RANDGOLD RESOURCES LTD
Form 20-F
March 31, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F

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

OR

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

OR

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

OR

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

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number: 000-49888

RANDGOLD RESOURCES LIMITED

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant s name into English)

JERSEY, CHANNEL ISLANDS

(Jurisdiction of incorporation or organization)

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

(Address of principal executive offices)

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

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value US $0.05 per Share*	Nasdaq Global Select Market
American Depositary Shares each represented by one Ordinary Share	

* Not for trading, but only in connection with the listing of American Depositary Shares on the Nasdaq Global Select Market pursuant to the requirements of the Securities and Exchange Commission.

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

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the Annual Report.

As of December 31, 2010, the Registrant had outstanding 91,089,370 ordinary shares, par value $0.05 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

þ Yes o No

If the report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

o Yes þ No

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

þ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

o Yes o No

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

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP o	International Financial Reporting Standards as issued by the International Accounting Standards Board þ	Other o

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

o Item 17 þ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes þ No

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GLOSSARY OF MINING TECHNICAL TERMS

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

Alteration:	The chemical change in a rock due to hydrothermal and other fluids.
Archaean:	A geological eon before 2.5 Ga.
Arsenopyrite:	An iron arsenic sulfide mineral.
Birimian:	Geological time era, about 2.1 billion years ago.
Carbonate:	A mineral salt typically found in quartz veins and as a product of hydrothermal alteration of sedimentary rock.
Chalcopyrite:	A copper iron sulfide mineral.
Clastic:	Rocks built up of fragments of pre-existing rocks which have been produced by the processes of weathering and erosion.
Cut-off grade:	The lowest grade of material that can be mined and processed considering all applicable costs, without incurring a loss or gaining a profit.
Development:	Activities required to prepare for mining activities and maintain a planned production level.
Diamond Drilling (DDH):	A drilling method.
Dilution:	Mixing of ore grade material with non-ore grade/waste material in the mining process.
Discordant:	Structurally unconformable.
Disseminated:	A term used to describe fine particles of ore or other minerals dispersed through the enclosing rock.
Dyke:	A sheet-like body of igneous rock which is discordant to bedding or foliation.
EEP:	Exclusive exploration permit.
Electromagnetic:	A geophysical tool used to test the electrical properties of rock to aid exploration.
EP:	Exploration permit.
Exploration:	Activities associated with ascertaining the existence, location, extent or quality of mineralized material, including economic and technical evaluations of mineralized material.

Fault:	A fracture or a zone of fractures within a body of rock.
Feasibility Study:	A comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.
Feldspar:	An alumino-silicate mineral.

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Felsic:	A light colored igneous rock composed of quartz, feldspar and muscovite.
Foliation:	A term used to describe planar arrangements of minerals or mineral bands within rocks.
Footwall:	The underlying side of a fault, orebody or stope.
g/t:	Gram of gold per metric tonne.
Gabbro:	A dark granular igneous rock composed essentially of labradorite and augite.
Gneiss:	A coarse-grained, foliated rock produced by metamorphism.
Gold reserves:	The gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tonnes and head grade).
Gold sales:	Represents the sales of gold at spot and the gains/losses on hedge contracts which have been delivered into at the designated maturity date. It excludes gains/losses which have been rolled forward to match future sales. This adjustment is considered appropriate because no cash is received/paid in respect of such contracts.
Grade:	The quantity of metal per unit mass of ore expressed as a percentage or, for gold, as grams of gold per tonne of ore.
Granite:	A light colored granular igneous rock composed of quartz and feldspar.
Greenstone:	A field term used to describe any weakly metamorphosed rock.
Greywacke:	A dark gray, coarse grained, indurated sedimentary rock consisting essentially of quartz, feldspar, and fragments of other rock types.
Head grade:	The grade of the ore as delivered to the metallurgical plant.
Hydrothermal:	Pertaining to the action of hot aqueous solutions on rocks.
Igneous:	A rock or mineral that solidified from molten or partially molten material.
In situ:	In place or within unbroken rock or still in the ground.
Kibalian:	A geological time era.
Lower proterozoic:	Era of geological time between 2.5 billion and 1.8 billion years before the present.
Mafic:	A term used to describe an igneous rock that has a large percentage of iron magnesium minerals.

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

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

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Metamorphism:	A change in the structure or constitution of a rock due to natural agencies, such as pressure and heat.
Mill delivered tonnes:	A quantity, expressed in tonnes, of ore delivered to the metallurgical plant.
Milling/mill:	The comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.
Mineable:	That portion of a mineralized deposit for which extraction is technically and economically feasible.
Mineralization:	The presence of a target mineral in a mass of host rock.
Mineralized material:	A mineralized body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals to warrant further exploration. A deposit of mineralized material does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.
Moz:	Million troy ounces.
Mt:	Million metric tonnes.
Open pit:	Mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.
Orebody:	A continuous, well-defined mass of material containing sufficient minerals of economic value to make extraction economically feasible.
Ounce:	One troy ounce, which equals 31.1035 grams.
Oxide Ore:	Soft, weathered rock that is oxidized.
Prefeasibility Study:	A comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined and includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic, social and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.
Probable reserves:	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less

	adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.
Prospect:	An area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.

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Proven reserves:	Reserves for which quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
Pyrite:	A brassy-colored mineral of iron sulfide (compound of iron and sulfur).
Quartz:	A mineral compound of silicon and oxygen.
Quartzite:	Metamorphic rock with interlocking quartz grains displaying a mosaic texture.
Quartz-tourmaline:	A rock unit created by alteration due to the addition of silica and boron.
Refining:	The final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.
Regolith:	Weathered products of fresh rock, such as soil, alluvium, colluvium, sands, and hardened oxidized materials.
Rehabilitation:	The process of restoring mined land to a condition approximating its original state.
Reserve:	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
Reverse circulation (RC) drilling:	A drilling method.
Rotary Air Blast (RAB) drilling:	A drilling method.
RP:	Reconnaissance Permit.
Sampling:	Taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).
Satellite deposit:	A smaller subsidiary deposit proximal to a main deposit.
Scoping study:	A conceptual study and the preliminary evaluation of the mining project. The principal parameters for a scoping study are mostly assumed and/or factored. Accordingly, the level of accuracy is low. A conceptual study is useful as a tool to determine if subsequent engineering studies are warranted. However, it is not valid for economic decision making nor is it sufficient for reserve reporting.

Sedimentary:	Pertaining to or containing sediment. Used in reference to rocks which are derived from weathering and are deposited by natural agents, such as air, water and ice.
Shear zone:	An elongated area of structural deformation.
Silica:	A naturally occurring dioxide of silicon.
Stockpile:	A store of unprocessed ore.
Strike length:	The direction and length of a geological plane.
Stripping:	The process of removing overburden to expose ore.

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Strip ratio:	Ratio of waste material to ore material in an open pit mine.
Sulfide:	A mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite or iron sulfide. Also a zone in which sulfide minerals occur.
Tailings:	Finely ground rock from which valuable minerals have been extracted by milling.
Tonnage:	Quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.
Tonne:	One tonne is equal to 1,000 kilograms (also known as a metric ton).
Total cash costs:	Total cash costs, as defined in the Gold Institute standard, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, transfers to and from deferred stripping where relevant and royalties.
Trend:	The arrangement of a group of ore deposits or a geological feature or zone of similar grade occurring in a linear pattern.
Ultramafica:	An igneous rock with a very low silica content and rich in iron magnesium minerals.
Volcaniclastic:	Where volcanic derived material has been transported and reworked through mechanical processes.
Volcanisedimentary:	Where volcanic and sedimentary material have been transported and reworked through mechanical processes.
Waste:	Rock mined with an insufficient gold content to justify processing.
Weathered:	Rock broken down by erosion.

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

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

included in this Annual Report has been prepared in accordance with IFRS and, except where otherwise indicated, is presented in US dollars. For a definition of cash costs, please see Item 3. Key Information A. Selected Financial Data . Unless the context otherwise requires, us , we , our , or words of similar import, refer to Randgold Resources Limited and its subsidiaries and affiliated companies.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. SELECTED FINANCIAL DATA

The following selected historical consolidated financial data have been derived from, and should be read in conjunction with, the more detailed information and financial statements, including our audited consolidated financial statements for the years ended December 31, 2010, 2009, and 2008 and as at December 31, 2010 and 2009, which appear elsewhere in this Annual Report. The historical consolidated financial data as at December 31, 2008, 2007 and 2006, and for the years ended December 31, 2007 and 2006 have been derived from our audited consolidated financial statements not included in this Annual Report.

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

$000:	**Year Ended December 31, 2010**	**Year Ended December 31, 2009**	**Year Ended December 31, 2008**	**Year Ended December 31, 2007**	**Year Ended December 31, 2006**
STATEMENT OF COMPREHENSIVE INCOME DATA:					
Amounts in accordance with IFRS					
Revenues	484,553	432,780	338,572	282,805	258,304
Profit from operations#	136,141	113,764	75,937	63,539	71,616
Net profit attributable to owners of the parent	103,501	69,400	41,569	42,041	47,564
Basic earnings per share ($)	1.14	0.86	0.54	0.60	0.70
Fully diluted earnings per share ($)	1.13	0.84	0.54	0.60	0.69
Weighted average number of shares used in computation of basic earnings per share	90,645,366	81,022,790	76,300,116	69,588,983	68,391,792
Weighted average number of shares used in computation of fully diluted earnings per share	91,926,912	82,161,851	77,540,198	70,271,915	69,331,035
Dividends declared per share	0.20	0.17	0.13	0.12	0.10
Other data					
Total cash costs ($ per ounce sold)	699	512	468	356	293
Total cash costs ($ per ounce produced)	657	510	467	356	296

Profit from operations is calculated as profit before income tax under IFRS, excluding net finance income/(loss). Profit from operations all arises from continuing operations.

