Anderson Harold M
Form 4
March 02, 2009

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Anderson Harold M

(Last) (First) (Middle)

3101 CLAIRMONT ROAD SUITE C

(Street)

ATLANTA, GA 30329

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
BOOKS A MILLION INC [BAMM]

3. Date of Earliest Transaction (Month/Day/Year)
02/26/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) __X__ Other (specify below)
SEE REMARKS BELOW

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, $0.01 par value per share	02/26/2009		P (1)		192	A	$ 2.47	373,867	D	
Common Stock, $0.01 par value per share	02/26/2009		P		96	A	$ 2.47	18,943	I	BY SPOUSE

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Anderson Harold M 3101 CLAIRMONT ROAD SUITE C ATLANTA, GA 30329				SEE REMARKS BELOW

Signatures

MARTIN R. ABROMS, BY POWER OF ATTORNEY	03/02/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The purchase reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on December 3, 2008, which plan became effective on December 7, 2008.

Remarks:

The reporting person may be deemed to be a member of a "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act) which owns more than 10% of the Common Stock, par value $.01 per share (the "Common Stock"), of the Iss

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. normal; background-color: #cceeff;">32,000 ~~32,500~~ Share issue

expenses — (3,895) — (3,895) BALANCE AT DECEMBER 31,
2002 27,663,740 2,766 190,618 (66,106) (8,293) 118,985 Net income The minority interest for the years ended December 31, 2003 represents the net of the 20% minority share of the losses in the Syama mine and the 20% minority share of losses on the Loulo Project. No minority interest was booked in 2004, as all costs directly related to the construction of the Loulo mine were capitalized and the Syama mine was sold in April 2004.

Share – Based Payments

Shared-based expenses are as a result of our adopting IFRS 2 from January 1, 2005, in accordance with the standards provisions. The standard requires an entity to recognize share-based payment transactions in its financial statements. The effect of the change is a charge of $1.3 million for the year ended December 31, 2004. No share options were granted from November 7, 2002 to December 31, 2003.

Years Ended December 31, 2003 and 2002

Revenues

Total revenues decreased by $18.2 million, or 13.5%, from $134.7 million for the year ended December 31, 2002 to $116.5 million for the year ended December 31, 2003.

Product Sales

From the year ended December 31, 2002 to the year ended December 31, 2003, gold sales revenues decreased by $21.8 million, or 16.6%, from $131.4 million to $109.6 million. The effect of the lower grades, partially offset by an improved average sales price of gold per ounce of $345 compared to $308 for 2002, resulted in the reduction in revenue from gold sales.

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Interest Income

Interest income amounts consist primarily of interest received on cash held at banks. Interest income of $1 million for the year ended December 31, 2003, compared to $0.2 million for the year ended December 31, 2002, reflected interest earned on our higher cash balances during the year.

Exchange Gains

The exchange gain for the year ended December 31, 2003 of $3.8 million is higher than the exchange gain of $2.4 million, for the year ended December 31, 2002 as it includes an unrealized exchange gain of $0.9 million and a realized gain of $0.7 million resulting from our treasury activities. The prior year exchange gain related primarily to the Morila operation.

Other Income

Other income of $2.1 million for the year ended December 31, 2003 consists mainly of option fees receivable of $0.7 million, reversal of the doubtful debts provision of $0.5 million and recoveries of $0.9 million, compared to $0.5 million for the year ended December 31, 2002.

Costs and Expenses

Total Cash Costs

The following table sets out our total ounces produced and total cash cost per ounce for the years ended December 31, 2003 and 2002 (for a definition of cash costs, please see "Item 3. Key Information – A. Selected financial data"):

	Year Ended December 31,					
	2003		2002			
	Ounces	$ Per Ounce	Ounces	$ Per Ounce		
Morila (40% share)	—	—	—	47,526	—	47,526
Exercise of employee stock options	1,596,645	160	317,597	100	421,126	

From the year ended December 31, 2002 to the year ended December 31, 2003, our total cash cost per ounce increased $26 per ounce, or 35%, from $74 per ounce to $100 per ounce, as a result of decreased production and increases in diesel and mining contractor costs.

Transfer to Deferred Stripping Costs

The decrease in the transfer to deferred stripping costs of $1.5 million or approximately 30% from $5 million for the year ended December 31, 2002 to $3.5 million for the year ended December 31, 2003, was due to the actual waste stripped being less in the year ended December 31, 2003 than in the year ended December 31, 2002 but still in excess of the life of the mine estimated stripping ratio.

Depreciation and Amortization

9,626 — 9,786 Movement on cash flow hedges — — 890 890 Depreciation and amortization charges increased by $1.5 million, or 17% from $8.8 million for the year ended December 31, 2002 to $10.3 million for the year ended December 31, 2003. The increase was mainly due to the reclassification of assets in the fixed asset register into various categories. Previously, all assets were amortized over the life of the mine. Depreciation and amortization in both years were largely related to Morila assets. There was no depreciation and amortization charge for the Syama mine as all assets had been impaired in previous years.

Interest Expense

Interest expense for the year ended December 31, 2003 was $1.9 million and comprised mainly interest on our attributable share of the Morila project financing facility.

Interest expense for the year ended December 31, 2002 was $3.7 million and comprised interest on our attributable share of the Morila project financing facility as well as the $35 million syndicated loan and revolving credit facility, which was repaid during the year.

Loss on Derivative Financial Instruments

The loss on derivative financial instruments of $1.7 million for the year ended December 31, 2003 and $0.3 million for the year ended 2002, represents the change in the mark-to-market, between December 31, 2002 and 2003, for those financial instruments that did not qualify for hedge accounting.

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The loss on financial instruments at December 31, 2003 mainly results from the mark-to-market valuation of the forward sales and forward rate agreements taken out as part of the Loulo Project financing. These have been taken out at the corporate level and are currently classified as speculative and are therefore accounted for through the profit and loss statement.

Morila has entered into gold forward sales and gold option trades to support the financing of the project. These obligations of Morila are non-recourse to us, were margin free and fully closed out by the end of December 2004.

Royalties

Royalties decreased by $1.6 million, or 17%, from $9.2 million for the year ended December 31, 2002 to $7.6 million for the year ended December 31, 2003. The decreased royalties reflect decreased gold sales.

General and Administrative Expenses

General and administrative costs comprise various expenses associated with providing administration support services to the Morila mine. These charges increased to $6.1 million for the year ended December 31, 2003 from $4.1 million for the year ended December 31, 2002 reflecting an increase in site administration, environmental expenditure and head office charges.

