FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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Disclaimer

This annual report has been prepared for, and only for the members of the company (as defined in article 25(2) of the Companies (Jersey) Law 1991, as a body, and no other persons. The company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Randgold Resources Limited group (Randgold) in this annual report involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated.

The forward-looking statements reflect knowledge and information available at the date of preparation of this annual report and the company undertakes no obligation to update these forward-looking statements. In particular, except for the historical information contained herein, the matters discussed in this annual report are forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934, and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral reserves and resources, the realisation of mineral reserve estimates, the timing and amount of estimated future production, costs of production, reserve determination and reserve conversion rates. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'will', 'plans', 'expects' or 'does not expect', 'is expected', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates' or 'does not anticipate', or 'believes', or variations of such words and phrases or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will be taken', 'occur' or 'be achieved'. Assumptions upon which such forward-looking statements are based are in turn based on factors and events that are not within the control of Randgold and there is no assurance they will prove to be correct. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Randgold to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to mining operations, including political risks and instability and risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in Randgold's filings with the US Securities and Exchange Commission (SEC). Although Randgold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Randgold does not undertake to update any forward-looking statements herein, except in accordance with applicable securities laws.

Nothing in this annual report should be construed as a profit forecast.

Cautionary note to US investors
The SEC permits companies, in their filings with the SEC, to disclose only proven and probable ore reserves. We use certain terms in this annual report, such as 'resources', that the SEC does not recognise and strictly prohibits us from including in our filings with the SEC. Investors are cautioned not to assume that all or any parts of our resources will ever be converted into reserves which qualify as 'proven and probable reserves' for the purposes of the SEC's Industry Guide number 7.

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the annual financial statements in accordance with the Companies (Jersey) Law 1991.

The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The directors have chosen to prepare financial statements for the company in accordance with IFRS. The directors have also chosen to prepare the financial statements for the group in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the financial statements of Randgold Resources Limited (the company) and its subsidiaries and joint ventures (the group).

The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors also have general responsibility for selecting suitable accounting policies and applying them consistently, for making judgements and estimates that are reasonable and prudent, and for taking such steps as are reasonably open to them to safeguard the assets of the group and prevent and detect fraud and other irregularities. The directors are responsible for implementing appropriate controls to ensure that the financial statements are free from material misstatement whether due to fraud or error. The directors are required to comply with the requirements of rule 9.8.7 and 9.8.7A of the Listing Rules of the United Kingdom's Financial Conduct Authority in preparing this annual report. After reviewing the group's and the company's budget for the next financial year and other longer term plans, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. The directors have no reason to believe that the group and company will not be a going concern in the foreseeable future based on forecasts, available cash resources and funding facilities. The viability of the company and the group is supported by the financial statements. The company's viability statement is presented on page 186 of this annual report.

The financial statements have been audited by the independent audit firm, BDO LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. BDO LLP's audit report is presented on pages F-4 to F-9 of this annual report.

In accordance with articles 113B and 113C of the Companies (Jersey) Law 1991, the directors acknowledge the auditors' right of access at all times to the company's records and acknowledge that it is an offence for anyone to recklessly or knowingly supply information to the auditors that is false or misleading and to fail to promptly provide information requested.

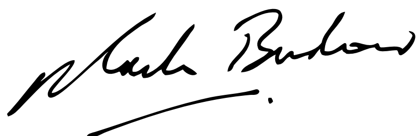
The maintenance and integrity of the company's website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the report since it was initially presented on the website. Legislation in Jersey and the United Kingdom governing the preparation and dissemination of the financial information may differ from other jurisdictions. The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO DTR4

The directors confirm that, to the best of their knowledge:

- The financial statements, presented on pages F-10 to F-41, have been prepared in accordance with IFRS, Article 4 of the IAS Regulation and the requirements of the Companies (Jersey) Law 1991 and give a true and fair view of the profit of the group for the year ended 31 December 2016 and of the assets, liabilities and financial position of the group and parent company as at 31 December 2016.
- The annual report includes a fair review of the development and performance of the business and the financial position of the group and the parent company; together with a description of the principal risks and uncertainties that they face.

The financial statements were approved by the board of directors on 15 March 2017 and are signed on its behalf by:



Mark Bristow
Chief executive

Christopher Coleman
Chairman

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF RANDGOLD RESOURCES LIMITED

OUR UNMODIFIED OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

We have audited the financial statements of Randgold Resources Limited for the year ended 31 December 2016 as set out on pages F-10 to F-41. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies (Jersey) Law 1991, as explained in note 2.

SEPARATE OPINION IN RELATION TO IFRSs AS ISSUED BY THE IASB

As explained in note 2 to the consolidated financial statements, the company, in addition to complying with its obligation to prepare consolidated financial statements in accordance with IFRSs as adopted by the European Union, has also complied with IFRSs as issued by the International Accounting Standards Board (IASB) in respect of the preparation of the consolidated financial statements.

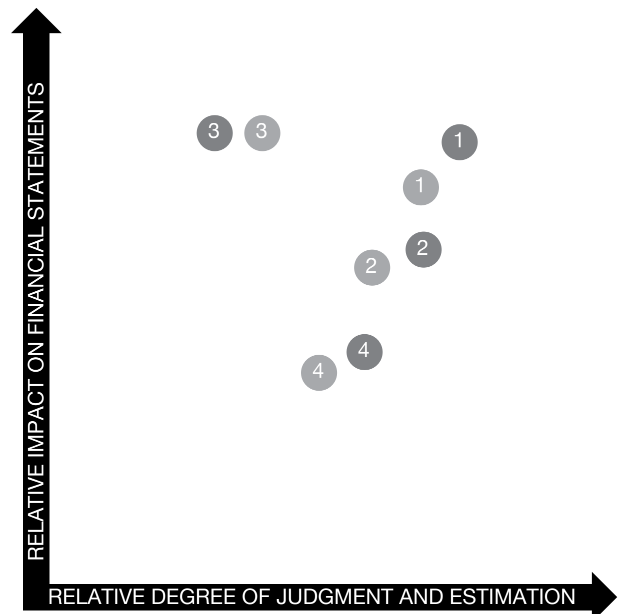
In our opinion, the consolidated financial statements comply with IFRSs as issued by the IASB.

OUR ASSESSMENT OF AUDIT RISKS

When planning our audit, we made an assessment of the significance of key risks of material misstatement to the financial statements initially without taking account of the effectiveness of controls implemented by the group. We set out this assessment in the diagram below. As there has been no significant change in the group's operations or in our assessment of materiality these key risks are the same as in the prior year. However there have been some changes in the relative significance to our audit of some of the risks.

We set out below a description of the significant audit risks and changes in the relative significance of the risk year-on-year, our procedures used to address the significant audit risks and our findings from those procedures.

We include this information so that the company's members as a body may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and consequently are incidental to that opinion, and we do not express discrete opinions on separate elements of the financial statements.



Risk 2016	Risk 2015	Risk nature	Change in risk profile since prior year	Cross references in annual report
1	1	Assessment of tax claims in Mali and appropriateness of provisioning and disclosure	Increased. Continued dispute with tax authorities, advance tax prepayment, despite conclusion of arbitration in the year.	Page 25, page 191 and page F-21.
2	2	Recoverability of TVA receivables in Mali and the Democratic Republic of Congo (DRC)	Increased. Temporary suspension of TVA repayments by the DRC tax authority and continued delays in cash receipts.	Page 25, page 192 and page F-21.
3	3	Impairment of mining assets and life of mine estimates	Decreased. The improved gold price environment provides additional headroom.	Page 193 and page F-21.
4	4	Accounting estimates in underground mining	Increased. Continued commissioning of Kibali underground assets.	Page 194 and page F-21.

THE AUDIT RISK

1. Assessment of tax claims in Mali and appropriateness of provisioning and disclosure
The group is currently subject to tax claims totalling $122.7 million associated with its Malian operations. The group has been subject to a number of different tax claims in Mali over a number of years which have been disputed. During 2013, the group commenced international arbitration proceedings against the State of Mali, disputing the validity of a number of claims. During the year, the arbitration tribunal issued its final and binding award, resulting in the Loulo mine being awarded and paid $29.2 million in principal (together with an award for costs and interest) from the State of Mali for monies found by the tribunal to have been wrongfully taken by the government which related to a TVA ('value added tax') repayment. In addition, the arbitration ruled that TVA withholding tax on foreign suppliers was due to the State of Mali, although amounts due were also confirmed to be recoverable as TVA receivables such that it is considered to be neutral tax by the group. The arbitration proceedings were only in relation to certain claims and the remaining disputed claims total $122.7 million as at the year end. Furthermore, during the year, the group made payments totalling $27.3 million relating to elements of certain claims that were not subject to the arbitration process, and also paid $25.0 million of taxes in advance in response to the State of Mali's demands. Given the size and nature of the claims and ongoing disputes, the recognition and presentation of any liabilities or contingent liabilities arising as a result of the taxation claims represented key judgements and a key risk for our audit. While the arbitration ruling provided conclusion over certain claims, the relative audit risk level is considered to have increased in 2016, given the wider challenges experienced with the Malian tax authority in Q4 2016 in relation to the office closures and payment demands.
How we addressed the audit risk: We tested management's controls over the review of tax claims by the board and its committees, including its review of appropriate professional advice obtained. We critically reviewed the group's mining conventions, arbitration ruling, external professional advice from management's experts and correspondence with the State of Mali to consider the extent to which the directors' assessment that any contingent liabilities associated with the material tax claims are remote remains appropriate. We confirmed the completeness and accuracy of the claim values by agreeing to tax correspondence. We have discussed and critically assessed management's own assessment of the status of each significant element of the claims with the group's Malian tax advisors. We agreed the $27.3 million payment to bank statements in the year in respect of elements of outstanding claims and considered whether additional provisions were required in respect of subsequent periods not covered by the settlement. We further considered the extent to which the amounts settled were historically accrued or provided to determine whether the settlements indicated weaknesses in management's previous assessment of the tax claims. We agreed the $25.0 million payment to bank statements and reviewed the correspondence supporting the $25.0 million payment of taxes in advance recorded as a receivable to confirm that the payment was not a settlement in nature. We considered the recoverability of the amounts based on the merits of the group's assessment of the outstanding tax claims, together with the ability to enforce recovery of the advanced taxes considering factors such as the outcome of the recent arbitration ruling. We have obtained confirmations from local and international legal and tax advisors which supported the directors' assessment that the material claims were without legal merit and assessed as remote under IFRS. In relying upon the assessments made by such experts, we evaluated the competence and objectivity of professional advisors relied upon by management.
We found the group's estimates and judgements in respect of its assessment of the provisioning for outstanding tax claims to be balanced and suitably supported by analysis of the claims and independent advice from management's external experts. We found the disclosures included in the financial statements to be proportionate and relevant notwithstanding the fact that the material claims are considered remote.

2. Recoverability of TVA receivables in Mali and the Democratic Republic of Congo ('DRC')

The group is carrying TVA receivables totalling $94.4 million, substantially in respect of its Loulo and Gounkoto operations in Mali. In addition, the equity accounted Kibali joint venture based in the DRC holds a further $131.1 million of TVA receivables and duties on fuel of which, given the group's 45% joint venture interest, $59.0 million is attributable to the group.

Mali
The group has experienced significant delays obtaining cash refunds for the amounts due from the State of Mali. However, Loulo's TVA receivables have reduced in 2016 mainly as a result of a $28.4 million receipt from the State of Mali in line with the arbitration award (see above for further details). The group continues to offset TVA receivables against corporate taxes and royalties payable, which is permitted under the terms of its Mining Convention. $31.3 million has been offset during the year.

At Loulo, the TVA receivable includes $16.6 million in respect of TVA withholding tax on payments to foreign service providers which were found payable by the group under the arbitration ruling (see page F-5). The arbitration ruled that these amounts are tax neutral and are therefore also recoverable as TVA. Whilst the group submitted these amounts for recovery under the TVA system, the submissions have been rejected by the tax authority, which appears in contravention of the arbitration ruling.

DRC
During the year, there was a temporary suspension of TVA repayments by the DRC tax authority. While a number of cash refunds have subsequently been received during the year from the tax authority, in respect of TVA receivable at the Kibali joint venture, these have not been received on a timely basis and recovery remains slow.

Overall
The fiscal pressures on the Malian and DRC governments and the evolving nature of the respective tax regimes is such that there is an inherent risk of disputes affecting the underlying recoverability of TVA balances. In addition, where balances are not subject to dispute, judgement exists as to the timing of recovery of such amounts either through tax offsetting (Mali) or cash recovery (DRC). As such, the recoverability, carrying value and presentation of TVA are considered to represent key judgements and a risk for our audit.

The relative risk level was considered to have increased in 2016, particularly given the reduced level of receipts in the DRC and the wider challenges experienced with the Malian tax authority in Q4 2016, especially in relation to the tax disputes (as noted above).

How we addressed the audit risk:

We tested the controls over the accuracy of the TVA returns and over the review of the recoverability of the TVA.

We obtained and considered the group's correspondence with tax authorities in respect of TVA for indicators that such taxes were irrecoverable under local tax rules or subject to dispute. In addition, we made inquiries of the board and management and reviewed minutes of meetings to identify indicators TVA is disputed or irrecoverable. We agreed that the TVA claimed during the year had been approved by the relevant tax authority or was not subject to a formal dispute.

We agreed the cash receipts and amounts offset to tax submissions in Mali during the year. In the DRC, we agreed the receipt of funds against TVA receivables and assessed the allocation of such receipts against TVA due.

We considered and challenged management's assessment of the carrying value, timing of recovery (including associated discounting provisions) and presentation of the receivables, together with the appropriateness of the assumptions made in reaching those conclusions. In particular, this included consideration of the payment history, apparent fiscal constraints on the respective governments, arrangements for future settlement, the nature of ongoing correspondence, ongoing taxation disputes, terms of the mining conventions in Mali that confer rights to offset such taxes claimed against other taxes due, and challenging the appropriateness of assumptions and estimates made regarding the value and timing of eligible future taxes available for offset under the terms of such conventions.

In respect of the $16.6 million Loulo TVA submission rejected by the tax authorities, we critically assessed the recoverability of the balance considering factors such as the arbitration ruling, relations with the State of Mali and advice from the group's international tax and legal advisors.

In Mali, we found management's estimate that existing TVA receivables will be recovered through tax offsets to be supported by forecasts that are consistent with the group's budgets and based on balanced assumptions. Whilst $16.6 million is currently subject to dispute at Loulo we found the board's assessment that such amounts will ultimately be accepted by the tax authority to be justified.

In the DRC, we found no evidence of disputes in respect of TVA receivables claimed. However, in the absence of a right to offset TVA receivables with other taxes and the continued delays in cash receipts, we found there to be a level of judgement required regarding the timing of recovery. We found the judgement that the existing amounts will be received overtime to be materially appropriate.

We found the disclosures included in the financial statements to be proportionate.

3. Impairment of mining assets and life of mine estimates

The group's mining assets, including property, plant and equipment, ore stockpiles and share of assets in joint ventures represent its most significant assets and total $2.9bn at 31 December 2016.

While the group's impairment tests have historically demonstrated headroom and the gold price environment and outlook has improved since 31 December 2015, the assessment of the group's Life of Mine (LoM) plans and any related impairment to the carrying value of mining assets and investments in joint ventures requires significant estimation by management relating to key assumptions included in the impairment models. The key assumptions include future gold prices, oil prices, ore reserves and future production volumes, future production costs and appropriate discount and inflation rates.

The relative risk level is considered to have decreased in 2016 given the improved gold price.

How we addressed the audit risk:

We tested the controls over the review of the impairment and LoM models, budgeting process and determination of key estimates.

We evaluated management's impairment models for the mines against LoM plans and our understanding of the operations, and critically challenged the key estimates and assumptions used by management in each discounted cash flow model.

Our testing included comparison of the gold price forecasts to forward gold price data, market consensus information and trends. We updated our assessment of discount rates for the assets in conjunction with our valuation specialists and critically reviewed the forecast cost and production profiles against approved mine plans and empirical performance.

The impairment models and sensitivity analysis prepared by management indicated that no impairment charges were required and that each cash generating unit had headroom.

We challenged management's sensitivity assessments and performed our own sensitivity calculations in respect of short and long term gold prices, discount rates, inflation rates and operational performance, along with considering the appropriateness of related disclosures given in note 3.

We found the group's assessment that its impairment models support the carrying value of mining assets, ore stockpiles and investments in joint ventures to be appropriate with the key assumptions well considered and balanced. Overall, we found that the LoM plans demonstrate headroom and were not unduly sensitive to reasonably possible changes in the key assumptions.