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$000:	At December 31, 2010	At December 31, 2009	At December 31, 2008	At December 31, 2007	At December 31, 2006
STATEMENT OF FINANCIAL POSITION AMOUNTS:					
AMOUNTS IN ACCORDANCE WITH IFRS					
Total assets	1,994,340	1,820,168	821,442	780,719	512,164
Long-term loans		234	1,284	2,773	25,666
Share capital	4,555	4,506	3,827	3,809	3,440
Share premium	1,362,320	1,317,771	455,974	450,814	213,653
Retained earnings	393,570	305,415	245,982	213,567	178,400
Other reserves	31,596	18,793	(31,387)	(69,391)	(59,430)
Equity attributable to the owners of the parent	1,792,041	1,646,485	674,396	598,799	336,063

Non-GAAP Measures

We have 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 or 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 further explained below. Total cash cost and total cash cost per ounce are non-GAAP measures. We have calculated total cash costs and total cash costs per ounce using guidance issued by the Gold Institute. The Gold Institute was a non-profit industry association comprised of 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, transfers to and from deferred stripping where relevant, and royalties.

Under our accounting policies, there are no transfers to and from deferred stripping. Total cash costs per ounce are calculated by dividing total cash costs, as determined using the Gold Institute guidance, by gold ounces sold for the periods presented. We have calculated total cash costs and total cash costs per ounce on a consistent basis for all periods presented. Total cash costs and total cash costs per ounce should not be considered by investors as an alternative to net profit attributable to shareholders, as an alternative to other IFRS measures or an indicator of our performance. The data does not have a meaning prescribed by IFRS and therefore amounts presented may not be comparable to data presented by gold producers who do not follow the guidance provided by the Gold Institute. In particular depreciation and amortization would be included in a measure of total costs of producing gold under IFRS, but are not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs and total cash costs 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, we believe that total cash costs per ounce is a useful indicator to investors and management of a mining company s performance as it provides an indication of a company s profitability and efficiency, the trends in cash costs as the company s operations mature, and a benchmark of performance to allow for comparison against other companies. Within this Annual Report our discussion and analysis is focused on the total cash cost measure as defined by the Gold Institute.

We previously calculated total cash costs per ounce by dividing total cash costs, as defined above, by ounces produced, as permitted under the guidance. Given the significant difference between ounces produced and ounces sold

in the year, together with the fact that, under the definitions above, costs relating to ounces produced but not sold are recognized in the quarter when the ounces are actually sold, we deemed it appropriate to change the bases for these calculations by dividing total costs by ounces sold, as this would better match the timing of costs and sales recorded. Historically, this change would not have resulted in materially different cash costs per ounce; however, in the current year the difference was significant and consequently the numbers have been restated on this basis.

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The following table lists the costs of producing gold, determined in accordance with IFRS, and reconciles this GAAP measure to total cash costs as defined by the Gold Institute s guidance, as a non-GAAP measure, for each of the periods set forth below:

$000: **Costs**	**Year Ended December 31, 2010**	**Year Ended December 31, 2009**	**Year Ended December 31, 2008**	**Year Ended December 31, 2007**	**Year Ended December 31, 2006**
Mine production costs	$ 247,850	$ 196,318	$ 186,377	$ 136,312	$ 115,217
Depreciation and amortization	28,127	28,502	21,333	20,987	22,844
Other mining and processing costs	20,598	19,073	13,675	13,638	13,006
Transport and refinery costs	1,653	1,594	2,053	1,595	711
Royalties	27,680	25,410	19,730	18,307	16,979
Elimination of inter-company sales	7,414	1,047			
Movement in production inventory and ore stockpiles	(16,152)	5,741	(21,865)	(11,534)	(13,373)
Total cost of producing gold determined in accordance with IFRS	317,170	277,685	221,303	179,305	155,384
Less: Non-cash costs included in total cost of producing gold:					
Depreciation and amortization	(28,127)	(28,502)	(21,333)	(20,987)	(22,844)
Total cash costs using the Gold Institute s guidance	289,043	249,183	199,970	158,318	132,540
As previously disclosed:					
Ounces produced *	440,107	488,255	428,426	444,573	448,242
Total production costs per ounce under IFRS ($ per ounce)	721	569	517	403	347
Total cash costs per ounce ($ per ounce)	657	510	467	356	296
As now measured:					
Ounces sold*	413,262	486,324	427,713	444,597	452,523
Total production costs per ounce under IFRS ($ per ounce)	767	571	517	403	343
Total cash costs per ounce ($ per ounce)	699	512	468	356	293

* 40% share of Morila and 100% share of Loulo and Tongon

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

In addition to the other information included in this Annual Report, you should carefully consider the following factors, which individually or in combination could have a material adverse effect on our business, financial condition and results of operations. There may be additional risks and uncertainties not presently known to us, or that we currently see as immaterial, which may also harm our business. If any of the risks or uncertainties described below or any such additional risks and uncertainties actually occur, our business, results of operations and financial condition could be materially and adversely affected. In this case, the trading price of our ordinary shares and American Depositary Shares, or ADS, could decline and you might lose all or part of your investment.

Risks Relating to Our Operations

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

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

the demand for gold for investment purposes, industrial uses and for use in jewelry;

international or regional political and economic trends;

the strength of the US dollar, the currency in which gold prices generally are quoted, and of other currencies;

market expectations regarding inflation rates;

interest rates;

speculative activities;

actual or expected purchases and sales of gold bullion holdings by central banks, the International Monetary Fund, or other large gold bullion holders or dealers;

hedging activities by gold producers; and

the production and cost levels for gold in major gold-producing nations.

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

	Price Per Ounce ($)		
Year	**High**	**Low**	**Average**
2001	293	256	271
2002	349	278	310
2003	416	320	363
2004	454	375	409
2005	537	411	444
2006	725	525	604
2007	841	608	695
2008	1,011	712	871
2009	1,213	810	972
2010	1,421	1,058	1,224
2011 (through February)	1,411	1,319	1,364

If gold prices should fall below and remain below our cost of production for any sustained period we may experience losses, and if gold prices should fall below our cash costs of production we may be forced to curtail or suspend some or all of our mining operations. In addition, we would also have to assess the economic impact of low gold prices on our ability to recover from any losses we may incur during that period and on our ability to maintain adequate reserves. Our total cash cost of production per ounce of gold sold was $699 in the year ended December 31, 2010, $512 in the year ended December 31, 2009, and $468 in the year ended December 31, 2008. We expect that Morila s cash costs per ounce will rise as the life of the mine advances as a result of expected declining grade, which will adversely affect our profitability in the absence of any mitigating factors. The high grades expected from the underground mining at Loulo will, in the absence of any other increases, have a positive impact on unit costs.

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

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

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the results of exploratory drilling and an ongoing sampling of the orebodies;

past experience with mining properties;

gold price; and

operating costs.

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

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

The profitability of operations and the cash flows generated by these operations are significantly affected by the fluctuations in the price, cost and supply of inputs.

Fuel, power and consumables, including diesel, steel, chemical reagents, explosives and tires, form a relatively large part of our operating costs. The cost of these consumables is impacted to varying degrees, by fluctuations in the price of oil, exchange rates and a shortage of supplies.

Such fluctuations have a significant impact upon our operating costs and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for mining projects, new and existing, and could even render certain projects non-viable.

We are subject to various political and economic uncertainties associated with operating in Côte d Ivoire, which is currently experiencing a state of political unrest, and the success of the Tongon mine will depend in large part on our ability to overcome significant challenges.

We are subject to risks associated with operating the Tongon mine in Côte d Ivoire. Côte d Ivoire has experienced several years of political chaos, including an attempted coup d état. A dispute over the recent Côte d Ivoire presidential election in November 2010 has resulted in the establishment of two rival governments. The Electoral Commission declared Mr. A. Ouattara as the winner. However, the incumbent president challenged the results and refused to give up office. Presently a stalemate exists while representatives from the African Union attempt to resolve the impasse. International sanctions have been imposed on the incumbent president and those individuals and institutions supporting him. Included in the list of entities against whom sanctions have been imposed are the Ports of Abidjan and San Pedro, the two key shipping ports of Côte d Ivoire, and the SIR, the Ivorian Petroleum refinery. As a result of the sanctions we have had to re-arrange our logistics arrangements for our Tongon mine and we will now be shipping all materials for Tongon through the Port of Dakar in Senegal. At times, we have been unable to ship and sell our Tongon gold production, which has resulted in timing discrepancy between our gold produced and the recognition of revenue from gold sales. We are unable to predict when or how the disputed election will be resolved. Accordingly, we are unable to predict when sales of Tongon gold produced will be delayed and how this could impact our financial results, or whether the issues associated with the disputed election will require us to cease operations at the Tongon mine, which would have a material adverse effect on our gold production and financial results.

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

While our revenue is derived from the sale of gold in US dollars, a significant portion of our input costs are incurred in currencies other than the dollar, primarily Euro, Communauté Financière Africaine franc, South African Rand, and the Congolese franc. Accordingly, any appreciation in such other currencies could adversely affect our results of operations.

Our results of operations have been adversely affected by increases in fuel prices, and we would be adversely affected by future increases in fuel prices or disruptions in the supply of fuel.

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Our results are significantly affected by the price and availability of fuel, which are in turn affected by a number of factors beyond our control. Fuel prices are volatile. During 2010, the average price of our landed fuel was higher than 2009, and it has been rising in 2011. In the year ended December 31, 2010, the cost of fuel and other power generation costs comprised 25% of our operating costs and the annual price increase of our landed fuel was 10%.

Historically, fuel costs have been subject to wide price fluctuations based on geopolitical factors and supply and demand. While we do not currently anticipate a significant reduction in fuel availability, factors beyond our control make it impossible to predict the future availability of fuel. Recent political unrest in certain oil producing countries has led to an increase in the cost of fuel. If there are additional outbreaks of hostilities or other conflicts in oil producing areas or elsewhere, or a reduction in refining capacity (due to weather events, for example), or governmental limits on the production or sale of fuel, or restrictions on the transport of fuel, there could be reductions in the supply of fuel and significant increases in the cost of fuel.

We are not parties to any agreements that protect us against price increases or guarantee the availability of fuel. Major reductions in the availability of fuel or significant increases in its cost, or a continuation of current high prices for a significant period of time, would have a material adverse impact on us.

Our business may be adversely affected if the Government of Mali fails to repay Value Added Tax, or TVA, owing to Morila and Loulo.