Exploration and Corporate Expenditure

Exploration and corporate expenditures were $17 million for the year ended December 31, 2003 and are consistent with $16.7 million for the year ended December 31, 2002. The expenditure for both years reflects largely activities which are focused on the defining of additional mineralized materials and converting them to reserve ounces, in particular for the Loulo Project, and additional drilling programs in Senegal, the Morila region and Tanzania.

Exchange Losses

The exchange losses for the year ended December 31, 2003 of $1.9 million and $1.9 million for the year ended December 31, 2002 relate primarily to Morila and result from the weakening of the U.S. dollar against other currencies in which goods and services are denominated.

Other Expenses

Other expenses of $4.9 million for the year ended December 31, 2003 and for the year ended December 31, 2002 of $5.7 million comprise operational and other costs associated with the care and maintenance of Syama, insurance costs and tax penalties paid.

Minority Interests

The minority interest for the years ended December 31, 2003 and 2002 represents the net of the 20% and 26% respectively minority share of the losses in the Syama mine and the 20% minority share of losses on the Loulo Project.

B. LIQUIDITY AND CAPITAL RESOURCES

Cash Resources

Operations

Net cash provided by operations was $4.3 million for the year ended December 31, 2004 and $51.2 million for the year ended December 31, 2003. The $46.9 million decrease was mainly the result of lower grades and lower production at Morila, compared to the previous year.

Net cash provided by operations was $51.2 million for the year ended December 31, 2003 and $70.6 million for the year ended December 31, 2002. The $19.4 million decrease was the result of lower grades and lower production at Morila, compared to the previous year.

Investing

Investing activities for the year ended December 31, 2004 utilized $57 million compared to $6 million utilized for the year ended December 31, 2003. This was due to development expenditure incurred in 2004 in the construction of the Loulo Mine.

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Investing activities for the year ended December 31, 2003 utilized $6 million as compared to $5.5 million utilized for the year ended December 31, 2002. Both years represent ongoing capital expenditure at Morila.

Financing

Financing activities for the year ended December 31, 2004 generated net cash of $25.5 million compared to net cash generated of $0.6 million for the year ended December 31, 2003. The net cash generated in the year ended December 31, 2004 related mainly to the first draw down of $35 million on the Loulo Project loan in December 2004, partially offset by repayment of the Morila project loan.

Credit and Loan Facilities

On April 7, 2000, we concluded a $90 million loan with a consortium of financial lenders led by NM Rothschild for the development of Morila. We referred to this loan as the Morila Project Loan. The loan carried interest at U.S. three month LIBOR plus 2% per annum. At December 31, 2003, the interest rate on this loan was 3.29%. The loan was scheduled to be repaid over 5 years with the first payment having been made on June 30, 2001, and was collateralized by the assets of Morila. Also, we had pledged our interest in Morila Limited and related assets and the Morila joint venture had pledged its interest in Morila and related assets to secure Morila's obligations under the Morila Project Loan Agreement. In addition to the periodic payments of principal, Morila was required to make interest payments at periodic intervals. The loan was fully repaid in June 2004.

During the year ended December 31, 2000, Morila entered into a finance lease for five Rolls-Royce generators under the terms of a Deferred Terms Agreement between us and Rolls-Royce. The lease is repayable over ten years commencing April 1, 2001 and bears interest at a variable rate of which at December 31, 2004 was approximately 20% per annum. Our attributable share of this finance lease amounted to $5.8 million at December 31, 2004 and $6.7

million at December 31, 2003. Together with AngloGold Ashanti, we have guaranteed the repayment of the lease.

Somisy and Randgold Resources Mali SARL, our subsidiaries, had a Communauté Financière Africaine franc denominated, uncollateralized overdraft facility of approximately $1.6 million with Banque de Developpement du Mali bearing interest at a fixed interest rate of 10.25% per annum at December 31, 2003. The Somisy facility was taken over by Resolute Mining as part of the sale of Syama.

On August 28, 2002, the Syama hedge transactions were closed through a cancellation agreement with NM Rothschild. On that date, we agreed to buy gold call options to offset existing positions with NM Rothschild comprised of 148,500 ounces at $353/ounce at a cost of $1,805,760. In lieu of the existing premium, NM Rothschild agreed to lend us that amount on a pre-agreed payment schedule requiring us to repay the loan monthly through the 2004 fiscal year. This loan carried interest at the relevant interbank rate plus 3%, which equated to an average rate of 4.37% at December 31, 2003. The liability was fully paid by the end of 2004.

Morila also has a finance lease with Air Liquide relating to three oxygen generating units. The lease is payable over 10 years commencing December 1, 2000 and bears interest at a variable rate which at December 31, 2004 stood at approximately 3.09%.

Somilo SA also has a $0.6 million loan from the Government of Mali. This loan is uncollateralized and bears interest at the base rate of the Central Bank of West African States plus 2% per annum. This loan is repayable from cash flows of the Loulo mine after the repayment of all other loans. At December 31, 2004, the interest rate on this loan was 7%.

The $60 million Loulo Project Loan was arranged by NM Rothschild & Sons Limited and SG Corporate & Investment Banking, who have been joined in the facility by Absa Bank and HVB Group, and is repayable between June 2006 and September 2009.

A first installment of $35 million was drawn against the project loan in December 2004. The loan is collateralized over the assets of the Loulo Project. Additionally, we have pledged our interest in

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Randgold Resources (Somilo) Limited and related assets, and Randgold Resources (Somilo) Limited has pledged our interest in Somilo and related assets to secure Somilo's obligations under this loan. The loan is guaranteed by us until economic completion of the project has been achieved, which is expected before December 31, 2007. The loan bears interest at LIBOR plus 1.75% pre-completion of the Loulo capital program, or at any time when we continue to be a guarantor of the facility. Post completion until the fourth anniversary of signing facility documentation, the interest rate is LIBOR plus 2.10% and thereafter 2.25%. The weighted average interest rate for the year amounted to 4.17%.

Under the term of this loan, we are required to enter into certain gold price forward sales. 365,000 ounces of gold have been sold forward over the financial years 2005 to 2009, at an average forward price of $432 per ounce. The facilities are margin free.