Given the volatile nature of gold prices and the inherent judgement in LoM planning, we found the disclosures in the financial statements in respect of the carrying value of mining assets, ore stockpiles and investments in joint ventures to be appropriate.

4. Accounting estimates in underground mining

The group has incurred substantial capital expenditure during the year at Loulo and Kibali and the capital expenditure relating to the underground mines included a number of areas requiring significant judgement and estimation that represented a risk for our audit.

The appropriateness of the allocation of costs between operating and capital expenditure at Loulo and Kibali represented a key focus for our audit.

The group applies a unit of production depreciation policy, which involves judgement in determining the appropriate ore reserves attributable to key asset categories within the mines. In addition, judgement is required regarding the date at which depreciation commences and the application of the unit of production accounting policy; in particular during the continued commissioning of further assets at the Kibali underground mine.

There remains significant ongoing capital development and judgement surrounding the allocation of costs, however the relative risk is considered to have increased in 2016.

How we addressed the audit risk:

We performed tests of controls and substantive procedures to obtain assurance as to the authorisation, accuracy and completeness of the recording and classification of capital expenditure.

We also undertook verification testing on expenditure to supporting documentation such as invoices and contracts.

We critically assessed management's capitalisation policies and management's allocation of costs between operating expenditure and capital expenditure to assess the allocation of such costs based on the nature of the underlying activity, supported by sample based verification, meetings with the mine planning departments and tests of controls.

In respect of the group's depreciation calculations, we updated our assessment of the group's depreciation policy and its application. We agreed the inputs to the calculations back to source documentation, critically assessed management's allocation of ore reserves to specific depreciable asset categories and agreed the ore reserves figures used to the reserves statement. As part of this review, we met with operational management to assess the asset and reserve allocations and assessed the competence and objectivity of the group's Competent Persons.

We undertook a detailed assessment of the asset registers, assessing the commissioning dates and associated start date for depreciation against capital project reports and our understanding of the activities in the year.

We found costs associated with capital projects to be appropriately recorded and classified during our audit. We found the underground mining cost allocation policies to be sufficiently clearly defined and appropriate for the nature of the underlying development projects and the phased commissioning of the underground mines. We found the unit of production depreciation policies and their application at mine level to be appropriate and, whilst judgemental, appropriately depreciates the assets over the ore reserves to which the assets relate.

OUR APPLICATION OF MATERIALITY

Group materiality 2016	Group materiality 2015	Basis for materiality 2016
$30.0 million	$19.0 million	7.5% of profit before tax of $402.6 million

Our determination of materiality increased from 2015 with the increased profitability of the group. We consider profit before income tax to be the most significant determinant of the group's financial performance used by shareholders.

Whilst materiality for the financial statements as a whole was $30.0 million, each significant component of the group was audited to a lower level of materiality ranging from $10.0 million to $18.9 million which is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of $0.85 million (2015: $0.7 million). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material in terms of their absolute monetary value or on qualitative grounds.

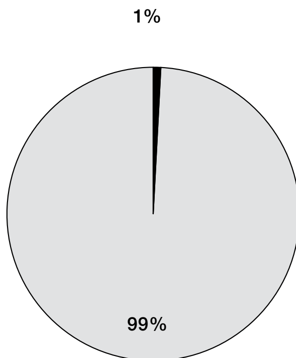
AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our group audit scope focused on the group's principal operating locations being the Loulo and Gounkoto mines in Mali, the Tongon mine in Côte d'Ivoire and the Kibali mine in the DRC, each of which was subject to a full scope audit. The four principal operating locations include one joint venture (Kibali). Together with the parent company and its group consolidation, which was also subject to a full scope audit, these represent the five significant components of the group.

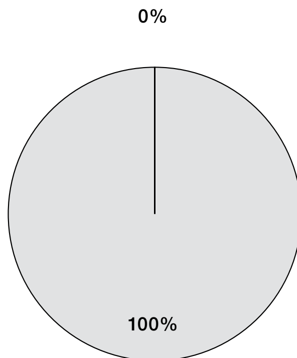
The remaining components of the group were considered non-significant and these components were principally subject to analytical review procedures, together with additional substantive testing at the Morila mine over the risk areas detailed above where applicable to that component. We set out below the extent to which the group's revenue, profit before tax and total assets were subject to audit versus review procedures.

Audits of the five components were performed at a materiality level calculated by reference to a proportion of group materiality appropriate to the relative scale of the business concerned. The audits of each of these components were principally performed in Mali (Loulo and Gounkoto mines), the DRC (Kibali mine) and Côte d'Ivoire (Tongon mine), as well as the audit of Corporate Accounting functions in Jersey and South Africa. Each of the audits was conducted by BDO LLP using a multinational team with experience of auditing in the mining industry, in Africa and with publically listed entities.

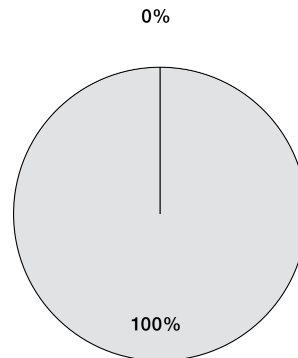
AUDIT SCOPE BY PROFIT BEFORE TAX



AUDIT SCOPE BY REVENUE

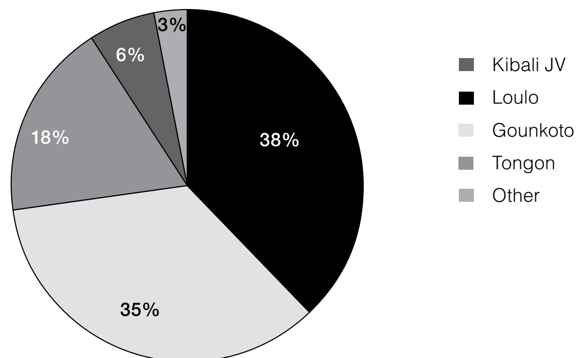


AUDIT SCOPE BY TOTAL ASSETS



Full audit Review

CONTRIBUTION TO PROFIT BEFORE TAX BY COMPONENT



As part of our audit strategy, the Responsible Individual or senior members of the audit team visit each of the four principal operating locations each year.

WE HAVE NOTHING TO REPORT IN RESPECT OF MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the company's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's performance, business model and strategy and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Listing Rules we are required to review the part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

WE HAVE NOTHING MATERIAL TO ADD OR DRAW ATTENTION TO REGARDING THE DIRECTORS' ASSESSMENT OF PRINCIPAL RISKS, GOING CONCERN AND LONGER TERM VIABILITY OF THE COMPANY

As required under ISAs (UK and Ireland) we have nothing material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the statement of directors' responsibilities on page F-3, the directors are responsible for the preparation of the financial statements in accordance with the Companies (Jersey) Law 1991 and for being satisfied that they give a true and fair view. The directors are responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are required to comply with the requirements of the Listing Rules of the UK Financial Conduct Authority in preparing this annual report.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Scott McNaughton (Responsible Individual)
For and on behalf of BDO LLP
Chartered accountants and recognised auditor
London
15 March 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

a) *The maintenance and integrity of the Randgold Resources Limited website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

		GROUP	
$000	NOTE	**31 Dec 2016**	31 Dec 2015
Revenue			
Gold sales on spot		**1 200 777**	1 001 420
Total revenue		**1 200 777**	1 001 420
Share of profits of equity accounted joint ventures	10	**17 299**	77 303
Other income	21	**5 960**	15 616
Total income		**1 224 036**	1 094 339
Cost and expenses			
Mining and processing costs	21	**710 245**	726 797
Royalties		**62 377**	51 673
Exploration and corporate expenditure	22	**41 202**	45 067
Other expenses	21	**5 967**	5 725
Total costs		**819 791**	829 262
Finance income	23	**1 553**	112
Finance costs	23	**(3 193)**	(4 411)
Finance costs – net	23	**(1 640)**	(4 299)
Profit before income tax		**402 605**	260 778
Income tax expense	4	**(108 384)**	(48 003)
Profit for the period		**294 221**	212 775
Other comprehensive expense			
Gain/(loss) on available-for-sale financial assets	12	**1 600**	(561)
Share of equity accounted joint ventures other comprehensive income	10	**6**	1 572
Total other comprehensive income		**1 606**	1 011
Total comprehensive income		**295 827**	213 786
Profit attributable to:			
Owners of the parent		**247 474**	188 677
Non-controlling interests		**46 747**	24 098
		294 221	212 775
Total comprehensive income attributable to:			
Owners of the parent		**249 080**	189 688
Non-controlling interests		**46 747**	24 098
		295 827	213 786
Basic earnings per share ($)	6	**2.64**	2.03
Diluted earnings per share ($)	6	**2.61**	2.01
Average shares in issue (000)		**93 644**	93 094

The notes on pages F-15 to F-41 are an integral part of these consolidated financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2016

		GROUP		COMPANY	
$000	NOTE	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Assets					
Non-current assets					
Property, plant and equipment	9	1 560 860	1 546 767	34 793	28 274
Trade and other receivables	7	-	6 417	-	-
Long term ore stockpiles	8	164 706	167 337	-	-
Investments in joint ventures and subsidiaries	10	-	-	1 292 552	1 292 212
Loans to subsidiaries and joint ventures	10	-	-	483 507	663 623
Investment in equity accounted joint ventures	10	1 414 211	1 427 316	-	-
Other investments in joint ventures	10	34 423	45 940	-	-
Total investments in joint ventures	10	1 448 634	1 473 256	-	-
Total non-current assets		3 174 200	3 193 777	1 810 852	1 984 109
Current assets					
Inventories and ore stockpiles	8	119 027	130 973	-	-
Trade and other receivables	7	231 430	198 292	5 417	1 529
Available-for-sale financial assets	12	-	906	-	906
Cash and cash equivalents		516 301	213 372	390 613	132 351
Total current assets		866 758	543 543	396 030	134 786
Total assets		4 040 958	3 737 320	2 206 882	2 118 895
Equity and liabilities					
Share capital	5	4 690	4 662	4 690	4 662
Share premium	5	1 537 326	1 493 781	1 537 326	1 493 781
Retained earnings		1 893 542	1 708 151	578 281	533 709
Other reserves		63 141	67 005	61 748	65 618
Equity attributable to owners of the parent		3 498 699	3 273 599	2 182 045	2 097 770
Non-controlling interests		253 258	218 706	-	-
Total equity		3 751 957	3 492 305	2 182 045	2 097 770
Non-current liabilities					
Loans from minority share-holders		2 765	2 765	-	-
Deferred tax	11	42 386	35 548	-	-
Provision for rehabilitation	14	55 455	47 581	-	-
Loans from subsidiaries and joint ventures	10	-	-	13 698	6 621
Total non-current liabilities		100 606	85 894	13 698	6 621
Current liabilities					
Trade and other payables	13	127 377	139 321	11 139	14 504
Current tax payable		61 018	19 800	-	-
Total current liabilities		188 395	159 121	11 139	14 504
Total equity and liabilities		4 040 958	3 737 320	2 206 882	2 118 895

The notes on pages F-15 to F-41 of this annual report are an integral part of these consolidated financial statements. The financial statements were approved and authorised for issue by the board on 15 March 2017.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Number of ordinary shares	Share capital $000	Share premium $000	Other reserves $000	Retained earnings $000	Total equity attributable to owners of parent $000	Non-controlling interests $000	Total equity $000
Balance - 31 Dec 2014	**92 674 085**	**4 634**	**1 450 984**	**67 254**	**1 575 218**	**3 098 090**	**204 864**	**3 302 954**
Share of other comprehensive income of joint ventures	-	-	-	1 572	-	1 572	-	1 572
Fair value movement on available-for-sale financial assets	-	-	-	(561)	-	(561)	-	(561)
Total other comprehensive expense	-	-	-	1 011	-	1 011	-	1 011
Net profit for the period	-	-	-	-	188 677	188 677	24 098	212 775
Total comprehensive income/(expense) for the period	-	-	-	1 011	188 677	189 688	24 098	213 786
Share-based payments	-	-	-	21 915	-	21 915	-	21 915
Share options exercised	12 000	1	288	-	-	289	-	289
Reserves transfer on exercise of options previously expensed under IFRS 2	-	-	77	(77)	-	-	-	-
Shares vested[1]	296 200	15	25 300	(23 098)	-	2 217	-	2 217
Dividend relating to 2014	250 635	12	17 132	-	(55 744)	(38 600)	-	(38 600)
Non-controlling interest share of Gounkoto dividend	-	-	-	-	-	-	(10 256)	(10 256)
Balance - 31 Dec 2015	**93 232 920**	**4 662**	**1 493 781**	**67 005**	**1 708 151**	**3 273 599**	**218 706**	**3 492 305**
Share of other comprehensive income of joint ventures	**-**	**-**	**-**	**6**	**-**	**6**	**-**	**6**
Fair value movement on available-for-sale financial assets	**-**	**-**	**-**	**1 600**	**-**	**1 600**	**-**	**1 600**
Total other comprehensive income	**-**	**-**	**-**	**1 606**	**-**	**1 606**	**-**	**1 606**
Net profit for the period	**-**	**-**	**-**	**-**	**247 474**	**247 474**	**46 747**	**294 221**
Total comprehensive income for the period	**-**	**-**	**-**	**1 606**	**247 474**	**249 080**	**46 747**	**295 827**
Share-based payments	**-**	**-**	**-**	**22 545**	**-**	**22 545**	**-**	**22 545**
Share options exercised	**109 413**	**5**	**3 228**	**-**	**-**	**3 233**	**-**	**3 233**
Reserves transfer on exercise of options previously expensed under IFRS 2	**-**	**-**	**1 052**	**(1 052)**	**-**	**-**	**-**	**-**
Shares vested[1]	**358 329**	**18**	**29 656**	**(26 963)**	**-**	**2 711**	**-**	**2 711**
Dividend relating to 2015	**103 090**	**5**	**9 609**	**-**	**(61 705)**	**(52 091)**	**-**	**(52 091)**
Non-controlling interest share of Gounkoto and Tongon dividend	**-**	**-**	**-**	**-**	**-**	**-**	**(11 855)**	**(11 855)**
Purchase of additional share in Tongon	**-**	**-**	**-**	**-**	**(378)**	**(378)**	**(340)**	**(718)**
Balance - 31 Dec 2016	**93 803 752**	**4 690**	**1 537 326**	**63 141**	**1 893 542**	**3 498 699**	**253 258**	**3 751 957**

[1] *Restricted shares were issued as remuneration to executive directors and senior management. Shares were also issued to executive directors following approval of their annual bonuses and to non-executive directors as fees. The transfer between 'other reserves' and 'share premium' in respect of the shares vested represents the cost calculated in accordance with IFRS 2.*

Share capital

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

Share premium

The share premium comprises the excess value recognised from the issue of ordinary shares for consideration above par and amounts transferred from other reserves on the exercise of share options and vesting of share awards.

Retained earnings

Retained earnings comprise the group's cumulative accounting profits and losses since inception less dividends.

Other reserves

Other reserves comprise the cumulative charge recognised under IFRS 2 in respect of share-based payment awards (net of amounts transferred to share capital and share premium), the foreign currency translation reserve as well as cumulative fair value movements in available-for-sale financial assets. At 31 December 2016, the balance of the share-based payment reserve amounted to $61.7 million (2015: $67.2 million). The foreign currency translation reserve was $1.4 million at 31 December 2016 (2015: $1.4 million) and the cumulative net gain in available-for-sale financial assets amounted to $nil million at 31 December 2016 (2015: cumulative net loss of $1.6 million). Refer to note 12 for further details of available-for- sale financial assets.

Non-controlling interests

Non-controlling interests comprise the non-controlling interests' share of cumulative profits and losses in the group, less their share of dividends paid.

COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Number of ordinary shares	Share capital $000	Share premium $000	Retained earnings $000	Other reserves $000	Total $000
Balance - 31 Dec 2014	**92 674 085**	**4 634**	**1 450 984**	**506 228**	**67 439**	**2 029 285**
Fair value movement on available-for-sale financial assets	-	-	-	-	(561)	(561)
Total other comprehensive expense	-	-	-	-	(561)	(561)
Net profit for the period	-	-	-	83 225	-	83 225
Total comprehensive income/(expense) for the period	-	-	-	83 225	(561)	82 664
Share-based payments	-	-	-	-	21 915	21 915
Share options exercised	12 000	1	288	-	-	289
Shares vested[1]	296 200	15	25 300	-	(23 098)	2 217
Reserves transfer on exercise of options previously expensed under IFRS 2	-	-	77	-	(77)	-
Dividend relating to 2014	250 635	12	17 132	(55 744)	-	(38 600)
Balance - 31 Dec 2015	93 232 920	4 662	1 493 781	533 709	65 618	2 097 770
Fair value movement on available-for-sale financial assets	**-**	**-**	**-**	**-**	**1 600**	**1 600**
Total other comprehensive income	**-**	**-**	**-**	**-**	**1 600**	**1 600**
Net profit for the period	**-**	**-**	**-**	**106 655**	**-**	**106 655**
Total comprehensive income for the period	**-**	**-**	**-**	**106 655**	**1 600**	**107 877**
Share-based payments	**-**	**-**	**-**	**-**	**22 545**	**22 545**
Share options exercised	**109 413**	**5**	**3 228**	**-**	**-**	**3 233**
Shares vested[1]	**358 329**	**18**	**29 656**	**-**	**(26 963)**	**2 711**
Reserves transfer on exercise of options previously expensed under IFRS 2	**-**	**-**	**1 052**	**-**	**(1 052)**	**-**
Dividend relating to 2015	**103 090**	**5**	**9 609**	**(61 705)**	**-**	**(52 091)**
Purchase of additional share in Tongon	**-**	**-**	**-**	**(378)**	**-**	**(378)**
Balance - 31 Dec 2016	**93 803 752**	**4 690**	**1 537 326**	**578 281**	**61 748**	**2 182 045**

[1] *Restricted shares were issued as remuneration to executive directors and senior management. Shares were also issued to executive directors following approval of their annual bonuses and to non-executive directors as fees. The transfer between 'other reserves' and 'share premium' in respect of the shares vested represents the cost calculated in accordance with IFRS 2.*

Share capital

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

Share premium

The share premium comprises the excess value recognised from the issue of ordinary shares for consideration above par and amounts transferred from other reserves on the exercise of share options and vesting of share awards.

Retained earnings

Retained earnings comprise the company's cumulative accounting profits and losses since inception less dividends.

Other reserves

Other reserves comprise the cumulative charge recognised under IFRS 2 in respect of share-based payment awards (net of amounts transferred to share capital and share premium), as well as cumulative fair value movements in available-for-sale financial assets. At 31 December 2016, the balance of the share-based payment reserve amounted to $61.7 million (2015: $67.2 million). The balance of the available-for-sale financial assets was nil at 31 December 2016 (2015: cumulative net loss of $1.6 million). Refer to note 12 for further details of available-for-sale financial assets.

STATEMENTS OF CONSOLIDATED AND COMPANY CASH FLOWS

for the year ended 31 December 2016

$000	NOTE	GROUP 31 Dec 2016	GROUP 31 Dec 2015	COMPANY 31 Dec 2016	COMPANY 31 Dec 2015
Cash flow from operating activities					
Profit for the period		**294 221**	212 775	**106 655**	83 225
Income tax expense	4	**108 384**	48 003	**2 272**	-
Profit before income tax		**402 605**	260 778	**108 927**	83 225
Share of profits of equity accounted joint ventures	10	**(17 299)**	(77 303)	**-**	-
Net finance cost		**570**	2 902	**656**	373
Unwind of discount on provisions for environmental rehabilitation	14	**1 070**	1 397	**-**	-
Depreciation and amortisation	9	**175 343**	150 902	**367**	848
Share-based payments	15	**23 891**	22 943	**23 891**	22 943
Share-based payments related to operations		**-**	-	**(18 909)**	(15 598)
Non-cash adjustment on royalties		**31 276**	36 855	**-**	-
Loss on sale of available-for-sale financial assets		**524**	-	**524**	-
		617 980	398 474	**115 456**	91 791
Effects of changes in operating working capital items					
Receivables		**(53 319)**	(22 399)	**(3 888)**	420
Inventories and ore stockpiles		**14 577**	6 220	**-**	-
Trade and other payables		**(14 206)**	28 137	**(4 971)**	9 018
Cash generated from operations before interest and tax		**565 032**	410 432	**106 597**	101 229
Interest received		**1 553**	112	**922**	46
Interest paid		**(2 123)**	(3 014)	**(1 578)**	(419)
Dividends received from equity accounted joint ventures		**26 000**	45 272	**-**	-
Income tax paid		**(69 235)**	(55 820)	**(2 272)**	-
Net cash generated by operating activities		**521 227**	396 982	**103 669**	100 856
Additions to property, plant and equipment		**(170 783)**	(216 038)	**(6 886)**	(2 541)
Sale of available-for-sale financial assets		**1 982**	-	**1 982**	-
Increases in inter-company loans of subsidiaries and joint ventures		**-**	-	**(15 503)**	(80 584)
Decreases in inter-company loans of subsidiaries and joint ventures		**-**	-	**224 236**	94 437
Funds invested in equity accounted joint ventures		**-**	(2 829)	**-**	-
Loans repaid by equity accounted joint ventures		**11 934**	1 072	**-**	-
Acquisition of additional interest in Tongon		**(718)**	-	**(378)**	-
Net cash used in investing activities		**(157 585)**	(217 795)	**203 451**	11 312
Proceeds from issue of ordinary shares		**3 233**	289	**3 233**	289
Dividends paid to company's shareholders		**(52 091)**	(38 600)	**(52 091)**	(38 600)
Dividends paid to non-controlling interests		**(11 855)**	(10 256)	**-**	-
Net cash used by financing activities		**(60 713)**	(48 567)	**(48 858)**	(38 311)
Net increase in cash and equivalents		**302 929**	130 620	**258 262**	73 857
Cash and equivalents at beginning of year		**213 372**	82 752	**132 351**	58 494
Cash and cash equivalents at end of year		**516 301**	213 372	**390 613**	132 351

The effective interest rate on cash and cash equivalents was 0.54% (2015: 0.10%). These funds have an average maturity of less than 90 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ending 31 December 2016

1. Nature of operations

The company and its subsidiaries together with its joint ventures (the group) carry out exploration and gold mining activities. The group currently has five operating mines. There are three operating mines in Mali, West Africa: the Morila gold mine (equity accounted joint venture), which started production in October 2000, the Loulo gold mine (subsidiary), which commenced production in November 2005 and the Gounkoto gold mine (subsidiary), which began production in June 2011. The Morila gold mine is nearing the end of its life and has now transitioned to a tailings storage facility (TSF) retreatment operation. The group also operates a fourth gold mine in Côte d'Ivoire, Tongon (subsidiary), which started production in December 2010 and a fifth in the Democratic Republic of Congo (DRC), Kibali (equity accounted joint venture) which started production in October 2013. Randgold is the operator of all of its mines.

The interests of the group in its operating mines are held through Société des Mines de Morila SA (Morila) which owns the Morila mine, Société des Mines de Loulo SA (Loulo) which owns the Loulo mine, Société des Mines de Tongon SA (Tongon) which owns the Tongon mine, Société des Mines de Gounkoto SA (Gounkoto) which owns the Gounkoto mine and Kibali Goldmines SA (Kibali), which owns the Kibali mine. Randgold holds an effective 40% interest in Morila in conjunction with AngloGold Ashanti Limited (AngloGold Ashanti) (40%) and the State of Mali (20%). Management of Morila Limited, the 80% shareholder of Morila, is effected through a joint venture committee, with Randgold and AngloGold Ashanti each appointing one-half of the members of the committee. The group also holds an effective 45% interest in the Kibali gold mine (equity accounted joint venture) in the Democratic Republic of Congo (DRC) in conjunction with AngloGold Ashanti (45%) and Société Miniére de Kilo-Moto SA UNISARL (SOKIMO) (10%). Management of Kibali (Jersey) Limited, the effective 90% shareholder of Kibali, is effected through a joint venture committee, with Randgold and AngloGold Ashanti each appointing one-half of the members of the committee. Randgold holds an effective 80% interest in both Loulo and Gounkoto. The remaining 20% interest is held by the State of Mali. Randgold holds an effective 89.7% interest in Tongon, following the acquisition of an additional share during the year. 10% is held by the State of Côte d'Ivoire while the remaining 0.3% is held by a local Ivorian company.

The group has a portfolio of exploration permits and projects, with various exploration programmes, ranging from early stage exploration to prefeasiblity studies being undertaken. These are underway in the DRC, Mali, Senegal and Côte d'Ivoire.

2. Significant accounting policies

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

Basis of preparation

The consolidated financial statements of Randgold Resources Limited and its subsidiaries and joint ventures have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively (IFRS)) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and in accordance with Article 105 of the Companies (Jersey) Law of 1991. In accordance with the Companies (Jersey) Law 1991, there is no requirement to include any company statements in the group annual report, however the company balance sheet, statement of changes in equity, statement of cash flow and related notes have been included.

The consolidated financial statements also comply with IFRS as issued by the IASB, as is required as a result of our listing on NASDAQ in the US. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

After reviewing the group's and company's budget for the next financial year, and other longer term plans, the directors are satisfied, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. The directors have no reason to believe that the group and company will not be a going concern for at least the next 12 months based on forecasts and available cash resources and available facilities.

NEW STANDARDS AND INTERPRETATIONS APPLIED

The IASB has issued the following new standards, amendments to published standards and interpretations to existing standards with effective dates on or prior to 1 January 2016 which have been adopted by the group for the first time this year. These have not had a material impact.

Effective period commencing on or after

IFRS 11	Amendment – Accounting for acquisition of interests in joint operations	1 Jan 2016
IAS 16 & IAS 38	Amendments – Clarification of acceptable methods of depreciation and amortisation	1 Jan 2016
IAS 27	Amendment – Equity method in separate financial statements	1 Jan 2016
IAS 1	Amendment – Disclosure initiative	1 Jan 2016
	Annual improvements to IFRSs (2012 – 2014 cycle)	1 Jan 2016

STANDARDS EFFECTIVE IN FUTURE PERIOD

Certain new standards, amendments and interpretations to existing standards have been published that are relevant to the group's activities and are mandatory for the group's accounting periods beginning after 1 January 2017 or later periods and which the group has decided not to adopt early. These include:

Effective period commencing on or after

IFRS 9	Financial instruments	1 Jan 2018
IFRS 15	Revenue from contracts with customers	1 Jan 2018
IFRS 16[1]	Leases	1 Jan 2019
IAS 12[1]	Amendment – Recognition of deferred tax assets for unrealised losses	1 Jan 2017
IAS 7[1]	Amendment – Disclosure initiative	1 Jan 2017
IFRS 2[1]	Amendment – Classification and measurement of share based payment transactions	1 Jan 2018

[1] *Not yet adopted by the European Union.*

IFRS 15 is intended to introduce a single framework for revenue recognition and clarify principles of revenue recognition. This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management have completed an assessment of an existing gold sale contract and, based on the analysis performed, do not anticipate any material impact to the recognition of revenue upon adoption of this standard based on the existing arrangements at their operations.

IFRS 16 introduces a single lease accounting model. This standard requires lessees to account for all leases under a single on-balance sheet model. Under the new standard, a lessee is required to recognise all lease assets and liabilities on the balance sheet; recognise amortisation of leased assets and interest on lease liabilities over the lease term; and separately present the principal amount of cash paid and interest in the cash flow statement. Management are currently assessing the impact of this standard.

IFRS 9 "Financial instruments" addresses the classification and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Management are currently assessing the standard's full impact.

Consolidation

The consolidated financial information includes the financial statements of the company, its subsidiaries and the company's equity accounted joint ventures using uniform accounting policies for similar transactions and other events in similar circumstances.

Subsidiaries

Subsidiaries are entities over which the group has power, exposure, or rights, to variable returns from its involvement and the ability to use its power over the investee to affect the amount of the group's returns; generally accompanying an interest of more than one-half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed. Identifiable assets acquired (including mineral property interests or other identifiable intangible assets) 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 non-controlling 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. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Joint ventures

The group holds interests in a number of joint ventures. In a joint venture the parties that have joint control of the arrangement (the joint venturers) have a right to the net assets of the arrangement. This right is accounted for in the consolidated financial statements using the equity method. Joint control is considered to exist when there is contractual joint control; control being the power to govern the financial and operating policies of an entity so as to obtain benefits from the activities and the ability to use its power over the investee to affect the amounts of the group's returns by the joint venturers.

Acquisitions

Except for initial recognition under IFRS 11 transition rules, further investments in additional joint venture companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint venture over the group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

Joint ventures are accounted for using the equity method of accounting. In applying the equity method of accounting, the group's share of its joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the joint venture companies are adjusted against the carrying amount of the investments. When the group's share of losses in a joint venture company equals or exceeds its interest in the joint venture company, including any other unsecured non-current receivables, the group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the joint venture company. Unrealised gains on transactions between the group and its joint venture companies are eliminated to the extent of the group's interest in the joint venture companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Any trading receivables and payables with joint venture companies are classified within trade and other receivables and payables. The accounting policies of joint venture companies have been changed where necessary to ensure consistency with the accounting policies adopted by the group.

Dividends received are classified as operating cash flows in the consolidated cash flow statement.

Investments in subsidiaries and joint ventures

Investment in subsidiaries and joint ventures are stated at cost less any provisions for impairment in the individual financial statements of the company. Dividends are accounted for when the company becomes entitled to receive them. On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

Segmental reporting

An operating segment is a group of assets and operations engaged in performing mining or advanced exploration that are subject to risks and returns that are different from those of other segments. Other parts of the business are aggregated and treated as part of a 'corporate and exploration' segment. The group provides segmental information using the same categories of information the group's chief operating decision maker utilises. The group's chief operating decision maker is considered by management to be the board of directors.

The group has only one business segment, that of gold mining. Segment analysis is based on individual mining operations and exploration projects that have a significant amount of capitalised expenditure or other fixed assets.

Foreign currency translation

Functional and presentation

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

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

Property, plant and equipment

Long-lived assets and mine development costs
Long-lived assets including development costs and mine plant facilities (such as processing plants, tailings facilities, raw water dams and power stations) are initially recorded at cost. Development of orebodies includes the development costs of shaft systems and waste rock removal that allows access to reserves that are economically recoverable in the future. Costs associated with underground development are capitalised when the works provide access to the ore body, whereas costs associated with ore extraction from operating ore body sections are treated as operating costs. Where relevant the estimated cost of dismantling the asset and remediating the site is included in the cost of property, plant and equipment, subsequently they are measured at cost less accumulated amortisation and impairment.

Development costs consist primarily of direct expenditure incurred to establish or expand productive capacity.

Costs are capitalised during the construction of a new mine until commercial levels of production are achieved (refer to 'commercial production' below), after which the relevant costs are depreciated. Costs are capitalised provided that the project is considered to be commercially, technically and economically viable. Such viability is deemed to be achieved when the group is confident that the project will provide a satisfactory return relative to its perceived risks and is sufficiently certain of economic production. Costs which are necessarily incurred while commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalised under 'Long-lived assets and mine development costs'.

Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit.

Commercial production
The group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined by the unique nature of each mine construction project and include factors such as the complexity of a plant and its location. The group considers various relevant criteria to assess when the mine construction project is substantially complete and ready for its intended use and moves into the production stage. Some of the criteria would include but are not limited to the following:

- The level of capital expenditure compared to construction cost estimates;
- Completion of a reasonable period of testing of the mine plant and equipment;
- The ability to produce gold in saleable form; and
- The ability to sustain commercial levels of gold production.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and subsequent costs are either regarded as inventory or expensed, except for capitalisable costs related to subsequent mining asset additions or improvements, open cast stripping, underground mine development or ore reserve development.

The commissioning of an underground mine typically occurs in phases, with sections brought into production whilst deeper levels remain under construction. The shared infrastructures, such as declines of shafts, are assessed to determine whether they contribute to the production areas. Where they contribute to production, the attributable costs are transferred to production assets and start to be depreciated. The costs transferred comprise costs directly attributable to producing zones or, where applicable, estimates of the portion of shared infrastructure that are attributed to the producing zones.

Development expenditure approval
Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project has reached a stage at which economically recoverable reserves exist such that development may be sanctioned. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described below for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available.

Stripping costs
In surface mining operations, the group may find it necessary to remove waste materials to gain access to mineral ore deposits prior to and after production commences. This waste removal activity is known as 'stripping'. Prior to production commencing from a pit, stripping costs are measured internally and capitalised until the point where the overburden has been removed and access to the ore commences. Subsequent to production, waste stripping continues, either as part of ore extraction as a run of mine activity or due to strategic decisions such as pit push-back campaigns. There are two benefits accruing to the group from stripping activity during the production phase: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. Economic ore extracted during this period and subsequently is accounted for as inventory.

The production stripping costs relating to improved access to further quantities in future periods are capitalised as a stripping activity asset, if and only if, all of the following are met:

- It is probable that the future economic benefit (improved access to the orebody) associated with the stripping activity will flow to the group;
- The group can identify the component of the orebody for which access has been improved; and
- The costs relating to the stripping activity associated with that component or components can be measured reliably.