Our mining companies operating in Mali are exonerated by their Establishment Conventions from paying TVA for the three years following first commercial production. After that, TVA is payable and reimbursable. TVA is only reclaimable insofar as it is expended in the production of income. A key aspect in TVA recovery is managing the completion of the Government of Mali s audit of the taxpayer s payments, at which time the Government of Mali recognizes a liability.

By December 2007, Morila had successfully concluded a reimbursement protocol with the Government of Mali for all TVA reimbursements it was owed up to June 2005. Morila was unable to conclude a second protocol subsequent to December 2007, however, and pursuant to its establishment convention, began offsetting TVA reimbursements it was owed against corporate and other taxes payable by Morila to the Government of Mali. As a result of the offsets, the TVA owed by the Government of Mali to Morila declined to $2.6 million at December 31, 2009. As of December 31, 2010, Morila had recouped all its outstanding TVA, as the Government of Mali repaid all outstanding amounts by this date. While all the TVA at Morila was recovered and the Government of Mali recognized the tax offsets, we cannot guarantee that they will continue to reimburse the TVA going forward.

At June 30, 2009, TVA owed by the Government of Mali to Loulo stood at $16.2 million. This amount has increased by $20.8 million to $37.0 million at December 31, 2009 due to the end of the exoneration period on November 8, 2008. As at December 31, 2010, Loulo had a balance of $11.6 million outstanding on TVA after receiving payment from the Government of Mali.

If Morila and Loulo are unable to recover these or future amounts due, or if the future tax offsets are not recognized, then their results of operations and financial position would be adversely affected, as would their ability to pay dividends to their shareholders. Accordingly, our business, cash flows and financial condition will be adversely affected if anticipated dividends are not paid.

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

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

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We may not be able to recover certain funds from MDM Ferroman (Pty) Limited.

In August 2004, we entered into a fixed lump sum turnkey contract for $63 million for the design, supply, construction and commissioning of the Loulo processing plant and infrastructure with MDM Ferroman (Pty) Ltd, or MDM. At the end of 2005, after making advances and additional payments to MDM totaling $26 million in excess of the contract, we determined that MDM was unable to perform its obligations under the MDM Contract, at which time we enforced a contractual remedy which allowed us to act as our own general contractor and to complete the remaining work on the Loulo project that was required under the MDM Contract.

We believe that we are entitled to recover certain amounts from MDM, including advances of $10.7 million included in receivables as at December 31, 2010. Of this amount, $7 million is secured by performance bonds and the remainder is secured by various personal guarantees and other assets. In January 2009 and 2010, the liquidator declared and paid dividends of $1.6 million from the insolvent estate, leaving an outstanding balance of $10.7 million (stated net of an impairment provision of $1.3 million) as at December 31, 2010.

As part of our efforts to recoup the monies owed to us, MDM was put into liquidation on February 1, 2006. This resulted in a South African Companies Act Section 417 investigation into the business and financial activities of MDM, its affiliated companies and their directors. This investigation was completed in the last quarter of 2007 and the liquidators have issued their report that confirms that MDM s liabilities exceeded its assets. During the second quarter of 2011 we will be involved in arbitration proceedings with the providers of the performance bonds, which have been the subject of legal proceedings in the South African Courts.

Our ability to recover in full the $10.7 million included in receivables is dependent on the amounts which can be recovered from the performance bonds, personal guarantees and other assets provided as security. Any shortfall is expected to be recovered from any free residue accruing to the insolvent estate. The aggregate amount which will ultimately be recovered cannot presently be determined. The financial statements do not reflect any additional provision that may be required if the $10.7 million cannot be recovered in full. Our results of operations may be adversely affected if we are unable to recover the amounts advanced by us to MDM. Any part of the $10.7 million included in accounts receivable which cannot in fact be recovered will need to be charged as an expense. The ultimate outcome of this claim cannot presently be determined and there is significant uncertainty surrounding the amount that will ultimately be recovered.

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

We have from time to time used derivative instruments to protect the selling price of some of our anticipated gold production. The intended effect of our derivative transactions was to lock in a fixed sale price for some of our future gold production to provide some protection against a subsequent fall in gold prices. Although we have currently ceased using derivative instruments to protect us against low gold prices at our operations, we may in the future determine to implement the use of derivatives in connection with a portion of our anticipated gold production.

Derivative transactions can result in a reduction in revenue if the instrument price is less than the market price at the time the hedged sales are recognized. Moreover, our decision to enter into a given instrument would be based upon market assumptions. If these assumptions are not ultimately met, significant losses or lost opportunities for significant gains may result. In all, the use of these instruments may result in significant losses which will prevent us from realizing the positive impact of any subsequent increase in the price of gold on the portion of production covered by the instrument.

Our underground project at Loulo, developing two mines at Yalea and Gara, is subject to all of the risks associated with project development and underground mining.

Development of the underground mine at Yalea commenced in December 2006 and first ore was mined in April 2008. These planned mines represent our entry into the business of underground mining, and the commencement of underground mining in Mali by any mining company. In connection with the development of the underground mines, we must build the necessary infrastructure, the costs of which are substantial. The underground mines may experience unexpected problems and delays during their development and construction. Delays in the commencement of gold production could occur and the development costs could be larger than expected, which could affect our results of operations and profitability.

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Since the commencement of the underground operations at Yalea, in working with a mining contractor, we have experienced a number of challenges which have led to delays and slower build up of production. These challenges included the availability of the underground fleet, the ability to drill and blast up holes and the contractor s poor safety record.

Following these setbacks experienced during 2009, we terminated the underground mining contract with the contractor and have assumed responsibility for underground mining at Loulo. At the beginning of 2010, we appointed a new contractor to develop the Gara underground mine, and subsequently extended their contract at the end of 2010 to include the development of the Yalea underground mine. The development and operation of the underground mine has been negatively impacted by these issues and resulting delays, and we cannot assure you that such issues are fully resolved or that we will not have future delays.

The business of underground mining by its nature involves significant risks and hazards. In particular, as the development commences the operation could be subject to:

rockbursts;

seismic events;

underground fires;

cave-ins or falls of ground;

discharges of gases or toxic chemicals;

flooding;

accidents; and

other conditions resulting from drilling, blasting and the removal of material from an underground mine.

We are at risk of experiencing any and all of these hazards. The occurrence of any of these hazards could delay the development of the mine, production, increase cash operating costs and result in additional financial liability for us.

Our success may depend on our social and environmental performance.

Our ability to operate successfully in communities will likely depend on our ability to develop, operate and close mines in a manner that is consistent with the health, safety and well-being of our employees, the protection of the environment, and the creation of long-term economic and social opportunities in the communities in which we operate. We seek to promote improvements in health and safety, environmental performance and community relations. However, our ability to operate could be adversely impacted by accidents or events detrimental (or perceived to be detrimental) to the health, safety and well-being of our employees, the environment or the communities in which we operate.

In July 2009, the Loulo mine experienced some disruption, caused by a small group of disaffected people unable to secure long term employment at the mine. The disruption resulted in some damage to the tailings pipeline as well as to some accommodation units and other property. All operations were suspended for 36 hours, following which all mining and processing operations were restored and operating back at normal capacity. We cannot assure you that similar events will not happen in the future, or that such events will not adversely affect our results of operations and properties.

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

It typically takes a number of years from initial feasibility studies of a mining project until development is completed and, during that time, the economic feasibility of production may change. The economic feasibility of development projects is based on many factors, including the accuracy of estimated reserves, metallurgical recoveries, capital and operating costs and future gold prices. The capital expenditures and time required to develop new mines or

other projects are considerable, and changes in costs or construction schedules can affect project economics. Thus it is possible that actual costs and economic returns may differ materially from our estimates.

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

the availability and timing of necessary environmental and governmental permits;

the timing and cost necessary to construct mining and processing facilities, which can be considerable;

the availability and cost of skilled labor, power, water and other materials;

the accessibility of transportation and other infrastructure, particularly in remote locations; and

the availability of funds to finance construction and development activities.

During 2010, we completed the feasibility study for the Gounkoto project. Mining at Gounkoto commenced in January 2011 and processing is anticipated to commence by mid-year. Also in 2010, we completed an update to the Kibali project feasibility study. The study will now go through a series of internal and external reviews and optimizations of the mining and processing rates and capital estimates and in particular the scheduling of the capital development ahead of final design and approval targeted for mid-2011. Exploration at our Massawa project has been slowed down as we have advanced Gounkoto and Kibali providing the time to fully evaluate the metallurgy and development strategies. Our goal is to progress the Massawa project to complete a feasibility study in 2011. We cannot provide any assurance that the projects will ultimately result in new commercial mining operations, or that new commercial mining operations will be successful.

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

We currently conduct mining, development and exploration activities in countries with developing economies. These countries and other emerging markets in which we may conduct operations have, from time to time, experienced economic or political instability. It is difficult to predict the future political, social and economic direction of the countries in which we operate, and the impact government decisions may have on our business. Any political or economic instability in the countries in which we currently operate could have a material and adverse effect on our business and results of operations.

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

Goods are supplied to our operations in Mali through Ghana and Senegal, which routings have, to date, functioned satisfactorily. Our operations at Morila have been adversely affected by the higher transportation costs for diesel that now has to be delivered via Senegal. Any present or future policy changes in the countries in which we operate may in some way have a significant effect on our operations and interests.

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

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

We are subject to risks associated with operating the Kibali project in the Democratic Republic of the Congo (DRC). The Kibali project is located in the north-east region of the DRC and is subject to various levels of political, economic and other risks and uncertainties associated with operating in the DRC. Some of these risks include political and economic instability, high rates of inflation, severely limited infrastructure, lack of law enforcement, labor unrest, and war and civil conflict. In addition, the Kibali project is subject to the risks inherent in operating in any foreign jurisdiction including changes in government policy, restrictions on foreign exchange, changes in taxation policies, and renegotiation or nullification of existing concessions, licenses, permits and contracts.