Various debt covenants apply to the loan, including:

- Hedging arrangements reasonably acceptable to N M Rothschild & Sons Limited will remain in place. We will continue to provide evidence to the effect that we or Somilo Limited have entered into committed hedging agreements and that the proceeds of sale of gold are sufficient to ensure that, as at all calculation dates scheduled, it is and will continue to be in compliance with required financial ratio's ;

• Limitations on material asset disposals and acquisitions;
• Restrictions with regards to the repayment of inter-company debt or dividend payments by Somilo;
• Maintain insurance with reputable insurance companies;
• Establish a Debt Service Reserve Account with the minimum credit balance on all dates equal to the aggregate principal amount of and interest accruing on the loan and the aggregate amount of premium accruing in connection with the Political Risk Insurance during the six month period commencing on such date;
• Limitations on additional indebtedness by us; and
• Certain financial ratios need to be adhered to throughout the loan agreement.

Corporate, Exploration, Development and New Business Expenditures

BALANCE AT DECEMBER 31, 2003

29,260,385 2,926 200,244 normal;color:#000000;font-size:10pt; width: 456pt; text-align: left; font-style: normal; line-height: 12pt; padding-top:6pt; padding-left:0pt; padding-right:0pt; padding-bottom: 6pt; margin: 0pt; text-indent: 20pt; background-color: #ffffff">Our expenditures on corporate, exploration, development and new business activities for the past three years are as follows:

	Year Ended December 31,			
	2004	2003	2002	
Area	(dollars in thousands)			
Africa	8	(18,580)	(7,403)	177,187

239 Burkina Faso Net income —— 957 —944 Mali —18,793 —4,767 7,597 8,521 Tanzania 3,343 1,756 — 18,793 Exercise of employee stock options Côte d'Ivoire 949 1,603 5,190 Senegal702,924 35 2,098 — 3,932 2,749 1,791 Merger transaction costs —3,112 — Ghana1,589 —— Total exploration and corporate expenditure 15,529 17,007 16,686

—2,133 Subdivision of sharesNone of the above-mentioned expenditures have been capitalized.

The main focus of exploration work is on our advanced projects in Mali West, around Morila and in Senegal and more recently Tanzania, Burkina Faso and Ghana.

The Tongon project in Côte d'Ivoire is at an earlier stage of feasibility, where the data currently available is less accurate but of a sufficient level of detail for preliminary economic analysis to be

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undertaken. As a result of the political situation in Côte d'Ivoire, which started in September 2002, no further exploration activity has been possible on the project.

Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments consist primarily of credit facilities, as described above. The related obligations as at December 31, 2004 are set out below:

				Contractual	1	1-5	
	29,263,385	—		Obligations	Year	Years	Af
			(dollars in thousands)				
Long-term debt		—	35,042		—	35,042	
—		—		—	—		
							or bo do #f 0p ba #c al va
Capital reduction		—		—	(100,000)	100,000	—co
Movement on cash flow hedges		—		—	—	—	
Capital lease obligations	1,156			—	—	—	(8,265)
Unconditional purchase obligations	17,119	Share-based payments		—	—	—	
Total contractual cash obligations	18,275		39,434		1,284	58,993	
Other long-term obligations	537		15,131		3,701	19,369	

1,321 1,321 Balance at December 31, 2004 59,226,694 2,961 102,342 100,213 (14,347) 191,169

The Company listed its shares on the Nasdaq Stock Market on July 11, 2002 when it issued and allotted 5,000,000 million new shares to new shareholders and raised US$32.5 million. The Company's Global Depositary Receipts were exchanged for American Depositary Receipts (ADR) which trade on the Nasdaq and London Stock Exchange. Each ADR equated to two ordinary shares at the time of the listing.

During the first quarter of 2003 the ratio was split to 1 ADR to 1 ordinary share.

A special resolution was passed on April 26, 2004 to divide each of the ordinary shares of US$0.10 in the Company into two ordinary shares of US$0.05 each. The aim was to improve the tradability of the Company's shares and to equalize a share's value before and after the share split.

A special resolution was passed at the Annual Genera/div>

Working Capital

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

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

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

D. TREND INFORMATION

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

Gold Market

The gold market is relatively liquid compared with many other commodity markets, with the price of gold generally quoted in U.S. dollars. The physical demand for gold is primarily for fabrication purposes, and gold is traded on a world-wide basis. Fabricated gold has a variety of uses, including jewelry (which accounts for 85% of fabricated demand), electronics, dentistry, decorations, medals and official coins. In addition, central banks, financial institutions and private individuals buy, sell and hold gold bullion as an investment and as a store of value.

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

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

Interest rates affect the price of gold on several levels. High real interest rates increase the cost of holding gold, and discourage physical buying in developed economies. High U.S. dollar interest rates

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also make hedging of forward selling attractive because of the higher contango premiums (differential between LIBOR and gold lease rates) obtained in the forward prices. Increased forward selling in turn has an impact on the spot price at the time of sale.

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

The volatility of gold prices is illustrated in the following table, which shows the annual high, low and average of the afternoon London Bullion Market fixing price of gold in U.S. dollars for the past ten years. On December 31, 2004, the morning fixing price of gold on the London Bullion Market was $438 per ounce.

Year	High	Low	Price Per Ounce ($) Avera
			Other Reserves includes the mark-to-market designated as cash flow hedges.
			See notes to the consolidated financial staten
			F-4
			RANDGOLD RESOURCES LIMITED CONSOLIDATED STATEMENTS OF CAS FOR THE YEARS ENDED DECEMBER 3
			CASH FLOWS FROM OPERATIONS
			1996
			Income before taxes
			Net interest paid
			Depreciation and amortization
			1997
			1998
			1999
			2000
			Transfer to deferred stripping
			2001
			(Gain)/loss on financial instruments
			Profit on sale of Syama
			Net increase in provision for environmental rehabilitation
			2002
			Share-based payments*
			2003
1995	396	372	
	363		
2004	454	375	

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Explanation of Responses:

Item 6. Directors, Senior Management and Employees

A. DIRECTORS AND SENIOR MANAGEMENT

Our Articles of Association provide that the board must consist of no less than two and no more than 20 directors at any time. The board currently consists of 7 directors.

Our Articles of Association provide that any new director should be reelected by the shareholders at the annual general meeting following the date of the director's appointment. Furthermore, each director is subject to reelection on a rotation basis every three years as required by our Articles of Association and the Companies (Jersey) Law, 1991. Dr. D.M. Bristow and Mr. R.A. Williams' positions as executive directors were the subject of an ordinary resolution at the annual general meeting held on April 25, 2005, as requested by our Articles of Association.

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

17,465 57,465 73,637 The address of each of our executive directors and non-executive directors is the address of our principal executive offices, La Motte Chambers, La Motte Street, St. Helier, Jersey, JE1 1BJ, Channel Islands.

