CHIEF EXECUTIVE'S REPORT

There have been many memorable milestones on Randgold Resources' 20-year journey, but 2015 will stand out among them as perhaps the most significant. With much of the industry still struggling in the grip of a bear market, we achieved what was probably our best year yet, for the company as well as the team.

We met our demanding production and cost guidance, passing the 1.2 million ounce target set five years ago on schedule, and demonstrating again that Randgold delivers what it promises. We reviewed all our business plans with a strong focus on real returns and breakeven cash flows. By smoothing out their production profiles, Loulo-Gounkoto and Kibali can now both forecast an annual output of more than 600 000 ounces at a total cash cost of around $600 per ounce, Loulo-Gounkoto for 10 years and Kibali for 12, while Tongon is budgeting for an annual production averaging 300 000 ounces over five years. In the face of tough market conditions, we continued to invest substantially in greenfields as well as brownfields exploration, and we did the same for our sustainability programmes, which we regard as equally core to our future success.

It is easy to achieve when all the stars are aligned, but it is much more difficult in an environment as challenged as this one, which makes our 2015 performance particularly pleasing. These results are the product of an across-the-board effort in which improved throughput, plant feed and grade management; reduced underground mining costs at Loulo following its transition from contract mining to owner mining; lower input costs; and improved efficiencies across all operations played a big part.

MARK
BRISTOW

We achieved another long term objective, and added a further string to our capabilities bow, by successfully taking over the mining and development of our two underground operations at Loulo from the contractors. As was to be expected, the transition process was a testing time for our new underground team, but after assuming full responsibility on 1 November, they were already outperforming the budgeted rate of tonnes hauled and metres advanced by the end of December. Even at this early stage, the transition is paying dividends in the form of less dilution, better grades, improved efficiencies, and of course, no margin payments to contractors.

It is worth noting that it is Randgold's policy to train and empower local nationals to run its operations, with minimal expatriate involvement, at executive as well as operational level. The Loulo underground operations are no exception: they are being managed by a highly skilled all-Malian team we have carefully equipped for this task. The body of competence we are building up in sophisticated, fully mechanised underground mining already ranks among the best in Africa, and will serve us well in the development and operation of Kibali's underground section. It also draws deeper orebodies within our ambit as we search for our next world-class mine.

The continued expansion and strengthening of our intellectual capital remains one of our key priorities through internal and external training programmes across the company. This year, for example, 12 of our executives will be participating in advanced management education programmes at some of the world's leading business schools.

THE OPERATIONS ALL TREND UPWARDS

In spite of contending with the transition to owner-mining and having to compensate for a challenging first quarter, the Loulo-Gounkoto complex had a good year. Production was in line with the previous year and total cash costs were down significantly. Improved plant run time and mill optimisation boosted throughput, while better blending of the different ore types raised the recovery rate. The complex is well set to achieve its 670 000 ounce production target for 2016.

Kibali continued to exceed our expectations, posting an even better performance than the previous year and exceeding its production target by 40 000 ounces. Development of its underground mine remained ahead of schedule and the second of its hydropower stations is expected to be commissioned soon, with work already underway on the third.

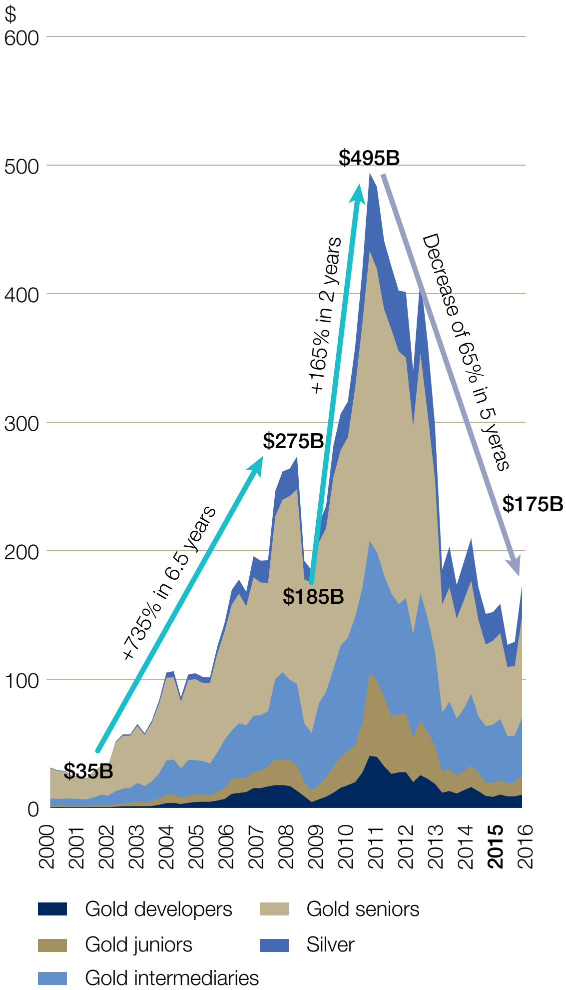
Tongon had a tough year but its team continued to deliver a steady all-round performance improvement. Its expansion and upgrade will be completed this year with the commissioning of a fourth crushing circuit, following which Tongon should be able to achieve its original production and cost targets. In assessing Tongon, one should bear in mind that it has already repaid all its capital and shareholder loans, and has a low sustaining capital requirement going forward. Even though its five year tax holiday has now come to an end, it has been and will remain a robust cash generator for the group.