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The DRC is an impoverished country with physical and institutional infrastructure that is in a debilitated condition. It is in transition from a largely state-controlled economy to one based on free market principles, and from a non-democratic political system with a centralized ethnic power base to one based on more democratic principles. There can be no assurance that these changes will be effected or that the achievement of these objectives will not have material adverse consequences for the Kibali project. It is anticipated that presidential elections should take place during the latter part of 2011.

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

Furthermore, the Kibali project is located in a remote area of the DRC, which lacks basic infrastructure, including adequate roads and other transport, sources of power, water, housing, food and transport. In order to develop any of the mineral interests, facilities and material necessary to support operations in the remote locations in which they are situated must be established. The remoteness of the mineral interests would affect the potential viability of mining operations, as we would also need to establish substantially greater sources of power, water, physical plant, roads and other transport infrastructure than are currently present in the area. More specifically, we must obtain necessary licenses from the government to construct and operate hydropower stations, which will necessarily involve reconfiguring, refurbishing and maintaining existing stations. Our ability to produce sufficient power for the Kibali will be adversely affected to the extent such licenses cannot be obtained, or we are unable to comply with the conditions of such licenses.

Moreover, the north-east region of the DRC has undergone civil unrest and instability that could have an impact on political, social or economic conditions in the DRC generally. Stability must be maintained in order for us to build and operate a mine at the Kibali project site. The impact of unrest and instability on political, social or economic conditions in the DRC could result in the impairment of the exploration, development and operations at the Kibali project.

The communities near the Kibali project need to be resettled in an orderly manner and peaceful manner to allow the development and operation of a mine at the site. The first phase of houses are currently being built which will allow the management to commence the resettlement program, which has been implemented following agreement with the local authorities and communities affected by the project. We have committed to assist the DRC government in these efforts. Any failure to complete the settlement plan successfully will materially and adversely affect our ability to build and operate a mine at the Kibali project site.

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

We jointly control Morila SA, the owner of the Morila mine, and Kibali Goldmines SPRL, the owner of the Kibali project, with AngloGold Ashanti under joint venture agreements. We are responsible for the day-to-day operations of Morila and the Kibali project, subject to the overall management control of the Morila SA and Kibali Goldmines boards, respectively. Substantially all major management decisions, including approval of a budget for Morila and the Kibali project, must be approved by the Morila SA and Kibali Goldmines boards, respectively. We and AngloGold Ashanti retain equal representation on the boards, with neither party holding a deciding vote. If a dispute arises between us and AngloGold Ashanti with respect to the management of Morila SA or Kibali Goldmines, and we are unable to amicably resolve the dispute, we may have to participate in arbitration or other proceeding to resolve the dispute, which could materially and adversely affect our business.

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

Mining contractors are used at Loulo and Morila to mine and deliver ore to processing plants. These mining contractors rely on third-party vendors to supply them with required mining equipment, many of which have been adversely affected by the global economic slowdown. Consequently, at these mines, we do not own all of the mining

equipment and may face disruption of operations and incur costs and liabilities in the event that any of the mining contractors at these mines, or any of the vendors that supply them, has financial difficulties, or should there be a dispute in renegotiating a mining contract, or a delay in replacing an existing contractor.

Following setbacks experienced during 2009 at Loulo, we terminated the underground mining contract with the contractor and assumed responsibility for the underground mining.

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We may be required to seek funding from the global credit and capital markets to develop our properties, and the recent weaknesses in those markets could adversely affect our ability to obtain financing and capital resources.

We require substantial funding to develop our properties, and may be required to seek funding from the credit and capital markets to finance these activities. Our ability to obtain outside financing will depend upon the price of gold and the market s perception of its future price, and other factors outside of our control. We may not be able to obtain funding on acceptable terms when required, or at all.

The credit and capital markets experienced significant deterioration in 2008, including the failure of significant and established financial institutions in the US and abroad, which continued throughout 2009 and 2010 and may continue in 2011 and beyond, all of which will have an impact on the availability and terms of credit and capital in the near term. If uncertainties in these markets continue, or these markets deteriorate further, it could have a material adverse effect on our ability to raise capital. Failure to raise capital when needed or on reasonable terms may have a material adverse effect on our business, financial condition and results of operations.

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

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to various climate change interest groups and the potential impact of climate change. Legislation and increased regulation regarding climate change could impose significant costs on us, our venture partners and our suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Given the emotion, political significance and uncertainty around the impacts of climate change and how it should be dealt with, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. The potential physical impacts of climate change on our operations are highly uncertain, and would be particular to the geographic circumstances in areas in which we operate. These may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. These impacts may adversely impact the cost, production and financial performance of our operations.

We may not pay dividends to shareholders in the near future.

We have proposed the payment of our fifth dividend to ordinary shareholders, subject to approval by our shareholders at our AGM in May 2011. It is our policy to pay dividends if profits and funds are available for that purpose. Whether or not funds are available depends on a variety of factors, including capital expenditures. We cannot guarantee that dividends will be paid in the future.

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

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

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

We may become subject to liabilities, including liabilities for pollution or other hazards, against which we have not insured adequately or at all, or cannot insure. Our insurance policies contain exclusions and limitations on coverage. Our current insurance policies provide worldwide indemnity of £50 million in relation to legal liability incurred as a result of death, injury, disease of persons and/or loss of or damage to property. Main exclusions under this insurance policy, which relates to our industry, include war, nuclear risks, silicosis, asbestosis or other fibrosis of the lungs or diseases of the respiratory system with regard to employees, and gradual pollution. In addition, our insurance policies may not continue to be available at economically acceptable premiums. As a result, in the future our insurance coverage may not cover the extent of claims against us.

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

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

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

that the court which pronounced the judgment has jurisdiction to entertain the case according to the principles recognized by Jersey law with reference to the jurisdiction of the foreign courts;

that the judgment is final and conclusive it cannot be altered by the courts which pronounced it;

that there is payable pursuant to a judgment a sum of money, not being a sum payable in respect of tax or other charges of a like nature or in respect of a fine or other penalty;

that the judgment has not been prescribed;

that the courts of the foreign country have jurisdiction in the circumstances of the case;

that the judgment was not obtained by fraud; and

that the recognition and enforcement of the judgment is not contrary to public policy in Jersey, including observance of the rules of natural justice which require that documents in the United States proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal.

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

We are subject to significant corporate regulation as a public company and failure to comply with all applicable regulations could subject us to liability or negatively affect our share price.

As a publicly traded company, we are subject to a significant body of regulation. While we have developed and instituted a corporate compliance program based on what we believe are the current best practices in corporate governance and continue to update this program in response to newly implemented or changing regulatory requirements, we cannot provide absolute assurance that we are or will be in compliance with all potentially applicable corporate regulations. For example, we cannot provide assurance that in the future our management will not find a material weakness in connection with its annual review of our internal control over financial reporting pursuant to Section 404 of the US Sarbanes-Oxley Act of 2002. If we fail to comply with any of these regulations, we could be subject to a range of regulatory actions, fines or other sanctions or litigation. If we must disclose any material weakness in our internal control over financial reporting, our share price could decline.

In addition, we are subject to the U.S. Foreign Corrupt Practices Act and the recently enacted UK Bribery Act, which generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. The compliance mechanisms and monitoring programs that we have in place may not adequately prevent or detect possible violations under applicable anti-bribery and corruption legislation. Failure to comply with such legislation could expose us to civil and criminal sanction, including fines, prosecution, potential debarment from public procurement and reputational damage, all of which could have a material adverse

effect on our financial results and could cause our share price to decline.

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Risks Relating to Our Industry

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

We must continually seek to replenish our ore reserves depleted by production to maintain production levels over the long term. Ore reserves can be replaced by expanding known ore bodies or exploring for new deposits. Exploration for gold is highly speculative in nature. Our future growth and profitability will depend, in part, on our ability to identify and acquire additional mineral rights, and on the costs and results of our continued exploration and development programs. Many exploration programs, including some of ours, do not result in the discovery of mineralization and any mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Our mineral exploration rights may not contain commercially exploitable reserves of gold. Uncertainties as to the metallurgical recovery of any gold discovered may not warrant mining on the basis of available technology. Our operations are subject to all of the operating hazards and risks normally incident to exploring for and developing mineral properties, such as:

encountering unusual or unexpected formations;

environmental pollution;

personal injury and flooding; and

decrease in reserves due to a lower gold price.

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

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

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

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

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

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

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

Our operations are subject to extensive governmental and environmental regulations, which could cause us to incur costs that adversely affect our results of operations.

Our mining facilities and operations are subject to substantial government laws and regulations, concerning mine safety, land use and environmental protection. We must comply with requirements regarding exploration operations,

public safety, employee health

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

Any failure on our part to be in compliance with these laws, regulations, and requirements with respect to our properties could result in us being subject to substantial penalties, fees and expenses, significant delays in our operations or even the complete shutdown of our operations. We provide for estimated environmental rehabilitation costs when the related environmental disturbance takes place. Estimates of rehabilitation costs are subject to revision as a result of future changes in regulations and cost estimates. The costs associated with compliance with government regulations may ultimately be material and adversely affect our results of operations and financial condition.

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

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

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

Our operations in West Africa are highly unionized, and strikes are legal in the countries in which we operate. Therefore, our operations are at risk of having work interrupted for indefinite periods due to industrial action, such as strikes by employee collectives. Should long disruptions take place on our operations, the results from our operations and their financial condition could be materially and adversely affected.

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

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

Item 4. Information on the Company

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Randgold Resources Limited was incorporated under the laws of Jersey, Channel Islands in August 1995, to engage in the exploration and development of gold deposits in Sub-Saharan Africa. Our principal executive offices are located at 3rd Floor Unity Chambers, 28 Halkett Street, St. Helier, Jersey, JE2 4WJ Channel Islands and our telephone number is (011 44) 1534 735-333. Our agent in the United States is CT Corporation System, 111 Eighth Avenue, New York, New York 10011.

We discovered the Morila deposit during December 1996 and we subsequently financed, built and commissioned the Morila mine.

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

We have an 80% controlling interest in Société des Mines de Loulo SA, or Somilo, through a series of transactions culminating in April 2001. The Loulo mine commenced operations in October 2005 and mines the Gara (formerly Loulo 0) and Yalea deposits. We discovered the Yalea deposit in 1997.