Executive Directors

D. Mark Bristow (46) Chief Executive Officer. Dr Bristow was appointed a director in August 1995 and Chief Executive Officer in October 1995. A geologist with more than 22 years' experience in the mining industry, he holds a Ph. D. in Geology from Natal University, South Africa. Prior to this he held executive responsibility for the exploration and new business activities of Randgold & Exploration from 1992 to 1995. During the period 1995 to 1997 he also directed the re-engineering of the reserve management functions of the gold mining of the Randgold & Exploration Group and its affiliated gold mining companies. He has held directorships in Harmony Gold Mining Company Limited and DRD Gold Limited.

Roger A. Williams (41) Finance Director. Mr. Williams is a chartered accountant with 17 years experience in finance including eight years in the mining industry. Prior to joining us in January 1997, he was a financial manager for Kimberly-Clark of Southern Africa and an audit manager with Deloitte & Touche in the United Kingdom. In November 2001 he was appointed an alternate director and was appointed as Finance Director in April 2002.

Non-Executive Directors

Effects of changes in operating working capital items: Philippe Liétard (56) Non-Executive Chairman; Mr. Liétard was appointed a director in February 1998. Mr. Liétard was managing director of the Global Natural Resources Fund from 2000 to 2003. Prior to July 2000, he was director of the Oil, Gas and Mining Department of the International Finance Corporation. His experience in corporate and project finance with UBS, IFC and the World Bank extends over 30 years, most of them in the minerals business and in Africa. Mr. Liétard is now an independent consultant and a promoter of mining and energy investments. He was appointed a director in February 1998 and chairman in November 2004.

Bernard H. Asher (68) Non-Executive Director; Chairman of the audit committee and Member of the remuneration committee. 1986 – 1998, he was an executive director of HSBC Holdings plc and chairman of HSBC Holdings subsidiary, HSBC Investment Bank plc. He was chairman of Lonrho Africa plc, vice-chairman of the Court of Governors of the London School of Economics and of the Legal & General Group plc and a director of Morgan Sindall plc. He is Chairman of Lion Trust Asset Management and a senior independent director of Morgan Sindall plc. He was appointed a director in June 1997 and senior independent director in October 2003.

Jean-Antoine Cramer (73) Non-Executive Director; Member of the audit committee. Mr. Cramer was appointed a director in June 1997. Mr. Cramer was senior partner in Messieurs Cramer & Cie, a Geneva portfolio management company and was president of the Corporate Association of Geneva Investment Managers and lectures on various topics relating to politics and economics.

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Robert I. Israel (55) Non-Executive Director; Chairman of the remuneration committee. Mr. Israel was appointed a director in June 1997. Mr. Israel is a partner at Compass Advisers, LLP. Until April 2000, Mr. Israel served as a managing director of Schroder & Co. Inc. and head of its Energy Department. He has 26 years of experience in corporate finance, especially in the natural resources sector.

Aubrey L. Paverd (66) Non-Executive Director; Member of the audit committee. Dr. Paverd was appointed a non-executive director in August 1995. He is also a director of the Peruvian mining company Cia. Minas Buenaventura. Dr. Paverd is now an independent consultant. He has 42 years of international geological experience.

— receivablesExecutive Officers

David Haddon (47) General Counsel and Secretary. Having overseen our administrative obligations from our incorporation in 1995, Mr. Haddon assumed full secretarial responsibility when we became listed on the London Stock Exchange in July 1997. He has over 20 years of legal and administrative experience. He assumed the responsibility as general counsel in January 2004. He is a director of Seven Bridges Trading 14 (Pty) Limited.

Bill Houston (57) General Manager — Human Resources. Mr. Houston joined us in 1992 as group training and development manager and currently heads the human resources function. He has 24 years of human resources experience. He is a director of Morila SA and Seven Bridges Trading 14 (Pty) Limited.

Amadou Konta (47) General Manager – Loulo. Amadou has a degree in civil engineering as well as several management and project management qualifications. He was appointed mine foreman and superintendent at Syama mine and served as mine manager from 1997. In 2001 he was promoted as our construction manager in Mali and was appointed Loulo general manager on October 1, 2004.

Victor Matfield (40) Manager - Corporate Finance. Mr. Matfield is a chartered accountant with 12 years experience in the mining industry. He was appointed corporate finance manager in August 2001, prior to that he served as financial manager of the Syama mine and of the Morila capital project. He is a director of Seven Bridges Trading 14 (Pty) Limited.

Chris Prinsloo (54) Group Commercial and Financial Manager. Mr. Prinsloo became Group Financial Manager in January 2002. He has 32 years of experience in the mining industry. He is a director of Somilo SA and Morila SA.

Richard Quarmby (45) Technical Manager. Mr. Quarmby is a qualified chemical engineer with extensive experience in the mining industry. He joined our metallurgical team in 1997, playing a pivotal role in the development and implementation on site of the Syama and Morila metallurgical plant designs. His responsibilities include metallurgical development through liaising with partner consultants and evaluating all technical and economic implications with the aid of both proprietary and in-house developed software.

Adrian J. Reynolds (50) General Manager — Exploration and Evaluation. Mr. Reynolds has 24 years experience in the exploration and mining industries and was part of the team that developed our original strategy. He leads the exploration team and manages the evaluation of early stage and development projects. He is responsible for the Morila technical oversight and for compilation of our technical audits, due diligences and feasibility studies. He is a director of Morila Limited and Somilo SA.

Mahamadou Samake (57) General Manager — Randgold Resources Mali. Mr. Samake is the general manager of the Bamako office and is a director of our Malian subsidiaries. He is also a professor of company law at the University of Mali.

John Steele (44) General Manager — Capital Projects. Mr. Steele has overseen the capital expansion program at the Syama mine and at the beginning of July 1998, assumed the position of general manager capital projects for the Randgold Resources Group, overseeing the construction of Morila. He is a director of Somilo SA and Morila Limited and is currently leading the Loulo construction project.