In determining the relevant component of the orebody for which access is improved, the group componentises each of its mines into geographically distinct orebody sections or phases to which the stripping activities being undertaken within that component are allocated. Such phases are determined based on assessment of factors such as geology and mine planning.

Once determined that any portion of the production stripping costs should be capitalised, the group typically uses the average stripping ratio of the component or phase of the mine to which the production stripping cost related to determine the amount of the production stripping costs that should be capitalised, unless the direct costs of stripping activity can be separately identified in which case such costs are capitalised.

The group depreciates the deferred costs capitalised as stripping assets on a unit of production method, with reference to the ex-pit ore treated from the relevant ore body component or phase.

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

Depreciation and amortisation
Long-lived assets include mining properties, such as metallurgical plant, tailings and raw water dams, power plant and mine infrastructure, as well as mine development costs and are depreciated on a unit of production basis.

Depreciation and amortisation are charged over the life of the mine (or over the remaining useful life of the asset, if shorter) based on estimated ore tonnes contained in proven and probable reserves to be extracted using the relevant asset. As an example, underground assets are depreciated over underground proven and probable reserves and tonnes milled from those orebodies. No future capital expenditure is included in the depreciable value. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in the future from known mineral deposits. Only proven and probable reserves are used in the tonnes milled units of production depreciation calculation. Any changes to the expected life of the mine (or asset) are applied prospectively in calculating depreciation and amortisation charges.

Depreciation of construction and development costs for new mines commences when commercial production is achieved, as detailed above. Underground development costs that are attributable to the commissioned sections of an underground mine are depreciated from the date the development provides access to operational areas and ore extraction begins from those areas. Other assets under construction, such as plant improvement projects, are depreciated from the date they are commissioned, based on assessment by the group's engineers.

Short-lived assets which include motor vehicles, office equipment and computer equipment are depreciated over estimated useful lives of between two to five years but limited to the remaining mine life. Residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Changes to the estimated residual values or useful lives are accounted for prospectively. Depreciation starts when the assets are ready and available for use.

Impairment

The carrying amount of the property, plant and equipment and investments in joint ventures of the group is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less cost to sell. In assessing the value in use, the expected future cash flows from the assets is determined by applying a discount rate to the anticipated risk adjusted future cash flows. The discount rate used is the group's weighted average cost of capital adjusted for asset specific factors when applicable. An impairment is recognised in the income statement to the extent that the carrying amount exceeds the assets' recoverable amount. Only proven and probable reserves are used in the calculations and the models use the approved mine plans and exclude capital expenditure which enhance the assets or extractable ore tonnes outside of such approved mine plans. The revised asset carrying amounts are depreciated in line with group accounting policies.

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. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) for purposes of assessing impairment. The estimates of future discounted cash flows are subject to risks and uncertainties including the future gold price. It is therefore reasonably possible that changes could occur which may affect the recoverability of property, plant and equipment investments in joint ventures.

Inventories

Inventories include ore stockpiles, gold in process and dóre supplies, stores and materials, and are stated at the lower of cost or net realisable value. The cost of ore stockpiles and gold produced is determined principally by the weighted average cost method using related production costs.

Cost of stockpiles include costs incurred up to the point of stockpiling, such as mining and grade control costs, but exclude future costs of production. Ore extracted is allocated to stockpiles based on estimated grade, with grades below defined cut-off levels treated as waste and expensed. While held in physically separate stockpiles, the group blends the ore from each stockpile at an individual mine when feeding the processing plant to achieve the resultant gold content. In such circumstances, lower and higher grade ore stockpiles each represent a raw material, used in conjunction with each other, to deliver overall gold production, as supported by the relevant feed plan.

Morila's full grade ore stockpile was depleted in 2015. At Loulo, full grade open pit stockpile material is above 3.0g/t for Loulo and 1.58g/t for Gara, while Yalea is above 0.7g/t. No Yalea or Gara underground material is on the stockpile since all ore mined is fed. At Gounkoto, the full grade ore stockpile is above 2.85g/t and marginal ore above 1.09/t. Tongon's, full grade ore stockpile is above 1.25g/t and marginal ore above 0.79g/t, while Kibali's high and medium grade ore stockpile is above 1.52g/t with a marginal ore cut-off grade of 0.88g/t.

The processing of ore in stockpiles occurs in accordance with the Life of Mine (LoM) processing plan that has been optimised based on the known mineral reserves, current plant capacity and mine design. Ore tonnes contained in the stockpile which exceed the annual tonnes to be milled as per the mine plan in the following year, are classified as non-current in the statement of financial position.

The net realisable value of ore stockpiles is determined with reference to estimated contained gold and market gold prices applicable. Ore stockpiles which are blended together or with future ore mined when fed to the plant are assessed as an input to the gold production process to ensure the combined stockpiles are carried at the lower of cost and net realisable value. Ore stockpiles which are not blended in production are assessed separately to ensure they are carried at the lower of cost and net realisable value, although no such stockpiles are currently held.

Costs of gold inventories include all costs incurred up until production of an ounce of gold such as milling costs, mining costs and directly attributable mine general and administration costs but exclude transport costs, refining costs and royalties. Net realisable value is determined with reference to estimated contained gold and market gold prices.

Stores and materials consist of consumable stores and are valued at weighted average cost after appropriate impairment of redundant and slow moving items. Consumable stock for which the group has substantially all the risks and rewards of ownership are brought onto the statement of financial position as current assets.

Interest/borrowing costs

Interest is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity. Borrowing costs are expensed as incurred except to the extent that it relates directly to the construction of property, plant and equipment during the time that is required to complete and prepare the asset for its intended use, when it is capitalised as part of property, plant and equipment. Borrowing costs are capitalised as part of the cost of the asset where it is probable that the asset will result in economic benefit and where the borrowing cost can be measured reliably. No interest or borrowing costs have been capitalised during the year or during the prior year.

Royalties

Royalty arrangements based on mineral production are in place at each operating mine. The primary type of royalty is a net smelter return royalty. Under this type of royalty the group pays the holder an amount calculated as the royalty percentage multiplied by the value of gold production at market gold prices less selling costs. A royalty expense is recorded when revenue from the sale of gold is recognised.

Financial instruments

Financial instruments are measured as set out below. Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, available for sale financial assets, loans to and from subsidiaries and joint ventures and loans to minorities.

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value. There is a rebuttable presumption that the transaction price is fair value unless this could be refuted by reference to market indicators. Subsequently, trade and other receivables are measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in mining and processing costs in the statement of comprehensive income.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are designated on acquisition. They are normally included in current assets and are carried at fair value. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is recognised in the statement of comprehensive income within other expenses, other movements in fair value are recognised in other reserves within equity.

Borrowings (including bank borrowings when applicable, loans from subsidiaries, joint ventures and minorities)
Borrowings are recognised initially at fair value, which equates to the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Trade and other payables
Accounts payable and other short term monetary liabilities, are initially recognised at fair value, which equates to the transaction price, and subsequently carried at amortised cost using the effective interest method.

Rehabilitation costs
The net present value of estimated future rehabilitation costs is provided for in the financial statements and capitalised within property, plant and equipment on initial recognition. Rehabilitation will generally occur on closure or after closure of a mine. Initial recognition is at the time of the construction or disturbance occurring and thereafter as and when additional construction or disturbances take place. The estimates are reviewed annually to take into account the effects of inflation and changes in estimated risk adjusted rehabilitation works cost and are discounted using rates that reflect the time value of money. Annual increases in the provision due to the unwinding of the discount are recognised in the statement of comprehensive income as a finance cost. The present value of additional disturbances and changes in the estimate of the rehabilitation liability are recorded to mining assets against an increase/decrease in the rehabilitation provision. The rehabilitation asset is amortised as noted previously. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred. Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are expensed when they are known, probable and may be reasonably estimated.

Provisions
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.

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

Taxation paid in the consolidated statement of cash flows relates to corporate tax liability payments. In Mali, the State is not reimbursing value added tax (TVA) due to the group as required under the legally binding mining convention. The group has an existing legal right under its mining convention to offset the TVA against corporate tax as it falls due. As a result, payments made under the TVA taxation system are being made in the knowledge that such payments first represent payments on account for corporate tax. The group records such payments as 'taxation paid' in the consolidated statement of cash flows as this is considered to present a more appropriate reflection of the group's corporate tax contribution by management. Once corporate tax liabilities are met, the remaining payments under the TVA system represent normal recoverable TVA and are not reflected in the consolidated statement of cash flows as 'taxation paid'.

Deferred taxation
Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not recognised. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the temporary differences reverses. Deferred 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 tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Accounting for Gounkoto non-controlling interest priority dividends
Under the statutory requirements of the 1999 Malian Mining Code (the 'Code'), the State of Mali is entitled to advanced payment of dividends. The advanced payment entitlement is calculated based on 10% of profits after certain deductions. The advanced dividends paid are deducted from the ordinary dividends that the government receives under its 20% equity interest in Gounkoto. Given the statute, a liability is recognised at each balance sheet date based on 10% of the accrued profit measure. The liability is extinguished upon the subsequent payment of the advanced dividend. An 'other receivables' asset is recorded as the advanced dividend automatically entitles Gounkoto to reduce future cash flows paid to the State of Mali and creates economic benefit. The carrying value of the asset is reviewed for impairment. Ordinary dividends are recorded as a reduction in non-controlling interest once declared.

Contingent liabilities
The group discloses contingent liabilities when possible obligations exist as a result of past events, unless the possible outflows of economic benefits are considered remote. By their nature, contingencies will often only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. In certain circumstances, to provide transparency, the group voluntarily elects to disclose information regarding claims for which any outflow of economic benefit is considered remote.

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

Employee benefits
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 expenses 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.

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 statement of financial position date are discounted to present value.

Profit-sharing and bonus plans
The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments
The fair value of the employee services received in exchange for the grant of options, restricted shares or participation in the group's co-investment plan is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or shares awards determined at the grant date:

- Including any market performance conditions (for example, the correlation used between the Euromoney Global Gold Index and the company TSR); and
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, reserve growth targets and remaining an employee of the entity over a specified time period).

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 statement of financial position date and the difference is charged or credited to the statement of comprehensive income, with a corresponding adjustment to equity. Market performance conditions are included in the fair value assumptions on the grant date with no subsequent adjustment. The proceeds received on exercise of the options net of any directly attributable transaction costs are credited to equity. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. Transfers are made between other reserves and share premium when options are exercised and shares vest for the cumulative share based expense.

Leases
Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. Leases of plant and equipment where the group assumes a significant portion of risks and rewards of ownership are classified as a finance lease. Finance leases are 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 statement of comprehensive income over the lease period. The plant and equipment acquired under the finance lease are depreciated over the useful lives of the assets, or over the lease term if shorter.

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

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

Exploration and evaluation costs
The group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely than not of being realised, ie 'probable'. While the criteria for concluding that an expenditure should be capitalised is always probable, the information that the directors use to make that determination depends on the level of exploration.

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

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed until such time as the directors have sufficient information to determine that future economic benefits are probable, after which the expenditure is capitalised as a mine development cost. The information required by directors is typically a final feasibility study however a prefeasibility study may be deemed to be sufficient where the additional work required to prepare a final feasibility study is not significant or the work done at prefeasibility level clearly demonstrates an economic asset. Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a prefeasibility study. This economic evaluation is distinguished from a prefeasibility study in that some of the information that would normally be determined in a prefeasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allow the directors to conclude that more likely than not the group will obtain future economic benefit from the expenditures. Costs relating to property acquisitions are capitalised within development costs.

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

Earnings per share
Earnings per share are computed by dividing net income by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share
Diluted earnings per share are presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

3. Key accounting estimates and judgements
Some of the accounting policies require the application of significant judgement by management in selecting the appropriate assumptions for calculating financial estimates or determining the appropriate accounting treatment for a transaction.

By their nature, these judgements are subject to an inherent degree of uncertainty and are based on historical experience, terms of existing contracts, management's view on trends in the gold mining industry and information from outside sources. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

TVA (value added tax)

Included in trade and other receivables are TVA receivables of $89.4 million (2015: $102.9 million) (2016: all current) (2015: $96.5 million current and $6.4 million non-current) consisting primarily of recoverable TVA balances owing by the fiscal authorities in Mali. In Mali the TVA owing is being offset against other tax owing to the State, in accordance with the legal right of offset under the relevant mining conventions. A further $59.0 million of TVA receivables (2015: $61.8 million) (at 45% attributable share) is included in the underlying statement of financial position of the Kibali joint venture and shown in the 'Investment in joint ventures' line in the group statement of financial position.

Profit forecasts for Loulo and Gounkoto, using approved budgets and mine plans, supports recovery of the balance through such offsetting by 2017 (2015: 2017), although the recovery and timing is subject to estimates of factors such as gold price and production. The gold price is consistent with that used in the group's impairment tests detailed below. The group is continuing to engage with authorities in Mali to pursue the cash settlement of the outstanding TVA balances. The group also continues to seek recovery of TVA in the DRC, in line with the Mining Code and the carrying value of the receivable has been assessed considering factors such as the level of receipts in the period and to date, relationships and communications with government officials and the tax authority and the limited quantum of disputed submissions. Judgement exists in assessing recovery of these receivables. While the TVA balance is considered collectible, uncertainty exists regarding the timing of receipt. Accordingly, the receivable has been discounted by $7.8 million (2015: nil) which required estimates as to the timing of future receipts based on historical trend and the applicable discount rate thereon.

Corporation tax claims

The International Center for Settlement of Investment Disputes' (ICSID) arbitration tribunal issued its final and binding award in 2016, resulting in Loulo being awarded $29.2 million in principal (together with an award for costs and interest) from the State of Mali, for monies found by the tribunal to have been wrongfully taken by the government through TVA credits. This amount was subsequently received during the third quarter of 2016. In addition, the arbitration ruled that TVA withholding tax on foreign suppliers was due to the State of Mali, although amounts due were also confirmed to be recoverable as TVA receivables by the award such that the TVA payable is matched by an equal TVA receivable. The arbitration however related to only a portion of the various tax claims which have been received by the group from the State of Mali in respect of its Mali operations. Payments totalling $27.3 million were made against a portion of these claims in the third quarter. The outstanding claims in respect of its Mali operations totalled $122.7 million at the end of the year. Having taken professional advice, the group considers the material elements of the outstanding claims to be without merit or foundation and is strongly defending its position in relation to these claims and following the appropriate legal process. Accordingly, no provision has been made for the material claims and the likelihood of a material outflow of economic benefits in respect of such claims are considered remote under IFRS. Loulo, Gounkoto and Morila have each legally binding establishment conventions which guarantee fiscal stability, govern the taxes applicable to the companies and allow for international arbitration in the event a dispute cannot be resolved in the country. Management continues to engage with the Malian authorities at the highest level to resolve these outstanding fiscal issues. During the third quarter, the group received payment demands for these disputed amounts, and while it was engaged with the authorities on these demands, its office in Bamako was closed by the authorities but subsequently reopened in October. During October 2016, the group paid tax advances to the State of Mali in the amount of $25.0 million, to ensure that it could continue to engage with the Malian authorities to resolve the tax disputes, noting that any amounts which are legally not due will be refunded. These amounts are shown in trade and other receivables.

Carrying values of property, plant and equipment and joint venture investments

The group assesses at each reporting period whether there is any indication that these assets may be impaired. If such indication exists, the group estimates the recoverable amount of the asset. The recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less cost to sell'. The estimates used for impairment reviews are based on detailed approved mine plans and operating plans. Future cash flows are based on estimates of:

- The quantities of the proven and probable reserves being those for which there is a high degree of confidence in economic extraction;
- Future production levels;
- Future commodity prices, including oil forecast at $60/bbl (2015: $60/bbl);
- Future cash cost of production and capital expenditure associated with extraction of the proven and probable reserves in the approved mine plan;
- Future gold prices – a gold price curve was used for the impairment calculations starting at a $1 200/oz gold price (2015: $1 150/oz) and increasing at an average of 2% per annum (2015: 1.5%). The gold price curve was determined after consideration of a range of forecast techniques and data sources;
- A discount rate equivalent to 8.2% pre-tax (2015: 7.9%); and
- An inflation rate of 2% (2015: 1.5%).

The impairment tests did not indicate impairment and head room existed at each mine. Given the significance of gold prices and the longevity of mine plans, the directors consider gold price and discount rate sensitivities to be relevant.

A reduction in forward gold prices in excess of 13.6% or an increase in the discount rate to 15.6% is required to give rise to an impairment at any of the mines with the greatest discount rate sensitivity being at Kibali.