Morila is moving towards closure in 2019 and it is a tribute to the management of this remarkable operation that it remains profitable while processing waste with a head grade of well under 1.0g/t.

LOOKING FOR THE NEXT BIG ONE

Exploration remains the engine that drives Randgold's growth, and it is our sustained investment in this activity – in contrast to much of the industry – that prepared us to capitalise fully on the supercycle in the gold price and has buffered us against the impact of the end of this cycle. Our activities are detailed in the exploration section on pages 74 to 91 of this annual report.

MARKET CAPITALISATION OF THE PRECIOUS METALS MINING SECTOR



Source: Scotiabank.

In the year under review, our teams again made significant headway both in replacing depleted ounces at our mines as well as in expanding our footprint and finding new targets for our prospect portfolio. Our overall exploration strategy, operation by operation, is reserve replacement at Tongon with a strong greenfields drive into Côte d'Ivoire, while at the Loulo-Gounkoto complex the emphasis is on converting its significant resource inventory and expanding its greenfields portfolio. At Kibali, the focus is on enhancing flexibility by adding to the near mine reserves and at the same time building a framework around the very prospective KCD zone.

As I have noted before, Côte d'Ivoire is our prime greenfields destination, and with much of the rest of the industry cutting back on exploration, we have been able to expand our presence there through the acquisition of new permits as well as joint ventures. The most significant prospect in our pipeline at the moment is the Gbongogo target, where a 400 metre strike more than 100 metres wide and with a grade of between 1.5 and 2.0g/t has been confirmed at surface. It is rather reminiscent of Morila in its early days: we know there is a big system there, but we now need to determine its geometry. Fapoha North is another attractive target and we are using a recent integrated airborne geophysical survey of the Boundiali permit to prioritise the next round of drilling there. In Senegal, feasibility work continues on the Massawa project, including on the high grade potential of the recently discovered Sofia deposit. A drilling programme will establish whether it is capable of lifting Massawa over Randgold's investment threshold.

In the DRC, Kibali's success has spurred us to expand our footprint in that country, and a number of recently concluded joint ventures have expanded our groundholding there to more than 6 500 square kilometres.

The feasibility study on the Gounkoto underground project has been completed, significantly increasing its reserve to more than 1 million ounces, at which level it meets our investment criteria. The study has also raised the option of a superpit operation, which we are currently examining.

MAKING SUSTAINABILITY A PART OF OUR BUSINESS

Randgold's sustainability philosophy is outlined in the chairman's statement and fully detailed in the sustainability report on pages 96 to 157 of this annual report. Our sustainability strategy, which is an integral part of our overall business plan, has three pillars: sharing value with all stakeholders; building strong partnerships; and creating long term economic legacies for our mines' communities.

The latter are based on a wide range of industrial scale agricultural projects, designed to long outlive the mines that developed them. They include an ambitious palm oil project in the DRC, capable of employing as many as 10 000 people, which could have a transformative effect not only on the region but on the Congolese economy. We have completed a feasibility study on the project and identified potential investors, and Kibali is currently discussing the way forward with the DRC government.

While we care for our communities, we also place great emphasis on the safety and welfare of our workers and their families. As our operations have expanded, we have intensified our focus on safety, and last year saw a further drop of 25% in the total injury frequency rate, with two operations – Tongon and Morila – recording zero lost time injuries. Kibali achieved its ISO 14001 accreditation, which means that all our operations now hold this certification, and is working towards the health and safety accreditation already achieved by the others.

STANDING APART IN A SEVERELY STRESSED INDUSTRY

In considering Randgold's performance and prospects, it is worth placing these in the context of the current gold market. The past few years have been a time of extraordinary global turbulence: the growing strife in the Middle East; the stresses within the Eurozone; Russia's involvement in Ukraine and more recently Syria; the stand-off with North Korea; and the Chinese slowdown.