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Our Articles of Association provide that the longest serving one-third of directors retire from office at each annual general meeting. Retiring directot: 0pt; padding-top: 0pt;background-color: #ffffff;" align="right" valign="bottom" colspan="1" nowrap="nowrap">(9,369) (934) 2,328 — inventories (7,487) (5,564) (1,858) — accounts payable and accrued liabilities 4,272 1,152 (13) Cash provided by operations 4,881 52,119 74,094 Interest received 1,033 999 225The date of appointment, date of expiration and length of service for each of our directors is set forth in the table below:

Director	Date of Appointment			Date of Expiration of Term		Number of Years Service	
Executive							
Interest paid				(1,623)		(1,895)	
Net cash provided by operations				4,291			
D.M. Bristow	8/11/95			5/31/08		9	
R.A. Williams	5/01/02			5/31/08		3	
Non-Executive		51,223			70,633		
CASH FLOW FROM INVESTING ACTIVITIES							
Additions to property, plant and equipment, net				(69,438)		(6,655)	
Disposal of Syama – net of cash disposed	22		B.H. Asher				6/12/97
J.A. Cpt;background-color: #cceeff;" align="right" valign="bottom" colspan="1" nowrap="nowrap">8,571		—			—		
Movement in restricted cash				3,882			6/1
				(56,985)		(6,011)	

Net cash utilized in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Ordinary shares issues		2,133	9,786
7			
R.I. Israel	6/12/97	5/05/07	7
P. Liétard	2/11/98	Share issue/buy back expenses	
A.L. Paverd	7/29/95	5/05/06	9
	)		
Loan-term loans repaid			

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

B. COMPENSATION

Our objective is to provide senior management, including executive directors, with a competitive remuneration package which will attract and retain executives of the highest caliber and will encourage and reward superior perfpt; background-color: #cceeff;" align="right" valign="bottom" colspan="1"> (11,674) (9,534) (40,939) Long-term loans received 35,000 —— (Decrease)/increase in bank overdraft

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

Each executive director receives a basic salary. Executive directors do not receive any fees. Executive directors are paid an annual bonus which is determined by the annual performance of our share price.

The board has accepted the recommendations of the remuneration committee relating to non-executive directors' fees. Following acceptance by the board, the recommendations were submitted to shareholders and were approved on the annual general meeting held on April 25, 2005, as follows:

- A general retainer to all non-executive directors of $45,000;

—380 538 • An annual committee assignment fee of $25,000, with an additional premium for membership of the audit committee of $10,000;

- The chairman of a board committee to receive a committee assignment fee of $40,000;
- The senior independent director, in addition to the general annual retainer but in lieu of any committee assignment fee, to receive an additional $75,000;
- The non-executi; font-style: normal;background-color: #ffffff;">Cash provided by/(utilized in) financing activities 25,459

NET (DECREASE)/INCREASE IN CASH AND EQUIVALENTS (27,2
CASH AND EQUIVALENTS AT BEGINNING OF YEAR

			Basic Salary/I
			December 3
			200
	105,475		($
	59,631	6,683	
CASH AND EQUIVALENTS AT END OF YEAR			78,2

*Reflects adoption of IFRS2: Share-based payments.
See notes to the consolidated financial statements

RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

The Company, its subsidiaries and joint ventures ("the Group") carry out gold mining activities and exploration. The Group currently has one operating mine in Mali, West Africa, the Morila Gold Mine, which commenced production in October 2000, a mine in the construction phase, the Loulo Mine, alslor: #cceeff;" align="left" valign="bottom" colspan="3">Executive

The interests of
S.A. ("Somilo")
Resources holds
Limited on July
Limited. Manag
joint venture co
one-half of the
of AngloGold A
interest in Loulo
Resources is the

In May 2004, construction started on the Loulo Mine which is scheduled to come into production in July 2005, initially as an open pit operation. A development study is in progress to assess the economics of mining the much larger underground resources at Loulo. A US$60 million project finance agreement for Loulo was concluded in September 2004. The loan, which isont-family: serif; font-size: 10pt; color: #000000; font-weight: bold; font-style: normal;background-color: #cceeff;">

R. A. R. Kebble(1)	343,750	375,000

The main focus of exploration work is on the Group's advanced projects in Mali West, around Morila and in Senegal and more recently Tanzania, Burkina Faso and Ghana.

The Tongon project in Côte d'Ivoire is at an earlier stage of feasibility, where the data currently available is less accurate but of a sufficient level of detail for preliminary economic analysis to be undertaken. As a result of the political situation in Côte d'Ivoire, which started in September 2002, no further exploration activity has been possible on the project.

On April 5, 2004 Resolute Mining exercised its option to buy the Group's 80% interest in the Syama Mine, which had been on care and maintenance since 2001. At a gold price of more than US$350 per ounce, Randgold Resources will also receive a royalty of US$10 per ounce on the first million ounces of production from Syama and US$5 per ounce on the next three million ounces based on the attributable ounces acquired by Resolute.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for the accounting policy for development costs and mine plant facilities. This accounting policy has been changed to clarify the treatment of costs relating to the definition of mineralization in existing orebodies or the expansion of the productive capacity of existing operating mines.

BASIS OF PREPARATION: The consolidated financial statements of Randgold Resources Limited and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) which are carried at fair value.

1,000,500	1,093,750

Explanation of Responses:

D. M. Bristow[2]	530,156	The preparati of financ statemen conformi with IFR requires use of ce critical accountin estimates also requ managem to exerci its judgem in the process o applying Company accountin policies.

GENERAL : The financial statements are measured and presented in US dollars, as it is the primary measurement currency in which transactions are undertaken. Monetary assets and liabilities in foreign currencies are translated to US dollars at rates of exchange ruling at the end of the financial period. Translation gains and losses arising at period-end, as well as those arising on the translation of settled transactions occurring in currencies other than the functional currency, are included in net income.

CONSOLIDATION : The consolidated financial information includes the financial statements of the Company, its subsidiaries and Company's proportionate share of the joint venture.

462,000 1,118,022

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired (including mineral property interests) and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

JOINT VENTURES : Joint ventures are those entities in which the Group holds a long-term interest and which is jointly controlled by the Group and one or more venturers under a contractual arrangement. The Group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method the Group includes its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the Group's financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

The results of joint ventures are included from the effective dates of acquisition and up to the effective dates of disposal. Intercompany accounts and transactions are eliminated on consolidation.

SEGMENT REPORTING : A business segment is a group of assets and operations engaged in performing mining or other services that are subject to risks and returns that are different from those of other business segments.