However, having considered such scenarios, the directors remain satisfied that no impairment is appropriate. The models are considered suitably conservative with proven and probable reserves determined based on $1 000/oz gold price (2015: $1 000/oz) as shown on page F-22.

Capitalisation and depreciation

There are several methods that could be adopted for calculating depreciation, ie the straight line method, the production method using ounces produced and the production method using tonnes milled. The directors believe that the tonnes milled method is the best indication of plant and infrastructure usage. Refer to note 2 for the depreciation policy. Estimates are required regarding the allocation of assets to relevant proven and probable reserves in the unit of production calculations, with assessments involving the group's mining, capital and geology departments. Proven and probable reserves are used in each depreciation calculation, which is considered to be a suitably conservative measure of the future ore extractable using existing assets. Expenditure incurred to date in underground infrastructure development considered to have been commissioned, is depreciated over the remaining proven and probable reserves of the underground mine, as the infrastructure provides access to the future mining areas.

The group applies judgement in allocating costs between operating and capital items in respect of underground mining and in determining the date depreciation commences. Costs are capitalised when the activity provides access to future ore bodies and are expensed as operating costs when the works involve extraction of ore from operational sections of the orebody. The nature of activity is assessed based on information provided by contractors, together with inspections by the group's mining teams where contractor mining is used. The nature of activity is assessed by the group's mining teams where owner mining applies. Direct labour, materials and other costs are specifically allocated based on the activity performed. Indirect costs that are attributable to underground works are allocated between capital and operating expenses based on factors such as development versus operating metres.

Specifically, judgement is required in determining the point at which assets under construction at Kibali began commercial production and should be depreciated. Depreciation start dates are determined considering the factors detailed in note 2 and during the prior year Kibali underground mine assets attributable to production started to be depreciated. The commissioning of the underground happens in phases and as the sections are brought into production the attributable costs are transferred and depreciated. Judgement was applied in identifying the costs considered attributable to this production. Additionally, given ongoing mine construction and development, judgement was required in allocating costs between operating costs, ore stockpiles and ongoing capital works. Costs have been allocated based on the underlying activity and economic benefits.

Gold price assumptions

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

$/oz	2016	2015
Morila	**1 000**	1 000
Loulo: open pit	**1 000**	1 000
Loulo: underground	**1 000**	1 000
Tongon	**1 000**	1 000
Kibali	**1 000**	1 000
Massawa	**1 000**	1 000
Gounkoto	**1 000**	1 000

Changes in the gold price used could result in changes in the mineral reserve optimisation calculations which impact LoM plans. Mine modelling is a complex process and hence it is not feasible to perform sensitivities on gold price assumptions in respect of ore reserves.

Determination of ore reserves

The group estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012 (the 2012 JORC code). Reserves determined in this way are used in the calculation of depreciation and amortisation, as well as the assessment of the carrying value of property, plant and equipment and joint ventures and timing of mine closure obligations. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. For further information refer to the 'exploration review' in this annual report on page 82.

Future rehabilitation obligations

The net present value of current rehabilitation estimates have been discounted to their present value at 2.5% per annum (2015: 2.25%) being the prevailing risk free interest rates. Expenditure is generally expected to be incurred at the end of the respective mine lives. The group undertakes regular assessments by external experts of its mine closure plans, together with assessments by internal staff in the intervening periods, to determine the required rehabilitation works, cost of works and timing of such works. Judgement is required in determining the appropriate costs, timing of costs, discount rates and inflation. For further information, including the carrying amounts of the liabilities, refer to note 14. A 1% change in the discount rate on the group's rehabilitation estimates would result in an impact of $5.3 million (2015: $5.3 million) on the provision for environmental rehabilitation, and an impact of $0.5 million (2015: $0.6 million) on the statement of comprehensive income.

Stockpiles, gold in process and product inventories

Costs that are incurred in or benefit the productive process are accumulated as stockpiles, gold in process and product inventories. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on contained gold and metals prices, less estimated costs to complete production and bring the product to sale. Judgement is required in assessing whether stockpiles of different grades should be tested individually, or tested as inputs to the gold production process, as detailed in the group's accounting policy. In the current year, the stockpiles were tested for each individual mine, reflecting the planned blended feed of such stockpiles to the mill on the basis that they are blended together and with future ore mined.

Stockpile quantities are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. The forecast gold prices and cost escalators were those used in the impairment test detailed above.

Post production open cast mine stripping

The group capitalises costs, associated with stripping activity, to expose the orebody, within mining assets. Judgement is required in determining the relevant section or phase of the orebody to which stripping activity relates, based on assessment of factors such as mine planning, geology of the open cast pits and strategic board decisions such as the pushback campaigns which requires judgement over the eligible costs. The group subsequently depreciates relevant stripping assets as that section of the orebody is mined, which requires judgement as to the relevant section of the orebody for depreciation.

Exploration and evaluation expenditure

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

Share-based payments

Refer to note 15 for the key assumptions used in determining the value of share-based payments.

4. Income taxes

$000	NOTE	GROUP 31 Dec 2016	GROUP 31 Dec 2015
Current taxation		101 546	41 972
Deferred taxation	11	6 838	6 031
		108 384	48 003
The tax on the group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate applicable to the group's operations.			
Profit before tax		402 605	260 778
Tax calculated at effective tax rate of 30%		120 782	78 233
Difference in tax rates in overseas jurisdictions		(3 513)	-
Reconciling items:			
▪ Income taxed at 0%		(17 002)	(8 483)
▪ Expenses deductible at 0%		10 947	7 528
Côte d'Ivoire tax holiday permanent differences		-	(7 868)
Share of equity accounted joint venture profits		(5 190)	(23 191)
Other permanent differences		2 360	1 784
Taxation charge		108 384	48 003

The company is subject to an income tax rate in Jersey at 0%. Tongon benefited from a five year tax holiday in Côte d'Ivoire from the commencement of production in December 2010 until the tax exoneration period expired in December 2015 and as such Tongon is tax paying for 2016 at a rate of 25%. The benefit of the tax holiday to the group was to increase its net profit by nil (2015: $7.9 million). Accordingly, had the group not benefited from the tax holiday, earnings per share would have been reduced by nil for the year ended 31 December 2016 (2015: $0.09). Under Malian tax law, income tax is based on the greater of 30% of taxable income or 0.75% of gross revenue. Under Ivorian tax law, income tax is based on the greater of 25% of taxable income or 0.5% of gross revenue. The Loulo, Gounkoto and Tongon operations have no assessable capital expenditure carry forwards for assessable tax losses, at 31 December 2016 and 2015 respectively, for deduction against future mining income. The group's share of profits from equity accounted joint ventures is stated net of $9.7 million credits (2015: $11.0 million charges) for current and deferred tax entries, primarily in respect of Morila and Kibali.

5. Share capital and premium

The total authorised number of ordinary shares is 120 million (2015: 120 million) of $0.05 (2015: $0.05). All issued shares are fully paid. The total number of issued shares at 31 December 2016 was 93 803 752 shares (2015: 93 232 920 shares). Refer to the statement of changes in equity on page F-12 and F-13 of this annual report for more detail on the annual movement of the number of ordinary shares, share capital and share premium, including the movement arising from the issue of restricted shares, exercise of share options and vesting of share awards and the scrip dividends. Randgold's board of directors has recommended an annual dividend for the period ended 31 December 2016 of $1.00 per share, up 52% on the previous year's $0.66. The dividend will be paid in cash with no scrip alternative being made available and the resolution for the dividend has been submitted to shareholders for approval at the company's annual general meeting scheduled for Tuesday 2 May 2017.

6. Earnings and dividends per share

	GROUP Income (numerator) $000	GROUP Shares (denominator)	GROUP Per share amount $
For the year ended 31 December 2016			
Basic earnings per share			
Shares outstanding at 1 January 2016		93 232 920	
Weighted number of shares issued		411 190	
Income available to shareholders	247 474	93 644 110	2.64
Effective of dilutive securities			
Share options		38 833	
Restricted shares		1 110 899	
Diluted earnings per share	247 474	94 793 842	2.61
For the year ended 31 December 2015			
Basic earnings per share			
Shares outstanding at 1 January 2015		92 674 085	
Weighted number of shares issued		419 607	
Income available to shareholders	188 677	93 093 692	2.03
Effective of dilutive securities			
Share options		77 227	
Restricted shares		922 884	
Diluted earnings per share	188 677	94 093 803	2.01

Refer to note 15 for details on share options and share awards issued. $61.7 million ($0.66 per share) was paid as dividends in 2016 (2015: $55.7 million/$0.60 per share) of which $52.1 million was paid in cash and $9.6 million was paid as scrip dividends. On 6 February 2017, the board of directors proposed an annual dividend of $1.00 per share which, if approved, will result in an aggregate dividend payment of $93.8 million and is expected to be paid in May 2017. The proposed dividend in respect of 2016 is subject to shareholder approval at the annual general meeting to be held on 2 May 2017. The dividend will be paid in cash with no scrip alternative being made available.
377 387 restricted share awards were also antidilutive at 31 December 2016 (2015: 470 212). The total number of potentially issuable shares at 31 December 2016 was 1 655 138 (2015: 1 766 813).

7. Trade and other receivables

		GROUP		COMPANY	
$000	NOTE	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Trade receivables		34 099	9 239	-	-
Advances to contractors		7 861	8 419	-	-
Taxation debtors	7.1	112 684	110 038	-	-
Prepayments and other receivables		67 712	67 713	5 417	1 529
Gounkoto advance dividend	7.2	9 074	9 300	-	-
Total		231 430	204 709	5 417	1 529
Less: current portion		(231 430)	(198 292)	(5 417)	(1 529)
Non-current portion	7.1	-	6 417	-	-

7.1 The taxation debtors primarily relate to indirect taxes owing to the group by the State of Mali, including TVA balances at Loulo of $61.6 million (2015: $85.7 million) and Gounkoto of $26.2 million (2015: $17.2 million). The taxation debtor also includes corporate tax prepayments at Loulo of $18.5 million (2015: $9.0 million) and Gounkoto of $6.4 million (2015: nil).
7.2 Refer to note 2 for details of the Gounkoto dividend.

The classes within trade and other receivables do not contain impaired assets. The carrying values are considered to approximate fair values.

The credit quality of receivables that are not past due or impaired is considered high. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security although it has the legally binding right to offset TVA balances with other taxation payable in Mali, and exercises this right. Refer to note 17 for further information on the concentration of credit risk.

The terms of payment of trade receivables are less than seven days, advances to contractors 30 days and taxation debtors are six months.

8. Inventories and ore stockpiles

	GROUP	
$000	31 Dec 2016	31 Dec 2015
Consumable stores	100 530	101 829
Stockpiles	172 541	182 699
Gold in process	10 662	13 782
Total inventories and ore stockpiles	283 733	298 310
Less: current portion	(119 027)	(130 973)
Non-current portion	164 706	167 337

All inventory and ore stockpiles are started at the lower of cost or net realisable value.
Non-current ore stockpiles reflect ore tonnes not planned to be processed within the next 12 months.

9. Property, plant and equipment

	GROUP		COMPANY	
$000	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Mine properties, mine development costs and mine plant facilities and equipment cost				
At the beginning of year	2 272 985	2 069 846	30 771	28 230
Additions	189 436	203 139	6 886	2 541
	2 462 421	2 272 985	37 657	30 771
Accumulated depreciation and amortisation				
At beginning of year	726 218	575 316	2 497	1 649
Charge for the year	175 343	150 902	367	848
	901 561	726 218	2 864	2 497
Net book value	1 560 860	1 546 767	34 793	28 274

Long-lived assets

Included in property, plant and equipment are long-lived assets which are amortised on a unit of production basis as detailed in note 2 and comprise the metallurgical plants, tailings and raw water dams, power plants and mine infrastructure and development costs. The net book value of these assets was $1 553.5 million at 31 December 2016 (2015: $1 535.4 million).

Short-lived assets

Included in property, plant and equipment are short-lived assets which are amortised over their useful lives and are comprised of motor vehicles and other equipment. The net book value of these assets was $6.0 million at 31 December 2016 (2015: $7.7 million).

Undeveloped property

Included in property, plant and equipment are undeveloped property costs of $1.4 million (2015: $1.7 million).

Post production stripping

Property, plant and equipment include capitalised stripping costs, related to the production phase of opencast mining. The net book value at 31 December 2016 was nil (2015: $2.0 million).

Company

The figures in the 2016 and 2015 company column mainly relate to costs which have been capitalised on the Massawa project.

	GROUP	
	31 Dec 2016	31 Dec 2015
The remaining maximum estimated useful lives in respect of proven and probable reserves for each mine included above is as follows:		
Loulo	**12 years**	13 years
Gounkoto	**10 years**	10 years
Tongon	**4 years**	6 years

10. Investments and loans in subsidiaries and joint ventures

	COMPANY	
$000	31 Dec 2016	31 Dec 2015
Investments in subsidiaries and joint ventures		
Investment in Société des Mines de Tongon SA[1]	**12 340**	12 000
Investment in Randgold Resources Mali SARL	**2**	2
Investment in Kibali (Jersey) Ltd[2]	**1 279 068**	1 279 068
Investment in RAL 2 Ltd[4]	**1 122**	1 122
Investment in Isiro (Jersey) Ltd	**20**	20
Total investments in subsidiaries and joint ventures	**1 292 552**	1 292 212
Loans to subsidiaries and joint ventures		
Loan – Randgold Resources Mali SARL	**16 678**	15 844
Loan – Randgold Resources (Somilo) Ltd[1]	**406 091**	592 661
Loan – Randgold Resources (UK) Ltd	**3 638**	1 601
Loan – Société des Mines de Tongon SA[1]	**14**	-
Loan – Kibali Goldmines SA[2]	**654**	273
Loan – Kibali 2 (Jersey) Ltd[2]	**1 502**	1 489
Loan – RAL 2 Ltd[4]	**32 297**	36 416
Loan – Société des Mines de Gounkoto SA[1]	**631**	890
Loan – Randgold Resources (Gounkoto) Ltd[1]	**2 505**	211
Loan – Société des Mines de Loulo SA[1]	**564**	687
Loan – KGL Isiro SARL	**4 743**	4 369
Loan – Kibali (Jersey) Ltd[2]	**-**	39
Loan – Isiro (Jersey) Ltd	**705**	705
Loan – Randgold Resources Congo SARL	**797**	502
Loan – Randgold Resources (Côte d'Ivoire) Limited[2]	**12 688**	7 936
Total loans to subsidiaries and joint ventures	**483 507**	663 623
Loans from subsidiaries and joint ventures		
Loan – Kibali (Jersey) Ltd[2]	**(943)**	-
Loan – Seven Bridges Trading 14 (Pty) Ltd	**(1 652)**	(1 792)
Loan – Mining Investments (Jersey) Ltd	**(867)**	(4 521)
Loan – RAL 1 Ltd[3]	**(10 236)**	(308)
Total loans from subsidiaries and joint ventures	**(13 698)**	(6 621)
Total investments and loans in subsidiaries and joint ventures	**1 762 361**	1 949 214

[1] Randgold owns 80% of Société des Mines de Loulo SA and Société des Mines de Gounkoto SA through the intermediary holding companies Randgold Resources (Somilo) Ltd and Randgold Resources (Gounkoto) Ltd respectively, with the State of Mali owning 20%. Randgold owns 89.7% of Société des Mines de Tongon SA through the intermediary holding company Randgold Resources (Côte d'Ivoire) Limited, having acquired an additional 0.7% interest during the year, with the State of Côte d'Ivoire and another outside shareholder owning 10% and 0.3% respectively. These subsidiaries include material non-controlling interests. Details of the nature of the operations is provided in note 1, details of the Gounkoto dividend on page F-15 of this annual report and note 2, with summarised financial information provided in note 16. The cumulative non-controlling interest in Société des Mines de Loulo SA is $119.2 million (2015: $97.7 million) with its non-controlling interest share of profit of $21.5 million, Société des Mines de Gounkoto SA is $75.1 million (2015: $85.4 million) with its non-controlling interest share of profit of $19.8 million and Société des Mines de Tongon SA is $49.8 million (2015: $47.0 million) with its non-controlling interest share of profit of $5.5 million.

[2] Randgold and AngloGold Ashanti are the joint shareholders of Kibali (Jersey) Ltd group which in turn owns an effective 90% interest in Kibali Goldmines SA, giving an effective 45% interest in Kibali Goldmines SA.

[3] Randgold and DTP SA (DTP) are the joint shareholders of RAL 1 Ltd.

[4] Randgold and West Africa Mining Fleet Financing Ltd (WAMFF) are the joint shareholders of RAL 2 Ltd.