We have an 89% controlling interest in Société des Mines de Tongon SA, or Tongon.

We conduct our mining operations through:

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a 50% joint venture interest in Morila Limited (which in turn owns an 80% interest in the Morila mine);

an 80% interest in Somilo; and

an 89% interest in Tongon.

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

In February 2004, we announced that we would develop a new mine at Loulo in western Mali. Construction continued through 2005 and the new open pit mine went into production in October 2005. In addition, our board agreed to proceed with the development of the underground mine and, after the award of the development contract, work commenced with the construction of the boxcut at the Yalea mine in August 2006. We accessed first ore at Yalea in April 2008 with full production beginning in 2010. We commenced development of Loulo s second underground mine, Gara, in 2010 with first ore scheduled to be delivered to the plant by the second quarter of 2011.

In April 2004, Resolute Mining Limited, or Resolute, acquired the Syama mine from us. Resolute has subsequently paid us $6 million in cash and has assumed liabilities of $7 million, of which $4 million owing to ourselves has been settled. The agreement entered into in June 2004 between the parties provides for the payment of a production royalty by Resolute to us relating to Syama s production equal to $10 per ounce on the first million ounces produced by Syama and $5 per ounce on the next three million ounces produced by Syama. This royalty payment is capped at $25 million. We received our first royalties in 2009.

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

On November 1, 2005, we completed a public offering of 8,125,000 of our ordinary shares, including ADSs, resulting in gross proceeds to us of $109.7 million. The new shares were allocated to institutional shareholders in the United Kingdom, the United States, Canada and the rest of the world.

On December 6, 2007, we completed a public offering of 6,821,000 of our ordinary shares, including ADSs, resulting in gross proceeds to us of $240 million. A portion of the proceeds from the offering were used for the development of the Tongon project, and any remaining proceeds will be used for such organic and corporate opportunities, including possible acquisitions, as might arise.

During 2007, peace initiatives in Côte d Ivoire continued and we completed a feasibility study which allowed our board to approve the development of the new mine at Tongon subject to the approval of the mining convention by the Côte d Ivoire Minister of Mines and Energy. Construction of the mine started at the end of 2008 and its first gold was produced in November 2010.

On August 4, 2009, we completed a public offering of 5,750,000 of our ordinary shares, including ADSs, resulting in gross proceeds to us of $341.8 million. The proceeds from the offering are being used to fund the feasibility studies for the Gounkoto and Massawa projects, to develop the Gounkoto, Massawa and Kibali projects, and for other organic and corporate opportunities, including possible acquisitions.

On October 15, 2009, we completed the acquisition of 50% of Moto Goldmines Limited (Moto Goldmines), in conjunction with AngloGold Ashanti, which resulted in a 50:50 joint venture control of the Kibali project in the DRC. On December 22, 2009 we completed a further acquisition of a 20% interest, on behalf of the joint venture, from Société des Mines d Or de Kilo-Moto (Sokimo), the parastatal mining company of the DRC, resulting in an effective interest in the Kibali project of 45%.

During November 2009, we completed the sale of our Kiaka gold project to Volta Resources Inc., for $2 million in cash and 20 million Volta Resources Inc. shares. During 2010, we sold 15.5 million Volta Resources Inc. shares for a net profit of $19.3 million.

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Developments during 2010 relating to MDM are discussed more fully in Item 4. Information on the Company B. Business Overview Legal Proceedings .

Principal Capital Expenditures

Capital expenditures incurred for the year ended December 31, 2010 totaled $410.8 million compared to $196.7 million for the year ended December 31, 2009, and $85 million for the year ended December 31, 2008. As of December 31, 2010, our capital commitments amounted to $85 million, principally for the Loulo underground project, Tongon mine, Gounkoto project and the Kibali project. The capital expenditures will be financed out of internal funds. The capital cost for both Loulo underground mines is expected to amount to approximately $137 million for the next three years. The capital cost for the Tongon mine is expected to amount to approximately $66 million for the next three years. The capital cost for Gounkoto is expected to amount to approximately $98 million for the next three years. The capital cost for our share of the Kibali project is expected to amount to approximately $363 million for the next three years. The capital cost for Massawa is expected to amount to approximately $26 million for the next three years.

Recent Developments

During 2010, we completed the feasibility study for the Gounkoto project. The feasibility study is based on a toll treat project whereby the ore is mined and fed through an onsite fixed crusher. The crushed ore is then loaded onto dedicated haul trucks and trucked approximately 25 kilometers to Loulo and fed directly into the Loulo plant. Mining at Gounkoto commenced in January 2011 and processing is anticipated to commence by mid-year.

Also in 2010, we completed an update to the Kibali project feasibility study. The study will now go through a series of internal and external reviews and optimizations of the mining and processing rates and capital estimates and in particular the scheduling of the capital ahead of final design and approval targeted for mid-2011. The Kibali project s Resettlement Action Plan has progressed with the construction of the first houses in the resettlement area commencing in January 2011.

B. BUSINESS OVERVIEW

OVERVIEW

We engage in gold mining, exploration and related activities. Our activities are focused on West and Central Africa, some of the most promising areas for gold discovery in the world. In Mali, we have an 80% controlling interest in the Loulo mine through Somilo SA. The Loulo mine is currently mining from two large open pits, several smaller satellite pits and one underground mine and is developing a further underground mine. We also own 50% of Morila Limited, which in turn owns 80% of Morila SA, the owner of the Morila mine in Mali. In addition, we own an effective 89% controlling interest in the Tongon mine located in the neighboring country of Côte d Ivoire, which was commissioned in November 2010. We also own an effective 83.25% controlling interest in the Massawa project in Senegal where we completed a prefeasibility study in December 2009. In 2009, we announced a new discovery on our Loulo permit, Gounkoto, which is located approximately 25 kilometers south of the existing mine. Also in 2009, we acquired a 45% interest in the Kibali project, which is located in the DRC. We also have exploration permits and licenses covering substantial areas in Burkina Faso, Côte d Ivoire, DRC, Mali, and Senegal. At December 31, 2010, we declared proven and probable reserves of 16.39 million ounces attributable to our percentage ownership interests in Loulo, Morila, Tongon, Gounkoto, Massawa and Kibali.

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

Loulo

In February 2004, we announced that we would develop a new mine at Loulo in western Mali. In 2005, we commenced open pit mining operations at the Gara and Yalea pits. In 2010, its fifth year of production, the Loulo mine produced 316,539 ounces of gold at a total cash cost of $712 per ounce. We estimate that the mine will produce between 420,000 to 440,000 ounces in 2011. We currently anticipate that mining at Loulo will continue through 2029.

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We commenced development of the Yalea underground mine in August 2006, first ore was accessed in April 2008 and we are ramping up to full production anticipated in 2011. We commenced development of Loulo s second underground mine, Gara, in 2010 with first ore scheduled to be delivered to the plant by the second quarter of 2011.

The focus of exploration at Loulo is to continue to explore and discover additional orebodies within the 372 square kilometer permit.

Gounkoto

Gounkoto is located approximately 25 kilometers south of Loulo s plant.

Following the completion of the feasibility in early 2010 a full feasibility was completed by the end of 2010, following a large drill program and follow up studies. The geological modeling is based on 114 RC holes totaling 11,583 meters and 194 diamond holes totaling 57,613 meters. The Gounkoto structure hosting the Gounkoto orebody has now been intersected over the 1.7km of strike length and down to 520 vertical meters. The feasibility study has led to the declaration of open pit ore reserves totaling 17.11 million tonnes at a grade of 5.10g/t for 2.80 million ounces. The P64 target, which features 250 strike meters of similar alteration and mineralization, is located 300 meters to the northwest of Gounkoto, while the Faraba deposit, with mineralized material of 6.78 million tonnes at an average grade of 2.60g/t for 565,000 ounces, is located 2.5 kilometers to the southeast.

It is anticipated that an updated underground economic scoping study will be completed during 2011.

Morila

In 1996, we discovered the Morila deposit, which we financed and developed and was our major gold producing asset through 2009. Since production began in October 2000, Morila has produced approximately 5.8 million ounces of gold at a total average cash cost of $216 per ounce. Morila s total production for 2010 was 238,607 ounces at a cash cost of $669 per ounce. Consistent with the mine plan, Morila ceased pit mining in April 2009 and is currently processing lower grade stockpiles, which will continue through 2013. During 2010 a study of the reprocessing of the Morila Tailings Storage Facility was completed and it is anticipated that a bankable feasibility study will be undertaken in 2011.

Tongon

The Tongon project is located within the Nielle exploitation permit in the north of Côte d Ivoire, 55 kilometers south of the border with Mali.

We commenced construction of the Tongon gold mine at the end of 2008 and commissioned the first stream in the fourth quarter of 2010 and produced 28,126 ounces at an average cash cost of $459 per ounce for the year, with first official gold production being recorded. We are forecast to complete and commission the second stream including secondary and tertiary crushing circuit and the sulfide circuit of the processing plant by midyear 2011. Gold production is projected to build up to between 260,000 and 270,000 ounces in 2011 and average 270,000 ounces per annum over a ten year period.

The focus of exploration at Tongon is to continue to explore and discover additional orebodies within the 751 square kilometer Nielle permit.

Kibali

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

During the year the feasibility was updated. Revised ore reserves reflect an increase in underground probable ore reserves to in excess of 6 million ounces, bringing the total probable ore reserve number to 10.05 million ounces.

The overall program to complete the initial investment phase to establish gold production at Kibali is estimated to take approximately three years, with first gold expected at the end of 2013.

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The exploration team completed the analysis of the Karagba Chauffeur Durba (KCD) deposit, resulting in a new geological model. Continuity of mineralization was confirmed between the Sessenge and KCD deposits and remains open down plunge. This will be tested by a program of deep drilling in 2011.