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

FOREIGN CURRENCY TRANSLATION :

(a) Measurement and presentation currency

	2,183,428	1,524,500	
R. A. Williams		239,040	187,000

(b) Transactions and balancep: 0pt;background-color: #ffffff;" align="right" valign="bottom" colspan="1" nowrap="nowrap">611,714 678,500

Sub-total 1,112,946

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

2,608,718 2,554,50

1,629,000 — 5,350,664 3,578,500

65

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

	2004 ($)	2003 ($)	2004 ($)	2003 ($)	2004 ($)	2003 ($)	2004 ($)	2003 ($)
Non-Executive								
B. H. Asher	115,000	115,000	—	—	—	—	115,000	115,000

a) Undeveloped properties

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

b) Development costs and mine plant facilities

Development costs and mine plant facilities are initially recorded at cost, whereafter they are measured at cost less accumulated amortization and impairment. Development costs and mine plant facilities relating to existing and new mines are capitalized. Development costs consist primarily of direct expenditure incurred to establish or expand productive capacity, and are capitalized until commercial levels of production are achieved, after which the costs are amortized.

c) Non-mining fixed assets

Other non-mining fixed assets are shown at cost less accumulated depreciation.

d) Depreciation and amortisation

Long-lived assets include mining properties, such as free hold land, metallurgical plant, tailings and raw water dams, power plant and mine infrastructure, as well as mine development costs. Depreciation and amortisation are charged over the life of the mine based on estimated ore tons contained in proven and probable reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in the future from known mineral deposits. Total proven and probable reserves are used in the depreciation calculation. Short-lived assets which include motor vehicles, office equipment and computer equipment, are depreciated over estimated useful lives of between two to five years.

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

e) Mining property evaluations

The carrying amount of the long-lived assets of the Group are annually cble #ffffff;padding-left: 10pt; text-indent: -10pt;padding-top: 0pt; background-color: #cceeff;" align="left" valign="bottom" colspan="3">J-A. Cramer

85,000 97,500 —

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years.

The estimates of future discounted cash flows are subject to risks and uncertainties including the future gold price. It is therefore reasonably possible that changes could occur which may affect the recoverability of mining assets.

DEFERRED STRIPPING COSTS : In general, mining costs are allocated to production costs, inventories and ore stockpiles, and are charged to mine production costs when gold is sold. However, at our open pit mines, which have diverse grades and waste-to-ore ratios over the mine, we defer the costs of waste stripping in excize: 10pt; color: #000000; border-bottom: 3px double #ffffff; padding-left: 0pt; text-indent: 0pt; padding-top: 0pt;background-color: #cceeff;" align="right" valign="bottom" colspan="1" nowrap="nowrap">— —85,000 97,500

The expected pit life stripping ratios are recalculated annually in light of additional knowledge and changes in estimates. These ratios are calculated as the ratio of the total of waste tonnes deferred at the calculation date and future anticipated waste to be mined, to anticipated future ore to be mined. Changes in the mine plan, which will include changes in future ore and waste tonne to be mined, will therefore result in a change of the expected pit life average stripping ratio, which will impact prospectively on amounts deferred or written back.

If the expected pit life average stripping ratio is revised upwards, relatively lower stripping costs will, in the future, be deferred in each period, or a relatively higher amount of charges will be written back, thus impacting negatively upon earnings. The opposite is true when the expected pit life average stripping ratio is revised downwards, resulting in more costs being deferred and a positive impact on earnings during the period of cost deferral. Any costs deferred will be expensed in future periods over the life of the Morila mine, resulting in lower earnings in future periods.

This method of accounting has the effect of smoothing costs over the life of the project. We believe that the method we -color: #cceeff;"> R. I.
Israel 68,000 66,000

INVENTORIES : Include ore stockpiles, gold in process and supplies and insurance spares, and are stated at the lower of cost or net realizable value. The cost of ore stockpiles and gold

———68,000 66,000RANDGOLD RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

produced is determined principally by the weighted average cost method using related production costs. Costs of gold produced inventories include all costs incurred up until production of an ounce of gold such as milling costs, mining costs and mine G&A but excluding transport, refining and taxes.

Stockpiles consist of two types of ore, high grade and medium grade ore, which will be processed through the processing plant. In the case of Morila, high grade ore is defined as ore above 5 g/t and medium grade is defined as ore above 1.4 g/t. Both high and medium grade stockpiles are currently being processed and all ore is expected to be fully processed within the life of mine. This does not include high grade tailings at Morila which are carried at zero value due to uncertainty as to whether they will be processed through the plant.

The processing of ore in stockpiles occurs in accordance with the life of mine processing plan that has been optimized based on the known mineral reserves, current plant capacity and mine design.

Stores and materials consist of consumable stores and are valued at average co; font-style: normal;background-color: #ffffff;"> P. Liétard 102,500 97,500&st after appropriate provision for redundant and slow moving items.

INTEREST : is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.

FINANCIAL INSTRUMENTS : are initially measured at cost, including transaction costs. Subsequent to initial recognition these instruments are measured as set out below. Financial instruments carried on the balance sheet include cash and cash equivalents, investments in subsidiaries and joint venture, receivables, accounts payable, borrowings and derivative financial instruments.

INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE : are stated at cost less any provisions for impairment in the financial statements of the Company. Dividends are accounted for when declared in respect of unlisted investments. On the disposal of an investmnbsp;

DERIVATIV contract is ente ~~criteria for the~~

On the date a derivative contract is entered into, the Group designates the derivative for accounting purposes as either a hedge of the fair value of a recognised asset or liability (fair value hedge) or a hedge of a forecasted transaction (cash flow hedge). Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting.

Changes in the fair value of a derivative that is highly effective, and that is designated and qualifies as a cash flow hedge, are recognised directly in equity. Amounts deferred in equity are included in the income statement in the same periods during which the hedge firm commitment or forecasted transaction affects net profit or loss.

Recognition of derivatives which meet the criteria for own use are deferred until settlement. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement. The Group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives designed as hedges to specific assets and liabilities or to specific firm commitments for forecasted transactions. The Group formally assesses, both at the hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value or cash flows of the hedged item.

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

—102,500 97,500

RECEIVABLES : &ntd style="font-size: 10pt; color: #000000; border-bottom: 3px double #ffffff; padding-top: 0pt ;background-color: #cceeff;white-space:nowrap;" align="left" valign="bottom">

F. Lips(3)	15,000	65,000	—
A. L. Paverd	85,000	97,500	—

REHABILITATION COSTS : The net present value of estimated future rehabilitation cost estimates is recognised and provided for in the financial statements and capitalised to mining assets on initial recognition. Initial recognition is at the time of the disturbance occurring and thereafter as and when additional environmental disturbances are created. The estimates are reviewed annually to take into account the effects of inflation and changes in estimates and are discounted using rates that reflect the time value of money.

Annual increases the provis are charge income an consist of finance co relating to change in present va of the provision inflationar increases the provis estimate. present va of additio environme disturbanc created ar capitalised mining as against an increase in rehabilitat provision. rehabilitat asset is amortised noted previously Rehabilita projects undertake included i estimates, charged to provision incurred.