For the jurisdiction of incorporation of the group companies refer to the list of group companies on page 250 of this annual report.

The joint venture agreements and structures for Kibali and Morila, together with the asset leasing joint ventures (KAS 1 Limited, RAL 1 Limited and RAL 2 Limited) provide the group with interests in the net assets of those companies, rather than interests in underlying assets and obligations. Accordingly, under IFRS 11, the group's share of joint ventures has been accounted for using the equity method.

The following tables represent the group's share of the assets and liabilities of the respective joint venture which are included in the consolidated balance sheet and statement of comprehensive income within the total investments in joint ventures, share of profits of equity accounted joint ventures and share of equity accounted joint ventures' other comprehensive income.

Investment in joint ventures

The movements in total investments in joint ventures are as follows:

	GROUP	
$000	31 Dec 2016	31 Dec 2015
Beginning of year		
Investments in equity accounted joint ventures	1 427 316	1 394 042
Other investments in joint venture	45 940	43 854
Total investments in joint ventures	1 473 256	1 437 896
Funds invested in equity accounted joint ventures	-	2 829
Loans repaid by equity accounted joint ventures	(11 927)	(1 072)
Share of profits of equity accounted joint ventures	17 299	77 303
Dividends	(30 000)	(45 272)
Share of other comprehensive income of joint ventures	6	1 572
End of year		
Investments in equity accounted joint ventures	1 414 211	1 427 316
Other investments in joint ventures	34 423	45 940
Total investments in joint ventures	1 448 634	1 473 256

Kibali (Jersey) Limited

Set out below is the summarised financial information for Kibali (Jersey) Limited which is accounted for using the equity method (amounts stated at 100% before intercompany eliminations).

	GROUP	
$000	31 Dec 2016	31 Dec 2015
Summarised statement of financial position		
Current		
Cash and cash equivalents	18 865	21 373
Other current assets (excluding cash)	179 588	259 367
Total current assets	198 453	280 740
Financial liabilities (excluding trade payables)	(10 285)	(9 808)
Other current liabilities (including trade payables)	(133 113)	(124 564)
Total current liabilities	(143 398)	(134 372)
Non-current		
Assets	2 805 020	2 754 022
Financial liabilities	(46 929)	(51 746)
Other liabilities	(32 259)	(57 459)
Total non-current liabilities	(79 188)	(109 205)
Net assets	2 780 887	2 791 183

	GROUP	
$000	31 Dec 2016	31 Dec 2015
Summarised statement of comprehensive income		
Revenue	709 372	747 272
Depreciation and amortisation	(210 925)	(192 509)
Interest income	4 735	4 818
Interest expense	(5 298)	(5 376)
Profit before tax	26 728	155 825
Income tax	22 962	(17 840)
Post-tax profit	49 690	137 985
Other comprehensive income – gain on available for sale financial asset	13	3 144
Total comprehensive income	49 703	141 129

$000	GROUP 31 Dec 2016	31 Dec 2015
Reconciliation of the group's summarised financial information presented to the carrying amount of the group's interest in the Kibali joint venture		
Opening net assets 1 January	**2 791 184**	2 720 055
Profit for the period	**49 690**	137 985
Recycling of permanent losses on available-for-sale financial asset	**-**	3 173
Gain/(loss) on available-for-sale financial asset	**13**	(29)
Other comprehensive income	**13**	3 144
Dividends received	**(60 000)**	(70 000)
Closing net assets	**2 780 887**	2 791 184
Interest in joint venture at 50%	**1 390 443**	1 395 592
Mineral property at acquisition	**26 154**	28 778
Adjustment to reflect attributable interest	**1 565**	(520)
Carrying value	**1 418 162**	1 423 850

The segmental report in note 16 presents information based on the group's effective 45% interest in the underlying Kibali gold mine as reported internally. As such, that differs to the 50% interest in the Kibali (Jersey) Limited group.

The group's effective interest in Kibali is 45%. The group holds a 50% joint venture interest in Kibali (Jersey) Limited with AngloGold Ashanti. Joint control is provided through shareholdings and the joint venture agreement. Kibali (Jersey) Limited holds an effective 90% interest in Kibali Goldmines SA thereby giving the group an effective 45% interest in that mine. Refer to note 1 for details.

Note that the KAS 1 Limited asset leasing joint venture in which the group has an effective 25.01% interest is included within the Kibali joint venture as Kibali (Jersey) Limited is the joint venture partner with DTP.

Morila

Set out below is the summarised financial information for Morila which is accounted for using the equity method (amounts stated at 100% before intercompany eliminations).

$000	GROUP 31 Dec 2016	31 Dec 2015
Summarised statement of financial position		
Current		
Cash and cash equivalents	**8 569**	14 246
Other current assets (excluding cash)	**49 804**	53 350
Total current assets	**58 373**	67 596
Other current liabilities (including trade payables)	**(53 484)**	(54 358)
Total current liabilities	**(53 484)**	(54 358)
Non-current		
Assets	**15 493**	25 579
Other liabilities	**(25 315)**	(25 951)
Total non-current liabilities	**(25 315)**	(25 951)
Net (liabilities)/assets	**(4 933)**	12 866
Summarised statement of comprehensive income		
Revenue	**65 086**	142 992
Depreciation and amortisation	**(9 464)**	(23 337)
Interest income	**14**	2
Interest expense	**(806)**	(999)
(Loss)/profit before tax	**(16 256)**	24 856
Income tax	**(1 543)**	(7 455)
Post-tax (loss)/profit	**(17 799)**	17 401
Other comprehensive income	**-**	-
Total comprehensive (expense)/income	**(17 799)**	17 401
Dividends received from joint venture	**-**	25 680

$000	GROUP 31 Dec 2016	31 Dec 2015
Reconciliation of the summarised financial information presented to the carrying amount of the group's interest in the Morila joint venture		
Summarised financial information		
Opening net assets 1 January	**12 866**	21 145
(Loss)/profit for the period	**(17 799)**	17 401
Dividends received	**-**	(25 680)
Closing net (liabilities)/assets	**(4 933)**	12 866
Interest in joint venture at 40%	**(1 973)**	5 146
Carrying value	**(1 973)**	5 146

Refer to note 1 for the nature of operations, country of incorporation and the ownership interest in Morila. Joint control exists through the joint venture agreement with AngloGold Ashanti.

RAL 1 Limited

Set out below is the summarised financial information for RAL 1 Limited which is accounted for using the equity method (amounts stated at 100% before intercompany eliminations).

$000	GROUP 31 Dec 2016	31 Dec 2015
Summarised statement of financial position		
Current		
Cash and cash equivalents	**649**	1 295
Other current assets (excluding cash)	**632**	1 605
Total current assets	**1 281**	2 900
Other current liabilities (including trade payables)	**(6 318)**	(6 740)
Total current liabilities	**(6 318)**	(6 741)
Non-current		
Assets	**9 417**	11 552
Financial liabilities	**(3 517)**	(7 225)
Total non-current liabilities	**(3 517)**	(7 225)
Net assets	**863**	487
Summarised statement of comprehensive income		
Revenue	**5 133**	1 463
Depreciation and amortisation	**(4 211)**	(779)
Interest income	**544**	1
Interest expense	**(650)**	(354)
Profit before tax	**376**	201
Income tax	**-**	-
Post-tax profit	**376**	201
Other comprehensive income	**-**	-
Total comprehensive income	**376**	201
Reconciliation of the summarised financial information presented to the carrying amount of the group's interest in the RAL 1 joint venture		
Opening net assets 1 January	**487**	286
Profit for the period	**376**	201
Closing net assets	**863**	487
Interest in joint venture at 50.1%	**432**	244
Funding classified as long term debt by joint venture in 'other investments in joint ventures'	**2 335**	4 146
Carrying value	**2 767**	4 390

RAL 1 Limited is an asset leasing joint venture in which the group has a 50.1% interest with DTP being the joint venture partner. The joint venture operates in Mali and Côte d'Ivoire and is incorporated in Jersey.
Refer to note 19 for details of joint venture capital commitments.

RAL 2 Limited

Set out below is the summarised financial information for RAL 2 Limited which are accounted for using the equity method (amounts stated at 100% before intercompany eliminations). The group has a 50.1% interest with WAMFF Ltd being the joint venture partner.

	GROUP	
$000	**31 Dec 2016**	31 Dec 2015
Summarised statement of financial position		
Current		
Cash and cash equivalents	**1 122**	2 686
Other current assets (excluding cash)	**1 922**	1 884
Total current assets	**3 044**	4 570
Other current liabilities (including trade payables)	**(24 706)**	(1 155)
Total current liabilities	**(24 706)**	(1 155)
Non-current		
Assets	**46 978**	63 616
Financial liabilities	**(24 262)**	(66 419)
Total non-current liabilities	**(24 262)**	(66 419)
Net assets	**1 054**	612
Summarised statement of comprehensive income		
Revenue	**22 179**	23 840
Depreciation and amortisation	**(16 638)**	(17 290)
Interest expense	**(2 237)**	(3 718)
Profit before tax	**442**	455
Income tax	**-**	-
Post-tax profit	**442**	455
Other comprehensive income	**-**	-
Total comprehensive income	**442**	455
Reconciliation of the summarised financial information presented to the carrying amount of the group's interest in the RAL 2 joint venture		
Opening net assets 1 January	**612**	157
Profit for the period	**442**	455
Closing net assets	**1 054**	612
Interest in joint venture at 50.1%	**528**	307
Funding classified as long term debt by joint venture in 'other investments in joint ventures'	**31 128**	41 243
Carrying value	**31 656**	41 550

Refer to note 19 for details of joint venture capital commitments.

KGL Isiro SARL

KGL Isiro SARL is an exploration company in which the group has a 51% interest with Kilo Goldmines Ltd being the joint venture partner. The total exploration expenses incurred in 2016 amounted to $0.6 million (2015: $0.9 million), of which $0.3 million (2015: $0.4 million) is the group's share. The net loss and net assets are immaterial.

11. Deferred taxation

$000	NOTE	GROUP 31 Dec 2016	GROUP 31 Dec 2015
Deferred tax is calculated on temporary differences under the liability method using a tax rate of 30% in respect of the Malian operations and 25% in respect of the Ivorian operations.			
The movement on deferred taxation is as follows:			
At the beginning of the year		**35 548**	29 517
Statement of comprehensive income charge	4	**6 838**	6 031
At the end of the year		**42 386**	35 548
Deferred taxation assets and liabilities comprise the following:			
Accelerated tax depreciation		**41 786**	34 948
Deferred stripping		**600**	600
Deferred taxation liability		**42 386**	35 548
Net deferred tax liability		**42 386**	35 548

There is no deferred tax on other comprehensive income items. There are no unrecognised deferred tax liabilities in respect of undistributed profits.

12. Available for sale financial assets

$000	GROUP **31 Dec 2016**	GROUP 31 Dec 2015	COMPANY **31 Dec 2016**	COMPANY 31 Dec 2015
At 1 January	**906**	1 467	**906**	1 467
Net losses/(gains) transferred from/to equity	**1 600**	(561)	**1 600**	(561)
Disposals	**(2 506)**	-	**(2 506)**	-
At 31 December	**-**	906	**-**	906

13. Trade and other payables

$000	NOTE	GROUP **31 Dec 2016**	GROUP 31 Dec 2015	COMPANY **31 Dec 2016**	COMPANY 31 Dec 2015
Trade payables		**27 993**	34 443	**-**	-
Payroll and other compensation		**11 609**	13 302	**8 257**	10 192
Accruals and other payables		**78 701**	82 276	**2 882**	4 312
Gounkoto priority dividend	2	**9 074**	9 300	**-**	-
		127 377	139 321	**11 139**	14 504

14. Provision for environmental rehabilitation

$000	GROUP **31 Dec 2016**	GROUP 31 Dec 2015
Opening balance	**47 581**	55 904
Unwinding of discount	**1 070**	1 397
Change in estimates	**6 804**	(9 720)
At 31 December	**55 455**	47 581

As at 31 December 2016, $23.9 million of the provision relates to Loulo (31 December 2015: $22.3 million), $23.9 million (2015: $18.8 million) of the provision relates to Tongon, while $7.7 million relates to Gounkoto (2015: $6.5 million). The provisions for rehabilitation costs include estimates for the effect of inflation and changes in estimates and have been discounted to their present value at 2.5% (2015: 2.25 %) per annum, being an estimate equivalent to the risk free rate determined with reference to US government bonds with maturity dates comparable to the estimated rehabilitation of the mines. Rehabilitation cash flows are risk adjusted. Limited environmental rehabilitation regulations currently exist in Mali and Côte d'Ivoire to govern the mines, so the directors have based the provisions for environmental rehabilitation on standards set by the World Bank, which require an environmental management plan, an annual environmental report, a closure plan, an up-to-date register of plans of the facility, preservation of public safety on closure, carrying out rehabilitation works and ensuring sufficient funds exist for the closure works. However, it is reasonably possible that the group's estimate of its ultimate rehabilitation liabilities could change as a result of changes in regulations or cost estimates. The group is committed to rehabilitation of its mines. It makes use of independent environmental consultants for advice and it also uses past experience in similar situations to ensure that the provisions for rehabilitation are adequate. Current LoM plans envisage the expected outflow to occur at the end of the LoM which is 2029 for Loulo, 2021 for Tongon and 2027 for Gounkoto.

15. Employment cost

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

	GROUP	
$000	31 Dec 2016	31 Dec 2015
Total employee benefit cost was as follows:		
Short term benefits	71 453	50 199
Pension contributions	11 460	5 104
Share-based payments	23 891	22 943
Total	106 804	78 246

Share-based payments

Share options, restricted shares and participation in co-investment plan share awards are granted to directors and employees in exchange for services rendered.

Share-based payments – share options

The fair value of employee services received as consideration for share options (equity settled) of the company is calculated using the Black-Scholes option pricing model. Options vest after two, three and four years and lapse after a maximum term of 10 years.
No new options were granted during the year and therefore no inputs to the option model, etc are provided for the current year.
110 800 share options were exercised during 2016 at a weighted average exercise price of $29.19. No options lapsed during the year.

The following table summarises the information about the options outstanding, including options that are not yet exercisable:

	GROUP		
Range of exercise price ($)	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price ($)
At 31 December 2016			
22.19 – 22.19	12 477	0.64	22.19
26.26 – 46.34	2 000	1.39	45.27
	14 477	0.74	25.38
At 31 December 2015			
22.19 – 22.19	78 277	1.64	22.19
26.26 – 46.34	31 000	2.80	30.69
56.99 – 56.99	16 000	3.67	56.99
	125 277	2.19	28.74

The following table summarises information about options that are exercisable as at 31 December 2016 and 2015:

Range of exercise price ($)	Number of exercisable options	Weighted average exercise price ($)
At 31 December 2016		
22.19 – 22.19	12 477	22.19
26.26 – 46.34	2 000	45.27
	14 477	25.38
At 31 December 2015		
22.19 – 22.19	78 277	22.19
26.26 – 46.34	31 000	30.69
56.99 – 56.99	16 000	56.99
	125 277	28.74

Share-based payments – restricted shares and participation in co-investment plan

The company operates restricted share schemes for directors and employees, as well as participation in a co-investment plan for directors and senior management.

Restricted shares issued to employees

Restricted shares issued to employees are subject to a satisfactory performance level being achieved during the 12 month period prior to the exercise date of each tranche of shares. The minimum performance level to be achieved is defined as level 3 on the company's performance management system. All employees to whom restricted shares have been granted are expected to meet this level of performance. The performance period is typically up to five years where the employee must remain in employment for the shares to vest. There are no market based vesting conditions on the share awards.

The fair value of the restricted shares issued in 2016 and 2015 are detailed below and the share-based payment charge is charged to profit evenly between the grant and vesting dates. The restriction on the shares (no dividends received during the vesting period) had a minimal impact on the fair value estimate at the grant date. The restricted shares have an exercise price of nil.

The fair value of the restricted shares issued in 2016 was calculated using the Black-Scholes pricing model. The key assumptions used in this model for shares granted during the year ending 31 December 2016 were as follows:

		GROUP	
$000	NOTE	**January 2016**	**August 2016**
Quantity of shares issued		**246 800**	**127 300**
Fair value of shares issued		**$17.9 million**	**$14.6 million**
Performance period		**3, 4 and 5 years**	**3, 4 and 5 years**
Volatility	15.1	**34.8%, 34.6% and 34.3%**	**34.8%, 36.4% and 37.2%**
Risk-free interest rate		**0.9%, 1.3% and 1.3%**	**0.8%, 1.0% and 1.0%**
Dividend yield		**0.84%**	**0.56%**
Weighted average share price on grant and valuation date	15.2	**$75.2**	**$117.6**

15.1 Volatility is based on the three year historical volatility of the company's shares on each grant date.
15.2 Weighted average share price for the valuation is calculated taking into account the market price on all grant dates.