Massawa

Our Massawa project consists of a greenfields exploration find located in eastern Senegal during 2008. The Massawa target was first identified in 2007 and is located approximately 60 kilometers west of the Malian border. A successful scoping study was completed for Massawa in the first quarter of 2009 which met all of our investment criteria and we advanced the project to prefeasibility. The prefeasibility study was completed at the end of 2009 which highlighted the complex nature of the ore, which requires pressure oxidation of the sulfides to liberate the gold. During 2010 significantly more work was conducted in this regard to improve the geochemical and metallurgical understanding of the ore. All studies point towards the Massawa deposit requiring high levels of energy to recover the gold and thus our focus in 2011 will be on defining a power strategy for Massawa and finding further non refractory mineralization. Further infill and twin drilling was completed in 2010 which resulted in a revised geological model. The feasibility modifying factors were applied to this resulting in updated probable open pit mineral reserves of 17.42 million tonnes at a grade of 3.36g/t for 1.88 million ounces.

While the exploration work concentrated on the Massawa feasibility during 2010, the exploration team has been mobilized to delineate and test the large number of satellite targets in the area with the focus of finding additional non-refractory mineralization that could incrementally add to the project.

Exploration

We have an extensive portfolio of exploration projects in both West and Central Africa. In 2010, we concentrated our exploration activities on the continued evaluation of the Massawa deposit in Senegal, the discovery of the new multi-million ounce high grade gold deposit at Gounkoto in Mali, the definition of satellite deposits at Loulo, and geological modeling and update of the ore reserves at the Kibali gold deposit in the DRC. We completed a detailed analysis of the KCD deposit, resulting in a new geological model which supported a growth in reserves from 4.5 million ounces at the acquisition to 10.05 million ounces at the end of December 2010. Continuity of mineralization was confirmed between the Sessenge and KCD deposits and remains open down plunge. This will be tested by a program of deep drilling in 2011. We are exploring in five African countries with a portfolio of 275 targets on 13,583 square kilometers of groundholding. We target profitable gold deposits that have the potential to host mineable gold reserves of three million ounces or more. Our business strategy of organic growth through exploration has been validated by our discovery and development track record, including the Morila and Loulo mines, the Tongon project and the Massawa and Gounkoto discoveries.

OWNERSHIP OF MINES AND SUBSIDIARIES

Morila is owned by a Malian company, Société des Mines de Morila SA (Morila), which in turn is owned 80% by Morila Limited and 20% by the State of Mali. Morila Limited is jointly owned by ourselves and AngloGold Ashanti Limited and the mine is controlled by a 50:50 joint venture management committee. Responsibility for the day-to-day operations rests with us.

Loulo is owned by a Malian company, Société des Mines de Loulo SA (Somilo), which is owned 80% ourselves and 20% by the State of Mali.

Tongon is owned by an Ivorian company, Société des Mines de Tongon SA, in which we have an 89% interest, the State of Côte d Ivoire 10% and 1% is held by a local Ivorian company.

The Kibali project is controlled by a 50:50 joint venture, between ourselves and AngloGold Ashanti Limited, which holds an effective 90% interest in Kibali Goldmines SPRL. The remaining 10% of the shares are held by Sokimo, the parastatal mining company of the Democratic Republic of Congo. We thus have an effective 45% interest in the Kibali project. Our interest in this project was acquired following the acquisition of Moto Goldmines Limited, in conjunction with AngloGold Ashanti, and the further acquisition of a 20% interest from Sokimo on behalf of the joint venture.

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The Gounkoto project is located on the Loulo Exploitation Permit. Accordingly, we hold an effective 80% interest in the Gounkoto project through our interest in Loulo. We are currently engaged in the process of applying for the formation of the new Gounkoto Exploitation Permit, which will be owned by a separate company, Société des Mines de Gounkoto S.A.

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

GEOLOGY

West Africa is one of the more geologically prospective regions for gold deposits in the world. Lower Proterozoic rocks are known to contain significant gold occurrences and exist in West Africa in abundance. The Birimian greenstone belts, part of the Lower Proterozoic, which are younger than the Archaean greenstones of Canada, Australia and South Africa, contain similar types of ore deposits and are located in Ghana, Côte d Ivoire, Burkina Faso, Guinea, Mali, Senegal and Niger. Although a significant amount of geological information has been collected by government and quasi-government agencies in West Africa, the region has largely been under-explored by mining and exploration companies using modern day technology. Most of our exploration properties are situated within the Birimian Formation, a series of Lower Proterozoic volcanic and sedimentary rocks. The West African Birimian sequences host a number of world class gold deposits and producing gold mines.

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

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

ORE RESERVES

Only those reserves which qualify as proven and probable reserves for purposes of the SEC s Industry Guide Number 7 are presented in this Annual Report. Pit optimization and open pit designs are carried out at a gold price of $800 per ounce. Underground reserves are also based on a gold price of $800 per ounce.

Morila reserves have been estimated by Mr. Stephen Ndede, an officer of the company and competent person. The Loulo open cast mineral reserves were calculated by Mr. Inigo Osei under supervision by Mr. Onno ten Brinke, an officer of the company and competent person. The Loulo underground mineral reserves were calculated by Mr. Chris Moffat, an officer of the company and competent person. The Tongon open pit mineral reserves were calculated by Mr. Samuel Baffoe, an officer of the company under the supervision of Mr. Onno ten Brinke, an officer of the company and competent person. The Gounkoto, Kibali and Massawa project open pit mineral reserves were estimated by Mr. Onno ten Brinke, an officer of the company and competent person, while the Kibali project underground mineral reserves were calculated by Mr. Paul Kerr, an officer of SRK Consulting Perth and competent person. All reserves were verified and approved by Mr. Rodney Quick, our General Manager: Evaluation and Environment and competent person.

Total reserves as of December 31, 2010 amounted to 203.93 million tonnes at an average grade of 3.78g/t, for 24.76 million ounces of gold of which 16.39 million ounces are attributable to us.

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

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

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The following table summarizes the declared reserves at our mines and s as of December 31, 2010:

	Proven Reserves			Probable Reserves			Total Reserves		
Operation/ Project++	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**
Morila +	5.86	1.68	0.32	6.69	1.14	0.24	12.55	1.39	0.56
Loulo +	4.54	2.98	0.43	40.89	4.63	6.09	45.43	4.47	6.52
Tongon +	0.42	1.93	0.03	36.69	2.47	2.91	37.11	2.46	2.94
Gounkoto +				17.11	5.10	2.80	17.11	5.10	2.80
Massawa +				17.42	3.36	1.88	17.42	3.36	1.88
Kibali+				74.32	4.21	10.05	74.32	4.21	10.05
Total	10.82	2.23	0.78	193.12	3.86	23.98	203.93	3.78	24.76

\+ Our attributable share of Morila is 40%, Loulo 80%, Gounkoto is 80%, Tongon 89%, Massawa 83.25% and Kibali 45%.

++ Our reserves are calculated at a weighted average cut off grade of 2.38g/t for Loulo, 0.97g/t for Morila, 0.85g/t for Tongon, 1.40g/t for Gounkoto, 1.10g/t for Massawa, and 1.59g/t for Kibali.

At Loulo, a 10% mining dilution at zero grade and an ore loss of 5% has been incorporated into the estimates of reserves and are reported as mill delivered tonnes and head grades. At the Tongon project a dilution of 15% at zero grade and an ore loss of 2% has been modeled for the Southern zone and for the Northern zone, dilution has been set at 10% with ore loss at 3%. At Gounkoto and Massawa a dilution of 10% and an ore loss of 3% has been used. Metallurgical recovery factors have not been applied to the reserve figures since these are the estimates of the material to be delivered to the mill. Metallurgical recovery is used to determine the cut off grade at which to report mineral reserves. The average metallurgical recovery factors used are 89% for the Morila mine, 93.5% for the Loulo open pit material and 90.5% for Loulo underground material, 90.8% for the Tongon project, 92% for the Gounkoto project, 90% for the Massawa project and between 83 and 86% for Kibali open pit projects depending on ore type and 91% for Kibali underground material.

MINING OPERATIONS

Loulo

Loulo is controlled by a Malian company, Société des Mines de Loulo SA (Somilo), which is owned 80% by us and 20% by the Malian government. The Loulo mine complex is comprised of two open pit operations, Yalea and Gara, and two corresponding underground mines, the first of which has commenced operations and the second which is now in construction.

Loulo is located in western Mali, bordering Senegal, adjacent to the Falémé River. The mine is located within the Kedougou-Kéniéba inlier of Birimian rocks which hosts several major gold deposits, namely Gara, Yalea and Gounkoto on the Loulo lease as well as Sadiola and Yatela in Mali and the Senegalese deposits of Massawa and Sabodala.

In 2010, Loulo produced 316,539 ounces of gold at a total cash cost of $712 per ounce. The mine reported gold sales of $363.7 million and profit from mining of $140.7 million.

Production results for the 12 months ended December 31,	**2010**	**2009**
Mining		
Tonnes mined (000)	38,932	27,977
Ore tonnes mined (000)	4,597	3,353
Milling		
Tonnes processed (000)	3,158	2,947
Head grade milled (g/t)	3.4	4.2

Recovery (%)	92.5	87.7
Ounces produced	316,539	351,591
Ounces sold	313,122	349,660
Average price received+ ($/oz)	1,162	864
Cash operating costs ($/oz)	647	475
Total cash costs ($/oz)	712	525

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Production results for the 12 months ended December 31,	**2010**	**2009**
Profit from mining activity ($000)	140,717	118,326
Gold sales+ ($000)	363,717	301,963

\+ *Includes 41,748 ounces for the year ended 31 December 2010 (31 December 2009: 84,996 ounces) delivered into the hedge at $500/oz (year ended 31 December 2009; $435/oz).*

Higher revenues were partially offset by higher mining costs, primarily due to increased open pit mining costs resulting from increased tonnes mined, deepening pits, revised mining rates and the introduction of a second mining contractor at the site, necessitated in part by the slower build up in tonnes from the underground mine.

Ore Reserves

Total ore reserves for the years ended December 31, 2010 and 2009 are inclusive of depletions due to mining and additions from the Loulo 3 open pit.