—85,000

Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are expensed when they are known, probable and may be reasonably estimated. **PROVISIONS :** are recognised when the Group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

97,500

TOTAL	1,583,446	1,622,50

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

ACCOUNTS PAYABLE : are stated at cost adjusted for payments made to reflect the value of the anticipated economic outflow of resources.

DEFERRED INCOME AND MINING TAXES : Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other

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than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

EMPLOYEE BENEFITS :

(a) Pension obligations

The Group has defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered provident funds on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

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

(c) Profit-sharing and bonus plans

(1) In November 2004, Mr. R.A.R. Kebble, following the signature of a termination agreement, resigned from the board. The terms of the Mr. Kebble's agreement provided for:

- Payment of all monies due in terms of his existing contract of employment, which was due to run until May 31, 2006, amounting to $593,750;
- All unexercised share options at the date of the agreement, amounting to 133,400 options at a strike price of $3.25, were to be unrestricted and to vest with immediate effect;
- An additional payment of $500,000; and
- Payment of any bonus that Mr. Kebble would have been entitled to in accordance with the terms of his employment contract had he not resigned with effect from November 3, 2004.

(2) Other payments comprise the grant of restricted shares to Dr. D.M. Bristow.

(3) Mr. F. Lips retired from the board on February 19, 2004.

The executive directors do not receive any benefits in kind and the only long-term incentive scheme is the Share Option Scheme.

The bonus is calculated on the movement in our share price based on a calendar year to March 31. The 2004 bonuses, as shown above reflect the amounts paid in April 2004 based on the movement in the share price from April 1, 2003 to March 31, 2004, being $6.625 to $9.827.

Share options exercised by the directors during 2004 and up to April 30, 2005 are detailed below:

Name	Number of Options Exercised	
R. A. Williams	94,520	The Group recognises a liability and an expense for bon

(d) Share-options

The fair value of the employee services received in exchange for the grant of options or shares after November 7, 2002 is recognized as an expense. The total amount to be expensed rateably over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the difference is charged or credited to the income statement, with a corresponding adjustment to equity. The proceeds received on exericise of the options net of any directly attributable transaction costs are credited to equity. Refer to note 5.

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3.14 D. M. Bristow RANDGOLD RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FINANCE LEASES : Leases of plant and equipment where the Group assumes a significant portion of risks and rewards of ownership are classified as a finance lease. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and the finance charges to achieve a constant rate on the finance balance outstanding. The interest portion of the finance payment is charged to the income statement over the lease period. The plant and equipment acquired under the finance lease are depreciated over the useful lives of the assets.

REVENUE RECOGNITION : The Company enters into contracts for the sale of gold. Revenue arising from gold sales under these contracts is recognized when the price is determinable, the product has been delivered in accordance with the terms of the contract, title has been transferred to the customer and collection of the sales price is reasonably assured. These criteria are met when the gold leaves the mine's smelt-house.

3.25

As sales from gold contracts are subject to customer survey adjustment, sales are initially recorded on a provisional basis using the Group's best estimate of the contained metal. Subsequent adjustments are recorded in turnover to take into account final assay and weight certificates from the refinery, if different from the initial certificates. The differences between the estimated and actual contained gold have not been significant historically.

R A R Kebble

EXPLORATION AND EVALUATION COSTS: Exploration and evaluation expenditure is capitalized when it is probable that the expenditure will generate future economic benefits. All other exploration and evaluation expenditure is expensed as incurred.

In applying this policy, the level of information required for the directors to conclude that a future economic benefit is probable will vary according to the circumstances. In general:

(a) Exploration and evaluation expenditure on greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalized within development costs if the final feasibility study demonstrates that future economic benefits are probable.

(b) Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study, after which the expenditure is capitalized as a mine development cost.

(c) Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as a mine development cost following the completion of an economic evaluation to a minimum level of a pre-feasibility study.

Costs relating to property acquisitions are also capitalized. These costs are capitalized within development costs.

Prior to 2004, all exploration and evaluation expenditure was expensed as incurred. This policy reflected the fact that all significant exploration and evaluation expenditure in prior years related to greenfields sites. However, during the year ended December 31, 2004 the Company incurred significant exploration and evaluation expenditure around an existing mineral deposit for the first time. Accordingly, the policy wording has been expanded to allow for this new event by explaining the circumstances in which exploration and evaluation expenditure should be capitalized, being those where it is probable that a future economic benefit will be generated.

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

Under the policy described above, expenditure of US$3.9 million incurred during the year ended December 31, 2004 relating to the underground development study at Loulo has been capitalized. This expanded policy does not affect the treatment of exploration and evaluation expenditure incurred in prior years.

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

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

3. INCOME AND MINING TAXES

133,400	3.25		
A L Paverd		24,500	1.65

The high and low share prices for our ordinary shares for the year on the London Stock Exchange were (pounds sterling) 7.81 and (pounds sterling) 4.29, respectively and our high and low price for our ADRs on the Nasdaq National Market were $14.23 and $7.76 respectively. The ordinary share price on the London Stock Exchange and the price of an ADR on the Nasdaq National Market at December 31, 2004 was (pounds sterling) 5.93 and $11.36 respectively.

66

Share options outstanding at April 30, 2005 and held by directors and executive officers were as follows:

Name	Options to Purchase Ordinary Shares	Expiration Date		E
Executive Directors			&t="1" width="40">	

The Company is not subject to income tax in Jersey. Morila SA, benefits from a five year tax holiday in Mali. The tax holiday of Morila expires on November 14, 2005. The benefit of the tax holiday to the Group was to increase its net income by US$11.7 million, US$22.5 million and $31.7 million, due to not incurring its share of Morila's tax expense for the years ended December 31, 2004, 2003 and 2002 respectively.

Accordingly had the Group not benefited from the tax holiday in Mali, earnings per share would have been reduced by $0.20, $0.78 and $1.26 for the years ended December 31, 2004, 2003 and 2002 respectively. Under Malian tax law, income tax is based on the greater of 35 per cent of taxable income or 0.75 per cent of gross revenue.

Somilo SA also benefits from a five year tax holiday in Mali commencing from the date of first commercial production.

3.1 **CURRENT TAX**

No tax liability has accrued in the year ended December 31, 2004, 2003 and 2002 based on Malian tax law.

