus a quarterly royalty payment based on the gold price. RRL Somisy owns 80% of Somisy which owns the Syama mine. In addition, Resolute will accept \$7.0 million of Syama's liabilities. During the option period, Resolute paid us option fees of \$75,000 per month.

Recent Developments

On June 13, 2003, Randgold & Exploration sold 1 million of our ordinary shares reducing its percentage ownership in us to approximately 43% as of that date. Through a series of sales, Randgold & Exploration reduced its percentage interest in us to approximately 37% by December 31, 2003. Randgold & Exploration has since further reduced its percentage interest in us to approximately 31%.

In February 2004 we announced that we would develop a new mine at Loulo in western Mali. It is anticipated that the new mine would commence open-pit operations in July 2005. In addition, a feasibility study has commenced on the underground potential to extend the life of the proposed new Loulo operation. It is anticipated that the feasibility study will be completed by December 2004.

In April 2004, Resolute exercised their option to acquire the Syama mine. Resolute has subsequently paid us \$6 million in cash and has assumed liabilities of \$7 million, of which \$4 million owing to ourselves has already been settled. The agreement entered into in June 2004 between the parties makes provision for the payment of a royalty by

Resolute. At a gold price of more than \$350 per ounce, we would receive a royalty on Syama's production of \$10 per ounce on the first million of ounces attributable to Resolute and \$5 per ounce on the next three million of attributable ounces entered. This royalty payment is capped at \$25 million.

The Companies (Jersey) Law, 1991, or the 1991 Law, places restrictions on our ability to pay dividends. Because of accumulated losses, we have not been able, under the 1991 Law, to make dividend payments. At our annual general meeting, held on April 26, 2004, our shareholders approved a resolution to reduce our share premium account by \$100 million. This enabled us to re-organize our balance sheet and has placed us in a position to have the option to pay dividends from our future trading profits. On April 27, 2004, the Royal Court in Jersey, Channel Islands, sanctioned the capital

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reduction which has now become effective. No capital was returned to shareholders in connection with this adjustment. As a result of the Court approval, accumulated losses of \$75 million have been cancelled from our profit and loss account and an amount of \$25 million has been transferred to a special reserve which shall be treated as our realized profit and will be available for distribution to our shareholders by way of dividend, return of capital or otherwise and/or for transfer to our profit and loss account to the extent of any accrued losses thereon at any time.

During the third quarter of 2003, we submitted an unsolicited offer to Ashanti Goldfields Company Limited, or Ashanti Goldfields. The result of our offer would have resulted in a merger between Ashanti Goldfields and ourselves, with the merged company retaining the Ashanti name. However, the Ashanti Goldfields' board declined to accept our bid, favoring an alternative third party offer. Subsequently, Ashanti Goldfields shareholders formally accepted the alternate offer and that merger has taken place.

Effective on June 11, 2004, we undertook a split of our ordinary shares, which increased our issued share capital from 29,273,685 to 58,547,370 ordinary shares. In connection with this share split our ordinary shareholders of record on June 11, 2004 received two (2) additional \$0.05 ordinary shares for every one (1) \$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 will be adjusted to reflect the share split. ADR holders will be affected the same way as shareholders and the ADR ratio remains 1 ADR to 1 ordinary share.

Principal Capital Expenditures

As of December 31, 2003, our capital commitments for Morila amounted to \$0.5 million. This relates to capital expenditures which had been committed and contracted of \$0.3 million capital expenditures for Morila committed but not yet contracted amounted to \$0.2 million financed out of operating cashflows.

B. BUSINESS OVERVIEW

Overview

We engage in surface gold mining, exploration and related activities. Our activities are focused on West and East Africa, some of the most promising areas for gold discovery in the World. In Mali, we own one half of Morila Limited, a joint venture with AngloGold. Morila Limited in turn owns 80% of Morila SA, the owner of the Morila mine. We also have advanced-stage development projects in Mali and the neighboring country of Côte d'Ivoire, and hold exploration permits covering additional areas in Mali, Côte d'Ivoire, Burkina Faso, Ghana and Senegal and

exploration licenses in Tanzania. As of December 31, 2003, we had declared proven and probable reserves of approximately 2.37 million ounces attributable to our percentage ownership interest in our assets.

Our strategy is to achieve superior returns on equity through the discovery, management and exploitation of resource opportunities, focusing on gold. We seek to discover bulk tonnage shallow 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 risk exposure to any particular geographical area.