		Tonnes		Grade		Gold		Attributable gold**	
		(MT)	(Mt)	**(g/t)**	(g/t)	**(Moz)**	(Moz)	**(80%)**	(80%)
at 31 December	Category	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Mineral reserves* **									
o Stockpiles	Proven	**2.15**	1.11	**1.65**	1.78	**0.11**	0.06	**0.09**	0.05
o Open pit	Proven	**2.38**	4.44	**4.19**	3.91	**0.32**	0.56	**0.26**	0.45
	Probable	**1.66**	2.46	**2.48**	2.47	**0.13**	0.20	**0.11**	0.16
o Underground	Proven								
	Probable	**39.23**	41.45	**4.72**	4.66	**5.96**	6.22	**4.76**	4.97
TOTAL MINERAL RESERVES*	Proven and probable	**45.43**	49.45	**4.47**	4.42	**6.52**	7.03	**5.22**	5.63

* *Open pit mineral reserves are reported at a gold price of $800/oz and an average cut-off of 1.23g/t and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr. Inigo Osei, under supervision of Mr. Onno ten Brinke, an officer of the company and competent person. Underground mineral reserves are reported at a gold price of $800/oz and a cut-off of 2.5 g/t and include dilution and ore loss factors. Underground mineral reserves were calculated by Mr. Chris Moffatt, an officer of the company and competent person.*

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

*** *Loulo reserves calculated at a weighted average cut off grade of 2.38g/t.*

Operations

Gold production of 316,539 ounces for the year was below management s guidance of 400,000 ounces mainly due to lower plant throughput as a result of reduced plant availability and efficiency during the first six months of the year and the impact of lower run of mine grades due to the slower than planned build-up of underground production.

Lower gold production negatively impacted gold sales which totaled $363.7 million for the year. This was offset by the higher gold price received. Total royalties paid during the year amounted to $20.4 million and cash operating costs totaled $202.6 million, resulting in profit from mining activities of $140.7 million for 2010.

The total cash cost for the year was $712/oz of gold sold. Capital expenditure for the year was $86.9 million and this was covered by the cash flows generated by the mine during the year.

Underground Mining and Development

Following the termination due to poor health, safety and environmental performance of the former underground contractor at the end of 2009, African Underground Mining Services Mali SARL (AUMS) has been contracted for the underground development of

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Gara and recently joined us in the further development of the Yalea underground mine with the commencement of another decline from the base of the Yalea pit.

Yalea Underground Development: During 2010, a total of 4,806 meters of development was completed and 647,810 tonnes of ore at a grade of 3.69g/t was hauled to surface. The Yalea declines have now been advanced to a distance of 2,004 meters from surface and a vertical depth of 327 meters. Overall development was down on budget and against 2009. Stoping saw an improved performance during 2010 against 2009 but was also below target.

Gara Underground Development: During 2010, a total of 1,879 meters development was completed. The Gara declines have now been advanced to a distance of 614 meters and a vertical depth of 127 meters. Overall development is down on plan, due to the influx of water during the fourth quarter and a starting date delay, but development rates picked up towards the end of the year.

The following table shows a summary of the underground section s progress to date:

	Development	Ore		Ounces	
at 31 December 2010	(meters)	(tonnes)	Grade (g/t)	mined (oz)	Total (tonnes)
YALEA					
Q1	1,611	158,944	4.32	22,056	215,461
Q2	1,501	123,880	3.88	15,471	187,363
Q3	909	157,196	3.40	17,174	196,894
Q4	785	207,790	3.30	22,071	275,895
TOTAL 2010	**4,806**	**647,810**	**3.69**	**76,772**	**875,613**
Total 2009	5,788	500,267	4.38	70,395	763,677
Total 2008	3,860	105,411	4.13	13,982	288,298
TOTAL YALEA	**14,454**	**1,253,488**	**4.14**	**161,149**	**1,927,588**
GARA					
Q1					
Q2	265				24,346
Q3	628				56,613
Q4	986				94,742
TOTAL 2010	**1,879**				**175,701**
TOTAL GARA	**1,879**				**175,701**

Processing

The utilization of mills and crusher was 84.9% and 70.9% respectively during 2010, while the average engineering availability was 90.5% and 81.1%. The mill and crusher have engineering standards of 95% and 85%. The negative variance for the mills is attributed to downtime due to various technical issues including a power outage.

Major projects completed in 2010 include the upgrade of the secondary ore crushing circuit, a new warehouse, the Gara portal frames, vehicles and conveyor decline, the mill rotary magnet, the fourth tailing pump, and the installation of the Acacia module for gravity gold recovery. In 2011, the focus will be on the installation of the third mill, upgrading the power plant with additional medium speed energy efficient engines and the conversion of the medium speed engines to Heavy Fuel Oil (HFO) in order to increase the plant s fuel efficiency.

Exploration

In 2010, exploration continued to delineate open pit resource ounces from satellite deposits near the Loulo plant. Work concentrated on two main structures which not only host the Gara and Yalea deposits but also Loulo 3, Loulo 2, Loulo 1 and PQ10. While underground grade control drilling at Yalea extended the high grade mineralization associated with the purple patch.

Morila

Morila is owned by a Malian company, Société des Mines de Morila SA (Morila), which in turn is owned 80% by Morila Limited and 20% by the Malian government. Morila Limited is jointly owned by ourselves and AngloGold

Ashanti Limited and the mine is controlled by a 50:50 joint venture management committee. Responsibility for the day-to-day operations rests with us.

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The mine was commissioned in October 2000 and, since the start of production to December 2010, has produced approximately 5.8 million ounces of gold at a total cash cost of $216 per ounce.

As planned, the mine was converted in April 2009 from open pit mining to a 100% stockpile treatment operation. Gold production for 2010 was 238,607 ounces. Total cash cost for the year was $669 per ounce, including stockpile adjustments of $246 per ounce. The operation is expected to come to an end in 2013, although the mine is currently investigating the opportunity to retreat the TSF material, which would extend the mine life by approximately 5 years. Despite the drop in grade associated with processing the stockpiles, the mine still reported $133.9 million in profits from mining activity in 2010.

In order to leave a sustainable source of economic activity for the local community after the closure, an agribusiness feasibility study has been advanced in conjunction with USAID.

Production results for the 12 months ended December 31,	**2010**	**2009**
Mining		
Tonnes mined (000)	16	3,657
Ore Tonnes mined (000)	13	1,620
Milling		
Tonnes processed (000)	4,354	4,303
Head grade milled (g/t)	1.9	2.7
Recovery (%)	90.7	91.4
Ounces produced	238,607	341,661
Ounces sold	238,607	341,661
Average price received ($/oz)	1,230	968
Cash operating costs ($/oz)	595	422
Total cash costs ($/oz)	669	480
Profit from mining activity ($000)	133,855	166,713
Stockpile adjustment# ($/oz)	246	98
Attributable (40% proportionately consolidated)		
Gold sales ($000)	117,427	132,231
Ounces produced	95,443	136,664
Ounces sold	95,443	136,664
Profit from mining activity ($000)	53,542	66,685

 # The stockpile adjustment per ounce reflects the charge expensed/(credit deferred) in respect of stockpile movements during the period divided by the number of ounces sold. The total cash cost per ounce includes non-cash stockpile adjustments.

Ore Reserves

Remaining reserves were lower than last year after mining depletion has been taken into account. Open pit mining activities ended in April 2009, and therefore the current reserves are based on already mined stockpiles only.

		Tonnes		Grade		Gold		Attributable gold**	
		(MT)	(Mt)	**(g/t)**	(g/t)	**(Moz)**	(Moz)	**(Moz)**	(Moz)
at 31 December	Category	**2010**	2009	**2010**	2009	**2010**	2009	**(40%) 2010**	(40%) 2009
Mineral reserves* **									
o Stockpiles	Proven	**5.86**	9.85	**1.68**	1.74	**0.32**	0.55	**0.13**	0.22

	Probable	**6.69**	6.91	**1.14**	1.14	**0.24**	0.25	**0.10**	0.10
TOTAL MINERAL RESERVES	Proven and probable	**12.55**	16.76	**1.39**	1.49	**0.56**	0.80	**0.22**	0.32

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* *Stockpile mineral reserves are those stockpiles which are economic at a $800/oz gold price and reported at a 0.97g/t cut-off. Stockpile mineral reserves were calculated by Mr. Stephen Ndede, an officer of the company, and competent person.*

** *Attributable gold (Moz) refers to the quantity attributable to ourselves based on its 40% interest in Morila.*

*** *Cutoff grade of 0.97g/t used to calculate the Morila reserves.*

Operations

In April 2009, Morila managed a successful transition from the open pit operation to stockpile retreatment, operated by Mining and Rehandling Services.

Initially, the conventional Carbon in Leach plant had been designed to treat 260,000 tonnes of ore. This plant was upgraded in 2004 to treat 360,000 tonnes and by the end of 2010, 4,353,877 tonnes of sulfide had been treated. In spite of the low grade ore being treated, good gold recoveries were achieved due to improved oxygen plant availability, good control of the leach parameters, the increase in the gravity recovery and the oxygenation system upgrade.

Total ounces of 238,607 were produced during 2010 at a total cash cost of $669/oz sold. This translated into profit from mining of $133.9 million for the year which enabled the mine to pay dividends of $135.0 million to shareholders during 2010.

The 91.5% engineering availability was in line with the 2010 plan despite the downtime associated with the SAG mill gearbox changeover in February and December, cyclone pump conversion in May and extended crusher maintenance during January. Planned maintenance using the PRAGMA system helped to further enhance the mine maintenance program.

The mine generates its own power via a diesel electrical generating station equipped with five Allen engines (6 Mwatts each). Three are producing power, one is on maintenance and one is on standby. 2010 consumption at 130.7 mkWh was well contained and also contributed to cost savings.

Tailings Project

During 2010, a study on the Morila Tailing Storage Facility (TSF) retreatment project was completed. Based on management s estimates and reclamation scoping, the project showed marginal economics at a gold price of $1,200/oz but demonstrated significant benefits and costs savings as far as mine closure plans were concerned. Based on these conclusions, the board agreed that the project should proceed to a bankable feasibility study.

Mine Closure

Currently the plan provides for mine closure in 2013. However, the outcome of the TSF retreatment feasibility study could impact on the closure plan, its costs and risks as well as its timing.

An internal closure coordinator has been appointed and the Ministry of Mines has revived the closure committee (including representatives from government, the local community, employees and management). The committee met quarterly in Bamako to review the closure plan and the mine s activities related to closure.