3.2 **DEFERRED INCOME AND MINING TAX LIABILITIES AND ASSETS ARE MADE UP AS FOLLOWS:**

D.M. Bristow	166,700	7/11/12				
	2004	2003		2002		
	$'000	$'000		$'000		
Deferred income and mining tax liabilities			3.25			
R.A. Williams	27,760	4/30/12				3.
	66,700	7/11/12			3.25	
depreciation and amortization	—	—		—		
Gross deferred income and tax assets:						
assessable tax loss carry forwards	125,000	8/05/14			8.05	
Non-Executive Directors	—	(126,141)		(125,057)		
provisions including rehabilitation accruals	—					

(2,600)

B.H. Asher 24,500 1/28/11 1.65 J-A. Cramer 24,500 1/28/11 1.65 R.I. Israel 24,500 (2,600) Gross deferrd income and mining tax assets —(128,741) (127,657) Deferred income and mining tax asset valuation 1/28/11 1.65 P. Liétard 24,500 1/28/11 1.65 Officers D.J. Haddon 56,000 7/11/12 3.25 75,000 8/05/14 8.05 W.R.A. Houston 31,400 7/11/12 3.25 75,000 Allowances —8/05/14 8.05 A. Konta 7,400 128,741 127,657 Net deferred income and mining tax assets —— Net deferred income and mining tax liability——

During 2004, the Group sold its share in Somisy to Resolute Mining. The Group, therefore, no longer has assessable non-capital tax losses and capital expenditure carry forwards related to Syama. Refer to note 22.

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

4. EARNINGS PER SHARE

	FOR THE YEAR ENDED DECEMBER 31, 2004					
	Income (Numerator) $000		Share (Denominator)		Per share amount $000	
BASIC EARNINGS PER SHARE						
Shares outstanding January 1, 2004			58,520,770*		3/24/09	1.75
Weighted number of shares issued						
	60,000		8/05/14	8.05		
V. Matfield	53,400		7/11/12			349,862
Income available to shareholders	18,793	3.25				
	75,000	**		58,870,632		0.32**
8/05/14	8.05					
C.J. Prinsloo	26,700		7/11/12	3.25		
		EFFECT OF DILUTIVE				
	75,000	SECURITIES				

8/05/14 8.05 R. Quarmby 13,400 7/11/12 3.25 60,000 8/05/14 8.05 A.J. Reynolds 41,400 7/11/12 3.25 75,000 Stock options issued to employees 1,125,625 8/05/14 8.05 M. Samake Fully diluted earnings per share 18,793** 59,996,257 13,400 7/11/12 0.31**

* Reflects adjustments resulting from the sub-division of shares

** Reflects adoption of IFRS2: Share-based payments

75,000				
	FOR THE YEAR ENDED DECEMBER 31, 2003			8/05/14 8.
J. Steele 26,700				
Income (Numerator)		Share (Denominator)	Per share amount	7/11/126.50

$000		$000
85,000	8/05/14	
8.05		

"font-size: 10pt; color: #000000; border-bottom: 3px double #ffffff;padding-left: 10pt; text-indent: -10pt;padding-top: 0pt; background-color: #cceeff;" align="left" valign="bottom" colspan="3">BASIC EARNINGS PER SHARE C. BOARD PRACTICES

Directors' Terms of Employment

Service contracts have been concluded with two executive directors. Mr. R.A. Williams current agreement runs until May 31, 2006. Given our size and management team, the board considers periods of employment in excess of one year appropriate. The board has agreed to a rolling three year contract for Dr. D.M. Bristow and this has been approved based on the importance attributed to his contribution to our overall strategic direction and performance. In the event of unilateral termination, we would be required to compensate the director concerned for any outstanding amounts due in terms of the contract.

In terms of the new service contract entered into with Dr. D.M. Bristow, the board on the recommendation of the remuneration committee has awarded the CEO restricted stock amounting to 150,000 shares. The award was subject to agreed performance criteria set for the 2004 financial year. Since Dr. D.M. Bristow has met these criteria, one third of the shares has become due by December 31, 2004 and the remaining two thirds from the end of the next two financial years. On May 11, 2005

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the award of 150,000 restricted shares was granted to Dr. D.M. Bristow. The price of the restricted stock calculation was the Nasdaq National Market closing price on May 10, 2005 being $12.78. Having met the performance criteria, Dr. D.M. Bristow was issued 50,000 ordinary shares and the remaining two thirds are held as restricted stock. Dr D.M. Bristow would be entitled to the second tranche on January 1, 2006 and the balance on January 1, 2007.

On August 16, 2004, the board approved a resolution awarding Mr. R.A. Williams 125,000 share options in accordance with the rules of the current share option scheme. The options were awarded at a price of $8.05, being the trading price of the company on August 5, 2004, Mr. R.A. Williams would be entitled to exercise the options in three annual tranches commencing August 6, 2006.

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

Board of Directors Committees

In order to ensure good corporate governance, the board has formed an audit committee and a remuneration committee. The audit and remuneration committees are comprised of a majority of non-executive directors. It is the board's view that because of our size and range of activities, the board is best suited to act as a nomination committee in its entirety.

Audit Committee

Our audit charter, which defines the terms of reference for the audit committee members, sets out the framework through which the audit committee reviews our annual results, the effectiveness of its systems of internal control, internal audit procedures and legal and regulatory compliance and the cost effectiveness of the services provided by the internal and external auditors. The audit committee also reviews the scope of work carried out by our external and internal auditors and holds discussions with the external auditors at least once a year. The audit committee is comprised of three independent non-executive directors. The members of the audit committee are Messrs. Asher (Chairman), Cramer and Dr. Paverd. Mr. Liétard stood down as a member of the audit committee on November 3, 2004, the date of his appointment as non-executive chairman.

Remuneration Committee

The remuneration committee reviews the remuneration of directors and senior management and determines the structure and content of the senior executives' remuneration packages by reference to a number of factors including current business practice and our prevailing business conditions and the mining and exploration industry. The members of the remuneration committee are Messrs. Israel (Chairman) and Asher. Mr. Liétard stood down as a member of the audit committee on November 3, 2004, the date of his appointment as our normal; font-style: normal;background-color: #cceeff;">

D. EMPLOYEES

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

Category of Activity December 31,
2002 December 31,
2003 December 31,
2004 Mining and related engineering (1) 10 Shares outstanding January 1, 2003 8 9 Processing and
related engineering 10 55,327,480* Weighted number of shares issued 2,113,880* Income
available to shareholders 47,526 57,441,360* 0.83 EFFECT OF DILUTIVE
SECURITIES 7 8 Management and technical 12 14 12 Stock options issued to
employees 162,004* Fully diluted earnings per share 47,526 57,603,364* 0.83 Exploration
(2) 62 54 53