The focus of Morila Limited's exploration activities is on extending the existing orebody and discovering new deposits which can be processed using the Morila plant. A recently completed study has outlined nine new targets with similar structural settings to Morila and drill testing has commenced on the first of these. Following completion of the near mine geological model, several areas around the current pit with the potential to yield continuous flat lying mineralization have been targeted for further drilling.

Outside of Morila Limited, we hold exploration permits covering 3,000 square kilometers in the Morila region, where we are engaged in early stage exploration work.

Three targets there have been prioritized for drilling based on encouraging trends and pit results and the geological model.

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We also own advanced-stage development projects at Loulo, located in Mali, and Tongon, located in Côte d'Ivoire. In February 2004 we announced that we would develop a new mine at Loulo in western Mali. It is anticipated that the new mine would commence open-pit operations in July 2005. In addition, a feasibility study has commenced on the underground potential to extend the life of the proposed new Loulo operation. It is anticipated that the feasibility study will be completed by December 2004. We have not yet committed to constructing a mine at Tongon. However, our work to date, together with the current gold price environment, indicates that a profitable mine could, subject to the political climate in Côte d'Ivoire, potentially be developed.

Ownership of Mines and Subsidiaries

The Morila mine is owned by a Malian company, Morila SA, 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. The mine is controlled by a 50-50 joint venture management committee with day-to-day operations being the responsibility of a Malian subsidiary of AngloGold.

Under a joint venture agreement between us, we are each entitled to appoint four directors to the board of directors of Morila Limited. AngloGold is entitled to appoint one of its four directors as chairman, which position does not possess an additional vote. A quorum of the board for any meeting may only be achieved if at least two directors appointed by each of us are present. We have further agreed that all major decisions involving Morila Limited must be decided upon at the board level on a consensus basis, though under an operating agreement we have agreed to delegate responsibility for and authority regarding the day-to-day operation of Morila to a subsidiary of AngloGold. Under the joint venture agreement, if either party wishes to sell its interest in Morila Limited, the other has a right of first refusal regarding that interest.

The Loulo Project is owned by a Malian company, Somilo SA, which in turn is owned 80% by RRL Somilo and 20% by the State of Mali.

The following map indicates the location of the Morila mine and the Loulo and Tongon projects.

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Strategy

Our strategy is to achieve superior returns on equity through the management and exploitation of resource opportunities focusing on gold.

We will achieve this by:

- leveraging our intellectual capital in the application of information, exploration, development and operational technology;
- thorough auditing and evaluation procedures; and
- pursuing acceptable risk.

We are developing joint venture partnerships and strategic alliances in order to share the inherent risks associated with mineral exploration. We undertake an ongoing evaluation program to review our entry into and continued exploration and development work in our targeted regions. We actively manage our political risk exposure. Our core area of focus is Sub-Saharan Africa, but all countries with good gold prospectivity worldwide are of interest to us. We rank all nations worldwide based on their:

- exploration potential/mineral endowment;
- political stability;
- economic and fiscal framework; and
- infrastructure.

We employ a multi-disciplinary team to manage, explore and develop opportunities, including specialists in geology, mining engineering and metallurgy. Our exploration and development activities are guided by specialists from South Africa, Europe, Canada, Mali, Côte d'Ivoire Senegal, Burkina Faso and Tanzania. We aim to maintain a balance between our exploration interests at different stages of development. In our initial stages of growth we held a large number of grassroots exploration interests. Morila, together with several exploration successes, have provided us with a number of more advanced projects and the discovery of the Morila deposit resulted in a profit generating asset capable of providing cash flows. Our management has introduced the concept of the "Resources Triangle" which enables the status of a resource project to be ranked against its peers in terms of advancement. Our primary objective is to move projects from the base of the triangle to the status of a producing mine at the pinnacle of the triangle or eliminate them along the way and replace those that are rejected with projects from the pool of projects in the rest of the triangle.

At March 31, 2004, Morila has been in production for 42 months and in that time had produced more than 2.6 million ounces at a total cash cost of less than \$100 per ounce. A comprehensive exploration program is being carried out within the Morila mine lease area.

Our corporate, exploration, development and new business program is designed to achieve the following objectives:

- develop the Loulo Project;
- complete the Loulo underground pre-feasibility and feasibility studies.
- locate Morila style mineralization in southern Mali;
- outline advanced gold targets within our portfolio of exploration permits; and
- define new opportunities within our priority regions in Africa and elsewhere. During the current field season, drilling programs will be undertaken in Loulo, Morila and Senegal.