In 2015, there were 286 300 awards: 191 000 awards in January 2015 and 95 300 awards in August 2015. The market price at the award dates was $83.8 and $60.4 respectively and vested over three, four and five years in equal tranches. The volatility, risk free rate and dividend yield had no significant impact on fair value but were consistent with those above. The total fair value of the awards was $21.1 million over the vesting periods.

Restricted shares issued to executive directors in 2009 and 2010

The restricted shares issued to executive directors in 2009 and 2010 were subject to directors remaining employed, as well as being subject to a market performance condition, being the company's relative TSR performance over three years against the HSBC Global Gold Index (since renamed the Euromoney Global Gold Index). This was assessed and had a minimal impact on the fair value estimate at the grant date. The fair value of the restricted shares was based on the share price on the grant date and the share-based payment charge is charged to profit evenly between the grant and vesting dates. The restriction on the shares (no dividends received during the vesting period) had a minimal impact on the fair value estimate at the grant date. The restricted shares have an exercise price of nil. Details of the awards that vested and lapsed in the year are shown on page 236 to 237 of this annual report, together with details of the award dates and market prices at award and vesting dates.

Restricted share awards granted to executive directors in 2011, 2012, 2013, 2014, 2015 and 2016

The restricted share scheme for 2011, 2012 and 2013 operates with conditional share awards, where the awards will vest in three equal one-third tranches subject to the fulfilment of performance conditions measured on an annual basis. Shares awarded in 2016, 2015 and 2014 are subject to one four-year performance period of assessment. If the performance conditions are met, awards vest at the end of each performance period. The 2011, 2012 and 2013 awards are subject to four performance conditions: absolute TSR (market based), EPS growth, additional reserves and absolute reserves. The 2014 awards are subject to three performance conditions: absolute TSR (market based), EPS growth and additional reserves. The 2016 and 2015 awards are subject to three performance conditions: absolute TSR (market based), total cash cost per ounce and additional reserves. Grant date fair value was calculated using the market-based measure. No dividends are attributable during the vesting period. Refer to the remuneration committee report on pages 210 to 237 of this annual report for more detail.

The fair value of the restricted shares issued to executive directors in 2016 and 2015 was calculated using a Monte Carlo simulation model. The key assumptions used in this model for shares awarded during the years ending 31 December 2016 and 2015 were as follows:

		GROUP	
$000	NOTE	**March 2016**	March 2015
Quantity of shares issued		**44 664**	55 782
Fair value of shares awarded		**$2.2 million**	$2.0 million
Performance period		**4 years and a 1 year post vesting retention requirement**	4 years and a 1 year post vesting retention requirement
Risk free interest rate		**1.01%**	1.45%
Volatility	15.1	**35%**	35%
Euromoney Global Gold Index volatility		**35%**	35%
Correlation used between the Euromoney Global Gold Index and the company TSR		**85%**	85%
Weighted average share price on grant and valuation date	15.2	**$88.50**	$67.41

15.1 Volatility is based on the three year historical volatility of the company's shares over the relevant vesting periods.
15.2 Weighted average share price for the valuation is calculated taking into account the market price on all grant dates.

CEO performance shares

At the company's annual general meeting in 2013, shareholders approved a one-off award of performance shares to the CEO. The vesting of the performance shares is subject to the achievement of the conditions set out on page 229 of this annual report and the CEO continuing to hold office or employment with the company during the period of three years from 29 April 2013, the date of grant of the award of performance shares. The fair value was determined at $4.0 million. The final tranche of the award remains outstanding and subject to the satisfaction of the final performance target, provided the CEO holds office or employment as of the date of achievement of the condition.

Four out of five of the performance conditions have been met. The performance condition in respect of one fifth (10 006 shares) was met at a value of $71.54 per share in 2013 and the performance conditions in respect of three fifths (30 018 shares), comprising three tranches each of 10 006 shares, were met at a value of $67.41 per share in 2014. As a result, in aggregate 40 024 shares were transferred to the CEO on 29 April 2016. The shares are restricted from dealing and will only be released when the CEO leaves the service of the company. In the interim the CEO will be entitled to vote over the shares and receive any dividend accrued on those shares at the time the shares are released.

Restricted shares issued to directors and management (excluding co-investment plan)

Movements in the number of restricted shares outstanding and their issue prices are as follows:

	Weighted market price at award date $ 2016	Weighted market price at award date $ 2015	**Shares 2016**	Shares 2015	**Weighted average remaining contractual life (years) 2016**	Weighted average remaining contractual life (years) 2015
Shares granted to executive directors						
At 1 January	**80.88**	84.54	**189 142**	160 655		
Awarded	**92.75**	73.42	**44 664**	55 781		
Vested	**76.53**	76.53	**(3 882)**	(3 882)		
Lapsed	**86.45**	89.08	**(38 452)**	(23 412)		
At 31 December	**82.62**	80.88	**191 472**	189 142	**1.74**	2.42
Shares awarded to non-executive Directors						
At 1 January	**-**	76.15	**-**	-		
Awarded	**99.68**	76.15	**13 500**	13 500		
Vested	**99.68**	76.15	**(13 500)**	(13 500)		
At 31 December	**-**	-	**-**	-	**-**	-
Shares awarded to employees						
At 1 January	**81.36**	84.36	**1 189 300**	1 248 800		
Awarded	**89.63**	75.99	**374 100**	286 300		
Vested	**89.75**	89.08	**(234 100)**	(222 300)		
Lapsed	**76.57**	84.66	**(108 700)**	(123 500)		
At 31 December	**82.53**	81.36	**1 220 600**	1 189 300	**2.14**	2.75

Participation in co-investment plan by executive directors in 2016 and 2015

One third of any annual bonus earned is compulsorily deferred and an executive director may also choose to commit further shares into a co-investment plan. The maximum commitment which may be made is 250% of base salary by the CEO and 125% of base salary by the CFO. Committed shares must be retained for three years and may be matched, depending on relative TSR performance over three years against the Euromoney Global Gold Index. If after three years the TSR performance of the company equals or exceeds the performance of the Euromoney Global Gold Index, then the committed shares may be matched on a stepped scale. Refer to page 217 of the remuneration committee report of the annual report for further details. The maximum level of matching is one-for-one. The vesting of the award is dependent on the company's TSR performance relative to the Euromoney Global Gold Index.

The fair value of awards made under the co-investment plan in 2016 and 2015 was calculated using a Monte Carlo simulation model.

The key assumptions used in this model for awards made under the co-investment plan during the years ending 31 December 2016 and 2015 were as follows:

		GROUP	
$000	NOTE	**March 2016**	March 2015
Quantity of shares committed		**55 830**	69 726
Fair value		**$2.3 million**	$2.6 million
Performance period		**3 years**	3 years
Risk free interest rate		**1.01%**	0.89%
Volatility	15.1	**35%**	35%
Euromoney Global Gold Index volatility		**35%**	35%
Correlation used between the Euromoney Global Gold Index and the company TSR		**85%**	85%
Weighted average share price on grant and valuation date	15.2	**$88.50**	$74.0

15.1 Volatility is based on the three year historical volatility of the company's shares over the relevant vesting periods.
15.2 Weighted average share price for the valuation is calculated taking into account the market price on all grant dates.

Participation in co-investment plan by senior management in 2016 and 2015

Senior management had the opportunity to participate in Randgold's senior management co-investment plan in 2016 and 2015. The maximum commitment which may be made in the co-investment plan is 100% of base salary. Committed shares must be retained for three years and may be matched, depending on the relative TSR performance over three years against the Euromoney Global Gold Index. If after three years the TSR performance of the company equals or exceeds the performance of the Euromoney Global Gold Index, then the committed shares may be matched on a stepped scale. The maximum level of matching is one-for-one. The vesting of the award is dependent on the company's TSR performance relative to the Euromoney Global Gold Index. 10 841 shares vested during the year and related to the awards made under the co-investment plan in 2013.

The fair value of awards made under the co-investment plan in 2016 and 2015 was calculated using a Monte Carlo simulation model. The key assumptions used in this model for awards made under the co-investment plan during the years ending 31 December 2016 and 2015 were as follows:

		GROUP	
$000	NOTE	**March 2016**	March 2015
Quantity of shares committed		**10 739**	20 730
Fair value		**$0.4 million**	$0.8 million
Performance period		**3 years**	3 years
Risk free interest rate		**1.01%**	0.95%
Volatility	15.1	**35%**	35%
Euromoney Global Gold Index volatility		**35%**	35%
Correlation used between the Euromoney Global Gold Index and the company TSR		**85%**	85%
Weighted average share price on grant and valuation date	15.2	**$88.50**	$73.38

15.1 Volatility is based on the three year historical volatility of the company's shares over the relevant vesting periods.
15.2 Weighted average share price for the valuation is calculated taking into account the market price on all grant dates.

16. Segmental information

Operating segments have been identified on the basis of internal reports about components of the group that are regularly reviewed by the group's chief operating decision maker. The operating segments included in internal reports are determined on the basis of their significance to the group. In particular, operating mines are reported as separate segments and exploration projects that have significant capitalised expenditure or other fixed assets are also reported separately. The Kibali and Morila joint ventures are included on a line by line basis, reflecting internal reporting. Other parts of the group, including the RAL 1 Limited and RAL 2 Limited joint ventures, are included within corporate and exploration. The group's chief operating decision maker is considered by management to be the board of directors. An analysis of the group's business segments, excluding intergroup transactions, is set out below. Major end customers are not identifiable because all gold is sold to an agent.

Country of operation		Mali		Côte d'Ivoire	DRC	Jersey				
$000	Group's 40% share of Morila	Loulo	Goukoto	Tongon	Group's effective 45% share of Kibali Jersey	Corporate and exploration	Inter company eliminations	Sub-total	Joint venture adjustments	Total
Year ended 31 December 2016										
Total revenue	26 035	524 357	357 171	319 248	319 218	-	-	1 546 029	(345 252)	1 200 777
Mining and processing costs excluding depreciation	(21 744)	(200 489)	(146 574)	(187 839)	(172 709)	13 682	-	(715 673)	180 771	(534 902)
Depreciation and amortisation	(3 785)	(105 236)	(23 513)	(45 704)	(102 718)	(11 336)	-	(292 292)	116 949	(175 343)
Mining and processing costs	(25 529)	(305 725)	(170 087)	(233 543)	(275 427)	2 346	-	(1 007 965)	297 720	(710 245)
Royalties	(1 544)	(31 384)	(21 430)	(9 562)	(14 839)	-	-	(78 759)	16 382	(62 377)
Exploration and corporate expenditure	-	(2 435)	(1 026)	(1 221)	(1 809)	(36 520)	-	(43 011)	1 809	(41 202)
Other (expenses)/ income	(5 151)	(16 750)	(23 004)	(4 204)	(13 872)	32 148	-	(30 833)	30 826	(7)
Finance costs	(317)	(14 693)	(149)	(486)	(3 282)	6 355	14 108	1 536	(4 729)	(3 193)
Finance Income	6	24	3	20	3 985	15 959	(14 108)	5 889	(4 336)	1 553
Share of profits equity accounted joint ven-tures	-	-	-	-	-	-	-	-	17 299	17 299
Profit before income tax	(6 500)	153 394	141 478	70 252	13 974	20 288	-	392 886	9 719	402 605
Income tax expense	(617)	(46 072)	(42 444)	(17 563)	10 333	(2 302)	-	(98 665)	(9 719)	(108 384)
Net profit/(loss)	(7 117)	107 322	99 034	52 689	24 307	17 986	-	294 221	-	294 221
Capital expenditure	(444)	(144 363)	(3 800)	(15 446)	(56 222)	(7 174)	-	(227 449)	56 666	(170 783)
Total assets	29 546	1 399 837	204 375	536 014	1 501 737	1 931 345	-	5 602 854	(1 561 896)	4 040 958
Total external liabilities	(31 520)	(128 557)	(38 842)	(69 878)	(111 293)	(64 501)	-	(444 591)	158 355	(286 236)
Year ended 31 December 2015										
Total revenue	57 197	406 643	317 524	277 253	336 272	-	-	1 394 889	(393 469)	1 001 420
Mining and processing costs excluding depreciation	(31 583)	(236 439)	(145 952)	(193 504)	(161 191)	12 677	-	(755 992)	180 097	(575 895)
Depreciation and amortisation	(9 335)	(98 761)	(6 705)	(44 362)	(87 275)	(10 141)	-	(256 579)	105 677	(150 902)
Mining and processing costs	(40 918)	(335 200)	(152 657)	(237 866)	(248 466)	2 536	-	(1 012 571)	285 774	(726 797)
Royalties	(1 419)	(24 329)	(19 052)	(8 292)	(13 588)	-	-	(66 680)	15 007	(51 673)
Exploration and corporate expenditure	-	(2 079)	(1 064)	(1 206)	(3 390)	(41 146)	-	(48 885)	3 818	(45 067)
Other (expenses)/ income	(4 520)	(9 727)	(12 533)	(2 487)	(1 290)	32 599	-	2 042	7 849	9 891
Finance costs	(399)	(13 428)	(171)	(1 734)	4 839	(3 544)	13 208	(1 229)	(3 182)	(4 411)
Finance income	1	17	3	10	4 108	13 291	(13 208)	4 222	(4 110)	112
Share of profits of equity accounted joint ventures	-	-	-	-	-	-	-	-	77 303	77 303
Profit before income tax	9 942	21 897	132 050	25 678	78 485	3 736	-	271 788	(11 010)	260 778
Income tax expense	(2 982)	(4 013)	(39 615)	(4 342)	(8 028)	(33)	-	(59 013)	11 010	(48 003)
Net profit	6 960	17 884	92 435	21 336	70 457	3 703	-	212 775	-	212 775
Capital expenditure	(2 924)	(192 271)	(3 087)	(18 573)	(123 728)	(4 107)	-	(344 690)	128 652	(216 038)
Total assets	37 370	1 409 986	196 388	472 724	1 517 381	1 620 700	-	5 254 549	(1 517 229)	3 737 320
Total external liabilities	(32 124)	(126 380)	(33 850)	(43 514)	(121 790)	(52 051)	-	(409 709)	167 459	(242 250)

17. Financial risk management

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

Controlling risk in the group

The treasury committee is responsible for treasury financial risk management activities within the group. The treasury committee reviews and recommends to the board all treasury counterparties, limits, instruments and any hedge strategies. At least two members of the treasury committee need to be present for a decision to be made, one of whom needs to be an executive director. Unless specific dispensation is obtained from the audit committee, the treasury committee is permitted to invest up to $50.0 million or 20% of the total funds (whichever is the higher) with each approved institution with two investment ratings of AA- or higher noting that no institution can exceed $100.0 million. The treasury committee is now also permitted to invest up to $25.0 million or 10% of the total funds (whichever is the higher) with each approved institution with at least one credit rating of AA- and another credit rating of above A-, provided that no institution can exceed $50.0m. The treasury committee continues to be permitted to invest $12.5 million or 5% of the total funds (whichever is the higher) with each approved institution with an investment rating above A- but below AA-, provided that no investment exceeds $25.0 million. Approximately one tenth of the cash for the group was held with the group's principal bankers at year end with the remainder held with twelve other financial institutions, in line with the treasury policy. The treasury committee is responsible for managing investment, gold price, currency, liquidity and credit risk. The treasury committee monitors adherence to the treasury risk management policy and counterparty limits and provides regular reports to the board.

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

- Safeguarding the group core earnings stream from its major assets through the effective control and management of gold price risk, foreign exchange risk, interest rate risk and credit risk;
- Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures;
- Ensuring that investment and any hedging transactions are undertaken with creditworthy counterparties; and
- Ensuring that all contracts and agreements related to risk management activities are coordinated consistently throughout the group and comply where necessary with all relevant regulatory and statutory requirements.

The group continues to hold material TVA receivable balances in Mali. While management continue to pursue recovery of the TVA in cash, it is recognised that in practice given the continued absence of payment, the TVA may only be recovered through the tax offset mechanism set out in the mining convention. Management reports the TVA position and movements on a quarterly basis to the audit committee.

Refer to 'Key risks and uncertainties' on page 202 to 205 of the annual report for details on the group's risk factors.