All this should be bullish for gold, yet analysts are in general agreement that production will continue to decline, regardless of any potential increase in the gold price, because there are very few new projects and little investment in exploration. In fact, the gold mining industry is severely incapacitated, with its aggregate debt having increased from $1 billion to a staggering $47 billion over the past 10 years. The issue of paper in pursuit of growth has reduced gold production per share by more than 50%, and the lack of investment in exploration means that the industry has not been able to replace ounces mined since 2000.

Consequently it faces a situation where even a significant rise in the gold price and an injection of fresh investment will at best enable it to clear its debt but will provide little scope for adding any value or reversing the production decline.

What is required are new discoveries, and that needs skills and investment in exploration and development – in other words, the application of Randgold's founding strategy. As our five and 10 year business plans show, we are strongly placed to continue to deliver on the strategy. Even without an increase in the gold price, our operations will generate robust cash flows. We can afford to continue investing in exploration and to grow our dividends, and when we secure a new opportunity, we can afford to fund its development.

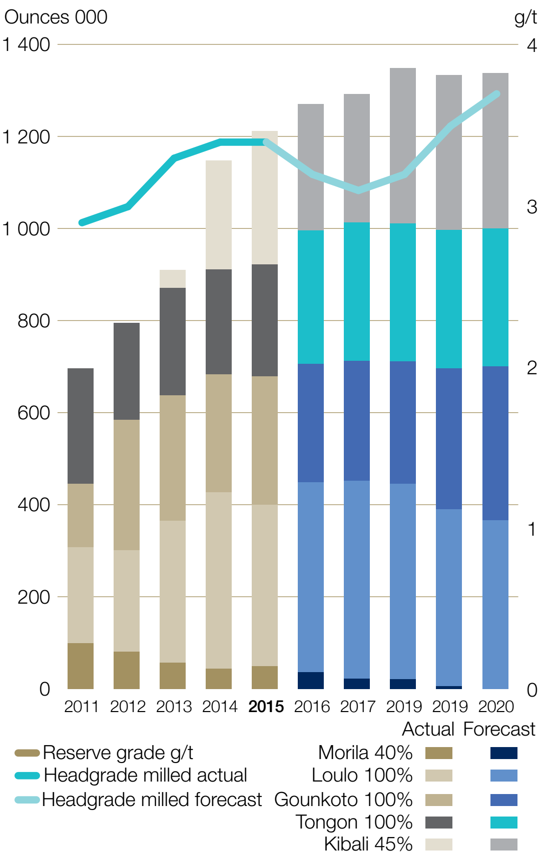
FACING THE FUTURE WITH CONFIDENCE

As we start 2016, we are focused not on surviving but on prospering. While we have much to do in a climate that will remain challenging, we are confident that our businesses are soundly positioned to deliver value to all stakeholders, and that our proven strategy will continue to serve us as well in the bad times as the good.

Our mines have been modelled to generate cash flows at gold prices well below the $1 000 level. Our positive production and cost profiles extend to a 10 year horizon. We have had no impairments or write-downs, and have substantial cash resources. Our exploration teams are not only replacing the ounces we deplete but are making significant progress in the hunt for our next big discovery. In fact, we are in a unique position to continue delivering value to all our stakeholders.

Twenty years on, the Randgold team is still lean and hungry, keen to get up early in the morning for another day of working hard towards our objectives. I thank my fellow workers at our offices, on the mines and in the field for their unyielding commitment to the Randgold ethos of delivering on our promises, whatever it takes. The company's fine performance in 2015 is a tribute to your enterprise and endeavour. I also thank our chairman and the board for their guidance, support and encouragement.

ACTUAL AND FORECAST GROUP CONSOLIDATED PRODUCTION



Randgold consolidates 100% of Loulo, Gounkoto and Tongon, 40% of Morila and 45% of Kibali in the consolidated non-GAAP measures.

I also want to acknowledge the contribution our valued partners have made and continue to make towards our success. From the highest level of government to the local community organisations, our host country stakeholders share our vision of building sustainable gold mining industries, and when there have been differences between us, these have been addressed in a spirit of constructive engagement. Our partners make an important contribution to our business and I would like particularly to thank those contractors and suppliers who worked with us in looking at margins in a year when we placed an even stronger emphasis than usual on cost containment. Together with the Randgold team, I look forward to continuing to build the business with the support of all our stakeholders.

Mark Bristow
Chief executive