Geology

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

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West Africa is one of the more geologically prospective regions in the World. Lower Proterozoic rocks are known to contain significant gold occurrences and occur in West Africa in abundance. The Birrimian greenstone belts, part of the Lower Proterozoic, which are younger than the Achaean greenstones of Canada, Australia and South Africa, contain similar types of ore deposits along with Birrimian greenstone belts that are located in Ghana, Côte d'Ivoire, Burkina Faso, Guinea, Mali, Senegal and Niger. A significant amount of geological information has been collected by government and quasi-government agencies in West Africa. However, the political uncertainty in past years and in particular the post-independence periods has resulted in exploration companies being wary of investing in an area perceived to be unstable. The region has consequently largely been under-explored by mining and exploration companies using modern day technology. Most of our exploration properties are situated within the Birrimian Formation, a series of Lower Proterozoic volcanic and sedimentary rocks. The West African Birrimian sequences host a number of world class gold deposits and producing gold mines.

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

Reserves

Only those reserves which qualify as proven and probable reserves for purposes of the SEC's industry guide number 7 are presented in this Annual Report. The reserves are calculated at an average gold price of \$350 per ounce over the life of the mine or project.

Morila reserves have been calculated by our joint venture partner, AngloGold. The Loulo Project reserves were calculated by SRK Consulting.

Total reserves as of December 31, 2003, amounted to 37.4 million tonnes at an average grade of 3.75 g/t, giving 4.51 million ounces of gold of which 2.37 million ounces are attributable to us. In calculating proven and probable reserves, current industry standard estimation methods are used. The reserves were calculated using classical geostatistical techniques, following geological modeling of the borehole information. The sampling and assaying is done to internationally acceptable standards and routine quality control procedures are in place.

The preferred technique used for estimation was ordinary kriging, and the resources have been converted to reserves by the application of all the necessary economic, mining and metallurgical parameters into a pit optimization

algorithm. All reserves are based on feasibility level studies.

Factors such as grade distribution of the orebody, planned production rates, forecast working costs 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 our declared reserves as of December 31, 2003:

Operation/ Project	Proven Reserves		Probable Reserves				Total Reserves			
	Tonnes (Mt)	Grade (G/T)	Gold (Moz)	Tonnes (Mt)	Grade (G/T)	Gold (Moz)		Tonnes (Mt)	Grade (G/T)	Gold (Moz)
Morila mine	11.01	3.55	1.26	14.73	3.88	1.84	Our 40% share	10.30	3.74	1.24
Loulo Project	11.50	3.78	1.40	0.19	3.46	0.02		Our 80% share	9.35	3.77

1. A 10% mining dilution at zero grade and a gold loss of 5% have been incorporated into the estimates of reserves and are reported as mill delivered tonnes and head grades.

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Results of Operations

The following chart details the operating and production results from operations for the years ended December 31, 2003, 2002 and 2001:

	Morila Attributable 40%	Syama Attributable 80%	Total Attributable	Morila Total	Syama Total
<u>2003</u>					
Mined tonnes (million tonnes)	9.39	Discontinued	9.39	23.47	Discontinued
Ore tonnes mined (million tonnes)	1.62		1.62	4.05	
Gold grade (g/t)	6.77		6.77	6.77	
Ore tonnes milled (million tonnes)	1.31		1.31	3.27	
Head grade (g/t)	8.33		8.33	8.33	
Ounces production (oz)	317,597		317,597	793,992	
<u>2002</u>					
Mined tonnes (million tonnes)	10.53	Discontinued	10.53	26.32	Discontinued
Ore tonnes mined (million tonnes)	1.29		1.29	3.23	
Gold grade (g/t)	15.59		15.59	15.59	
Ore tonnes milled (million tonnes)	1.09		2.74	2.74	
Head grade (g/t)	13.39		13.39	13.39	

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Ounces production (oz)	421,126		421,126	1,052,816	
<u>2001</u>					
Mined tonnes (million tonnes)	9.21	0.83	10.04	23.03	1.10
Ore tones mined (million tonnes)	1.34	0.55	1.89	3.36	0.73
Gold grade (g/t)	6.80	3.80	5.93	6.80	3.80
Ore tones milled (million tonnes)	1.14				