Foreign currency and commodity price risk

In the normal course of business, the group enters into transactions denominated in foreign currencies (primarily euro, South African rand and Communauté Financière Africaine franc). As a result, the group is subject to exposure from fluctuations in foreign currency exchange rates. In general, the group does not enter into any material derivatives to manage these currency risks and no significant positions were held in 2016 and 2015. Generally, the group does not hedge its exposure to gold price fluctuation risk and gold was sold at market spot prices in 2016 and 2015. Gold sales are made in US dollars and do not expose the group to any currency fluctuation risk. However, during periods of capital expenditure or loan finance, the company may use forward contracts or options to reduce the exposure to price movements, while maintaining significant exposure to spot prices. These derivatives may establish a fixed price for a portion of future production while the group maintains the ability to benefit from increases in the spot gold price for the majority of future gold production. The group is also exposed to fluctuations in the price of consumables, such as fuel, steel, rubber, cyanide and lime, mainly due to changes in the price of oil, as well as fluctuations in exchange rates.

	GROUP		COMPANY	
$000	**31 Dec 2016**	31 Dec 2015	**31 Dec 2016**	31 Dec 2015
Level of exposure of foreign currency risk Carrying value of foreign currency balances Cash and cash equivalents includes balances denominated in:				
▪ Communauté Financière Africaine franc (CFA)	**1 289**	751	**364**	-
▪ Euro (EUR)	**2 222**	32	**2 075**	1
▪ South African rand (ZAR)	**166**	1 118	**5**	872
▪ British pound (GBP)	**277**	69	**277**	69
Trade and other receivables includes balances dominated in:				
▪ Communauté Financière Africaine franc (CFA)	**6 886**	83 432	**-**	-
▪ South African rand (ZAR)	**89**	8 827	**87**	307
▪ Euro (EUR)	**4 806**	22 389	**-**	47
▪ British pound (GBP)	**2**	526	**-**	442
Trade and other payables includes balances dominated in:				
▪ Communauté Financière Africaine franc (CFA)	**(4 525)**	(42 440)	**-**	(129)
▪ Euro (EUR)	**(486)**	(9 703)	**(52)**	-
▪ South African rand (ZAR)	**(868)**	-	**(382)**	-
▪ British pound (GBP)	**(898)**	(29)	**(898)**	-

The group's exposure to foreign currency arises where a company holds monetary assets and liabilities denominated in a currency different to the functional currency of the holder of the instrument which is the US dollar. The following table shows the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the group's foreign currency financial instruments. The TVA balance in Kibali is denominated in CDF and while not a financial instrument under IFRS 7, a movement of 10% in the year end rate would have an effect of $11.9 million on the receivable shown in the 'Investments in joint ventures' in the Statement of financial position.

	GROUP		COMPANY
	Closing exchange rate	Effect of 10% strengthening of $ on net earnings and equity $000	Effect of 10% strengthening of $ on net earnings and equity $000
At 31 December 2016			
Euro (EUR)	**0.9490**	**654**	**202**
Communauté Financière Africaine franc (CFA)	**623.30**	**365**	**36**
South African rand (ZAR)	**13.65**	**(61)**	**(29)**
British pound (GBP)	**0.81**	**(62)**	**(62)**
At 31 December 2015			
Euro (EUR)	0.9168	1 272	5
Communauté Financière Africaine franc (CFA)	600.91	4 174	-
South African rand (ZAR)	15.53	995	118
British pound (GBP)	0.68	57	51

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

Interest rate and liquidity risk

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

The group generally enters into variable interest bearing borrowings. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. The group has in the past been able to actively source financing through public offerings, shareholder loans and third party loans.

The company maintains a $400.0 million unsecured revolving credit facility with HSBC and a syndicate of banks which matures in December 2018 and is at present undrawn. Based on the company's current cash resources and available facilities, projected operating cash flows and capital expenditure, we are confident the company will be able to meet its obligations at the present gold price.

The facility, if drawn, bears interest at LIBOR plus 1.5%, at the lower end of the leverage grid and includes financial covenants in respect of EBIT, EBITDA, net finance charges, tangible net worth, total debt, debt cover and interest cover.

	GROUP		COMPANY	
Maturity date	Amount $000	Effective rate for the year %	Amount $000	Effective rate for the year %
Cash and cash equivalents:				
All less than 90 days	516 301	0.54%	390 613	0.28%

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

Concentration of credit risk

The group's cash balances do not give rise to a concentration of credit risk because it deals with a variety of major financial institutions. Its receivables and loans are regularly monitored and assessed. Receivables are impaired when it is probable that amounts outstanding are not recoverable as set out in the accounting policy note for receivables. Gold bullion, the group's principal product, is produced in Mali and Côte d'Ivoire (and in the case of its joint ventures in DRC and Mali). The gold produced is sold through the largest accredited gold refinery in the world. Credit risk is further managed by regularly reviewing the financial statements of the refinery. The group is further not exposed to significant credit risk on gold sales, as cash is received within a few days of the sale taking place. While not financial assets under IFRS 7, included in receivables is $89.4 million (2015: $102.9 million) (refer to note 7) relating to indirect taxes owing to Loulo and Gounkoto by the State of Mali, which are denominated in FCFA, which holds some credit risk for the group. The legally binding mining conventions in Mali permit offsetting of other corporate taxes against approved unpaid TVA. A further $59.0 million (2015: $61.8 million) is held within the underlying statement of financial position of the equity accounted Kibali joint venture which is considered recoverable given the history of receipts and receipts obtained during the year and absence of significant disputed items, albeit receipts remain slow and uncertainty exists as to the timing of recovery.

Capital risk management

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

	GROUP	
$000	31 Dec 2016	31 Dec 2015
Capital risk management		
Trade and other payables	(127 377)	(139 321)
Less: cash and cash equivalents	516 301	213 372
Net position	388 924	74 051
Total equity	3 751 957	3 492 305
Total capital	3 363 033	3 418 254
Gearing ratio	0%	0%

Maturity analysis

The following table analyses the group's financial liabilities into the relevant maturity groupings based on the remaining period from the statement of financial position to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily correspond with the amounts disclosed in the statement of financial position.

	GROUP			COMPANY	
$000	Trade and other payables	Borrowings	Other financial liabilities	Trade and other payables	Loan from subsidiaries
At 31 December 2016					
Financial liabilities					
Within 1 year on demand	106 548	-	-	11 139	-
Later than 1 year and no later than 5 years	-	-	-	-	-
After 5 years	-	-	2 765	-	13 698
Total	106 548	-	2 765	11 139	13 698
At 31 December 2015					
Financial liabilities					
Within 1 year on demand	124 421	-	-	14 504	-
Later than 1 year and no later than 5 years	-	-	-	-	-
After 5 years	-	-	2 765	-	6 621
Total	124 421	-	2 765	14 504	6 621

18. Fair value of financial instruments

The following table shows the carrying amounts and fair values of the group's financial instruments outstanding at 31 December 2016 and 2015. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

		GROUP				COMPANY			
$000	Categories of financial instruments	Carrying amount 31 Dec 2016	Fair value 31 Dec 2016	Carrying amount 31 Dec 2015	Fair value 31 Dec 2015	Carrying amount 31 Dec 2016	Fair value 31 Dec 2016	Carrying amount 31 Dec 2015	Fair value 31 Dec 2015
Available-for-sale financial assets categorised as level 1		-	-	906	906	-	-	906	906

The table above shows the level of the fair value valuation hierarchy applied to financial instruments carried at fair value. The total financial assets valued using level 1 is nil (2015: $0.9 million) – company: nil (2015: $0.9 million). There have been no transfers between the levels of fair value hierarchy during the current or prior year. Randgold does not hold any financial instruments that are fair valued using a level 2 or level 3 valuation. No material derivative financial instruments currently exist. All other financial instrument carrying values approximate fair value.

Estimation of fair values

Trade and other receivables, trade and other payables, cash and cash equivalents, loans to and from subsidiaries and joint ventures

The carrying amounts are a reasonable estimate of the fair values because of the short maturity of such instruments or their interest bearing nature.

Gold price contracts

The group is fully exposed to the spot gold price on gold sales.

19. Commitments and contingent liabilities

$000	GROUP 31 Dec 2016	GROUP 31 Dec 2015
Capital expenditure contracted for at statement of financial position date but not yet incurred is:		
Property plant and equipment – subsidiaries	**7 019**	35 361
Commitments of joint ventures (attributable share)		
Kibali	**9 655**	12 323
Morila	**37**	136
Total commitments of joint ventures (attributable share)	**9 692**	12 459
	16 711	47 820

Under the Kibali Joint Venture Agreement (JVA) the obligation of the parties (Randgold Resources (Kibali) Ltd and AngloGold Ashanti Holdings plc) in respect of the future funding (including but not limited to operating costs capital costs and other costs) of the company Kibali Goldmines SA (Kibali) and/or the Kibali project shall be pro-rata in proportion to their respective percentage interests in Kibali at the time any such future funding is required. In accordance with the JVA, Kibali will be funded via intercompany loans, however Kibali became self-funding in 2015 and declared a dividend of $60 million to shareholders in 2016 (2015: $70 million). The approved capital expenditure plan for 2017 is $211.1 million (2016: $177.3 million) and is expected to be self-funded by operating cash flows.

Operating lease commitments

The lease relates to the oxygen plant at Loulo leased from Maligaz. The duration of the contract is 10 years and the contract is renewable for additional periods of 5 years thereafter. The future aggregate minimum lease payments[1] under operating leases are as follows:

	GROUP 31 Dec 2016	GROUP 31 Dec 2015
No later than 1 year	**2 486**	2 646
Later than 1 year and no later than 5 years	**9 944**	10 584
Later than 5 years	**7 458**	7 938
	19 888	21 168

[1] *These payments include payments for non-lease elements in the arrangement.*

As discussed more fully in note 3 the group has received claims for various taxes in respect of subsidiaries and joint ventures from the State of Mali totalling $122.7 million. The group considers the material claims to be without merit or foundation.

20. Related party transactions

$000	GROUP 31 Dec 2016	GROUP 31 Dec 2015	COMPANY 31 Dec 2016	COMPANY 31 Dec 2015
Management fee received from Rockwell Diamonds Inc	**9**	37	**9**	37
Net income from Loulo	**-**	-	**43 308**	29 450
Net income from Tongon	**-**	-	**28 910**	9 207
Net income from Morila	**3 522**	14 259	**3 522**	14 259
Net income from Gounkoto	**-**	-	**46 283**	48 939
Net income from Kibali	**43 106**	47 555	**43 106**	47 196
Net income from RAL 1	**2 319**	3 049	**2 319**	3 049
Net income from RAL 2	**405**	335	**405**	335

Net income refers to interest, management fees, recharges and dividends.

In terms of the operator agreement with Morila, a management fee calculated as 1% of the total sales of Morila and is payable to Randgold (through Mining Investment (Jersey) Ltd). Randgold (through Randgold Resources (Somilo) Ltd) is the operator of Loulo gold mine, the Tongon gold mine (through Mining Investment (Jersey) Ltd) as well as the Gounkoto gold mine (through Randgold Resources (Gounkoto) Ltd). Seven Bridges Trading 14 (Pty) Ltd provided administration services to Rockwell Diamonds Inc (Rockwell). Mr DM Bristow is a non-executive director of Rockwell. Refer to note 10 for details of the company's investments in and loans to subsidiaries and joint ventures within the group together with its relevant share of income and expense.

$000	GROUP 31 Dec 2016	GROUP 31 Dec 2015
Key management remuneration		
Short term employee benefits	**12 899**	12 642
Share-based payments	**10 836**	10 287
Total	**23 735**	22 929

This includes compensation for two executive directors (2015: 2), 8 non-executive directors (2015: 8) and 23 executive management personnel (2015: 20). Refer to directors' and executives' profiles on pages 17 to 19 and 20 to 21 of the annual report for detail of their roles and responsibilities.

21. Mining and processing costs and other disclosable items

$000	GROUP 31 Dec 2016	31 Dec 2015
Mine production costs	**461 522**	498 779
Movement in production inventory and ore stockpiles	**13 239**	17 109
Depreciation and amortisation	**175 343**	150 902
Other mining and processing costs	**60 141**	60 007
	710 245	726 797

Other income primarily includes foreign exchange gains and management fees receivable.
Other expenses primarily include foreign exchange losses.

22. Exploration and corporate expenditure

$000	GROUP Year ended 31 Dec 2016	Year ended 31 Dec 2015
Exploration and corporate expenditure comprise:		
Exploration expenditure	**19 609**	17 322
Corporate expenditure	**21 593**	27 745
	41 202	45 067

23. Finance income and costs

$000	GROUP Year ended 31 Dec 2016	Year ended 31 Dec 2015
Finance income – interest income	**1 553**	112
Finance income	**1 553**	112
Interest expense – borrowings	**(1 724)**	(1 147)
Finance costs – net foreign exchange loss on financing activities	**(399)**	(1 867)
Unwind of discount on provisions for environmental rehabilitation	**(1 070)**	(1 397)
Finance costs	**(3 193)**	(4 411)
Finance costs – net	**(1 640)**	(4 299)

Interest income arises on cash and cash equivalents.
Interest expenses arise on borrowings measured at amortised cost.

24. Non-GAAP information

Randgold has identified certain measures that it believes will assist understanding of the performance of the business. As the measures are not defined under IFRS they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but management has included them as these are considered to be important comparables and key measures used within the business for assessing performance.

These measures are explained further below:
Total cash costs and cash cost per ounce are non-GAAP measures. Total cash costs and total cash cost per ounce are calculated using guidance issued by the Gold Institute. The Gold Institute was a non-profit industry association comprising leading gold producers, refiners, bullion suppliers and manufacturers. This institute has now been incorporated into the National Mining Association. The guidance was first issued in 1996 and revised in November 1999. Total cash costs, as defined in the Gold Institute's guidance, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, and royalties. Total cash costs exclude costs associated with capitalised stripping activities. Total cash costs and cash per ounce also include the company's share of equity accounted joint ventures' total cash costs and cash cost per ounce.

Total cash cost per ounce is calculated by dividing total cash costs, as determined using the Gold Institute guidance, by gold ounces sold for the periods presented. Total cash costs and total cash cost per ounce are calculated on a consistent basis for the periods presented. Total cash costs and total cash cost per ounce should not be considered by investors as an alternative to operating profit or net profit attributable to shareholders, as an alternative to other IFRS measures. The data does not have a meaning prescribed by IFRS and therefore amounts presented may not be comparable to data presented by gold producers who do not follow the guidance provided by the Gold Institute. In particular depreciation and amortisation would be included in a measure of total costs of producing gold under IFRS, but are not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs and total cash cost per ounce, the calculation of these numbers may vary from company to company and may not be comparable to other similarly titled measures of other companies. However, Randgold believes that total cash cost per ounce is a useful indicator to investors and management of a mining company's performance as it provides an indication of a company's profitability and efficiency, the trends in cash costs as the company's operations mature, and a benchmark of performance to allow for comparison against other companies.

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

Gold sales is a non-GAAP measure. It represents the sales of gold at spot and the gains/losses on hedge contracts which have been delivered into at the designated maturity date. It excludes gains/losses on hedge contracts which have been rolled forward to match future sales. This adjustment is considered appropriate because no cash is received/paid in respect of these contracts. Randgold currently does not have any hedge positions. Gold sales include our share of our equity accounted joint ventures' gold sales.

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

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

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

	GROUP	
$000	**Year ended 31 Dec 2016**	Year ended 31 Dec 2015
Gold sales per IFRS	**1 200 777**	1 001 420
Gold sales adjustments for joint ventures	**345 253**	393 469
Gold sales	**1 546 030**	1 394 889
Mine production costs	**461 522**	498 779
Movement in production inventory and ore stockpiles	**13 239**	17 109
Royalties	**78 759**	66 680
Royalty adjustment for joint ventures	**(16 382)**	(15 007)
Total royalties	**62 377**	51 673
Other mining and processing costs	**60 141**	60 007
Cash cost adjustments for joint ventures	**197 153**	195 105
Total cash costs	**794 432**	822 673
Profit from mining activity	**751 598**	572 216
Share of profits of equity accounted joint ventures, excluding adjustments to sales and cash costs	**(130 801)**	(121 061)
Depreciation and amortisation	**(175 343)**	(150 902)
Exploration and corporate expenditure	**(41 202)**	(45 067)
Finance income	**1 553**	112
Other income	**5 960**	15 616
Finance costs	**(3 193)**	(4 411)
Other expenses	**(5 967)**	(5 725)
Profit before income tax	**402 605**	260 778
Ounces sold (oz)	**1 242 366**	1 210 844
Total cash cost per ounce ($/oz)	**639**	679
Cash operating cost per ounce ($/oz)	**576**	624

25. Subsequent events

No significant subsequent events requiring disclosure or adjustment have occurred.

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