A communication campaign was conducted at local and regional level to inform all the stakeholders of the closure plan and the possible options.

Work continued on the agribusiness project which is planned to ameliorate the impact of mine closure on the local economy by offering alternative employment and economic opportunities to the local community. During the year the project, which has now partnered with a number of NGO agencies, progressed to a stage in which pilot poultry, animal husbandry, honey production and fishing projects are being initiated to test the viability and sustainability potential of each activity.

The key next steps to be addressed in order to roll out the larger project is the completion of a final comprehensive integrated feasibility study and business plan along with a solution regarding land ownership issues.

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Tongon

Tongon is owned by an Ivorian company, Société des Mines de Tongon SA, in which we have an 89% interest, the State of Côte d Ivoire a 10% interest, and the remaining 1% held by a local Ivorian company.

The Tongon project is located within the Nielle exploitation permit in the north of Côte d Ivoire, 55 kilometers south of the border with Mali.

Tongon is an open-cut mining operation and employs the four standard mining practices of drill, blast, load and haul. Mining started in April 2010 and Tongon has a ten year Life of Mine (LOM). Two main pits are scheduled in the LOM as follows:

South Zone pit will be mined from 2010 to 2016 to the final pit bottom; and

North Zone pit, which is smaller than the South Zone, will be mined from 2015 to 2019.

Production results for the 12 months ended December 31,	**2010**
Mining	
Tonnes mined (000)	7,520
Ore tonnes mined (000)	898
Milling	
Tonnes processed (000)	355
Head grade milled (g/t)	2.67
Recovery (%)	92.2
Ounces produced	28,126
Ounces sold	4,698
Average price received ($/oz)	1,389
Cash operating costs ($/oz)	418
Total cash costs ($/oz)	459
Profit from mining activity ($000)	4,369
Gold sales+ ($000)	6,527

Ore Reserves

Ore reserves at Tongon are sourced within two open pits, the Northern and Southern Zone. Mining commenced in the Southern pit in April 2010. Ore reserves are slightly lower this year compared to 2009 due to depletion from mining in and geological model changes form the inclusion of advanced grade control drilling over the two open pit reserves, which saw reserves increase in the northern pit but decrease in the southern pit.

		Tonnes		Grade		Gold		Attributable gold**	
at 31 December	Category	**(Mt) 2010**	(Mt) 2009	**(g/t) 2010**	(g/t) 2009	**(Moz) 2010**	(Moz) 2009	**(Moz) (89%) 2010**	(Moz) (89%) 2009
Mineral reserves* **									
o Stockpiles	Proven	**0.42**		**1.93**		**0.03**		**0.02**	
o Open pit	Probable	**36.69**	38.02	**2.47**	2.63	**2.91**	3.22	**2.59**	2.87
TOTAL MINERAL RESERVES*	Proven and probable	**37.11**	38.02	**2.46**	2.63	**2.94**	3.22	**2.62**	2.87

* *Open pit mineral reserves are reported at a gold price of $800/oz and 0.85g/t cut-off and include dilution and ore loss factors. Open pit ore reserves were calculated by Mr. Samuel Baffoe, an officer of the company, under*

the supervision of Mr. Onno ten Brinke, an officer of the company and competent person.

** *Attributable gold (Moz) refers to the quantity attributable to ourselves based on its 89% interest in Tongon.*

*** *Cutoff grade of 0.85g/t used to calculate the Tongon reserves.*

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Operations

Tongon started production during the fourth quarter of 2010 and 355,000 tonnes of ore was milled at a grade of 2.67g/t. The mine produced 28,126 ounces at a total cash cost of $459/oz sold. Profit from mining was $4.4 million. This was impacted by 23,428 ounces that were unsold at year end resulting from disruptions in Côte d Ivoire following the disputed elections in November 2010.

Mining

Mining operations are carried out by Mine de Tongonaise SA (ToMi), a contract mining company and subsidiary of DTP Terrassement. The mine operates 24 hours a day based on a working roster of three eight-hour shifts. The major load and haul mobile fleet consists of one Liebherr 984 and three Liebherr 9350 diggers and 15 Cat 777F haul trucks. The mining feet has an annual capacity of approximately 26Mtpa at a strip ratio of 4:1.

Processing

The Tongon plant design is based on well-established gravity/flotation and Carbon in Leach technology. The plant is designed to treat 3.6 million tonnes per annum of oxide, transition and sulfide ores which can be campaigned through the plant separately or fed in a combination if required. There is a common primary crushing plant for oxides and sulfides. Oxides, which may at times contain high clay quantities and moisture content, have been identified to potentially cause material handling problems when processed through the full crushing circuit. As a result, the design allows the plant to bypass the secondary and tertiary crushing circuit, thus feeding primary jaw crusher product of size 100% passing 300 millimeters directly onto the ball mill feed conveyor, bypassing the stockpiling facility.

Transition and sulfide ores are treated through a primary, secondary and tertiary crushing circuit to produce a ball mill feed of size 100% passing 20 millimeters. The primary crushing plant consists of a complete standby circuit, which allows higher, but also more consistent throughput and better maintenance planning. Milling consists of two ball mills when treating oxide, transition or sulfides. The discharge from each is pumped in separate cyclone feed pump and classifier systems.

First ore was fed through mill no. 1 in October 2010. The feed rate was steadily increased via one mill, as the process circuits and systems were debugged, up to the designed throughput rate of 456tph.

Gold recovery of 92.2% was better than forecast and overall 28,126 ounces of gold was produced.

Engineering

Overall mill availability was 72.6% for 2010. A gradual increase in mill availability was obtained from 69.7% in October to 77.6% in December. Commissioning issues mainly associated with feeding the softer clay containing ore through the system were systematically addressed by the engineering team as part of the commissioning process which included ongoing modifications and operational enhancements with respect to the relevant process sections to facilitate ease of tonnage throughput and improvement in efficiency of key process circuits.

The power plant availability and utilization were 90% and 51% respectively for 2010. All 20 of the power plant generators, including the PLC automatic synchronization, were commissioned ahead of the plant start-up.

Developments

Grid Power

The Korogho substation is 90% complete. The main outstanding items are the installation of the related equipment and the 33kV link to the national grid. The forecast grid power line completion date is the second quarter of 2011.

Tongon and Poungbe Village Electrification

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An agreement between Tongon and Enterprise d Electricite, CIE and Power Management and Electrical Services was reached with respect to the electrification of Tongon and Poungbe villages. The project started in January 2011 and is scheduled for completion in the second quarter of 2011.

Maintenance Planning

The software system On Key from Pragma which was chosen as the CMMS system to be used at our operating mines has been 80% installed at Tongon. Loading of the lubrication and preventative maintenance tasks for the process plant is complete. Extensive configuration work remains to streamline the generation of job cards for these tasks and ensure these fit in with the existing business processes and staffing configurations.

Exploration

In terms of exploration, 2010 was a critical year which saw great improvements in our understanding of the Senoufo Greenstone Belt. This followed the completion of an airborne EM survey flown in January, which enabled not only a reinterpretation of the geological and structural framework but also a target generating and prioritization exercise. Since then, follow-up work was focused on the most prospective targets within a 15 kilometer radius from the plant. These have been advanced through mapping, RAB, RC drilling and trenching.

Gounkoto

The Gounkoto project is located approximately 25 kilometers south of the Loulo gold plant on the Loulo Exploitation Permit. We hold an effective 80% interest in the project.

The project moved rapidly in 2009 from a greenfields exploration find through a scoping study and completed a prefeasibility study in the first quarter of 2010. In addition, the environmental and social impact assessment and feasibility study were completed during 2010.

We are currently engaged in the process of applying for the formation of the new Gounkoto Exploitation Permit which is planned to be split from the current Loulo permit, and which will be owned by a separate company, Société des Mines de Gounkoto SA.

The Gounkoto mine development (Gounkoto) is located within the Kedougou-Kenieba erosional inlier which is underlain by Lower Proterozoic Birimian metasedimentary-volcanic sequences. The area is extensively laterized and covered by depositional regolith, with approximately only 6% outcrop. The host rocks to the Gounkoto mineralization are a sequence of the grained arkoses which have suffered an early silica carbonate alteration event. More than 95% of the sulfide is pyrite (with minor arsenopyrite and chalcopyrite) and additionally gold tellurides are present. Mineralization is bounded by a hangingwall shear and footwall mylonite. In the hangingwall there is a prominent limestone unit which is used as a marker horizon.

Ore Reserves

Following the completion of the mineral reserve in September 2010, drilling continued and completion of a revised geological model was incorporated into the feasibility study to produce mineral reserves as at December 31, 2010.

		Tonnes		Grade		Gold		Attributable gold**	
at 31 December	Category	**(Mt) 2010**	(Mt) 2009	**(g/t) 2010**	(g/t) 2009	**(Moz) 2010**	(Moz) 2009)	**(Moz) (80%) 2010**	(Moz) (80%) 2009
Mineral reserves* **									
o Open pit	Probable	**17.11**	7.47	**5.10**	6.83	**2.80**	1.64	**2.24**	1.31
TOTAL MINERAL RESERVES*	Probable	**17.11**	7.47	**5.10**	6.83	**2.80**	1.64	**2.24**	1.31

* *Open pit mineral reserves are reported at a gold price of $800/oz and 1.40g/t cut-off and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr. Onno ten Brinke, an officer of the company and competent person.*

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

*** *Cutoff grade of 1.40g/t used to calculate the Gounkoto reserves.*

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Further potential exists below the present design pit where an additional 11.04 million tonnes at 5.54g/t for 1.96 million ounces of mineralized material supports the potential of underground extensions. Drilling is currently underway to test depth and strike extensions and these results will be used to evaluate upside potential from extending the Gounkoto orebody together with incremental material from Faraba and P64.

Feasibility Study

A feasibility study was completed on the revised open pit mineral reserve calculated in September 2010. The feasibility is based on a toll treat project whereby the ore is mined and fed through an onsite fixed crusher at Gounkoto. The crushed ore is then to be loaded onto dedicated haul trucks and trucked and direct fed into the Loulo plant. Infrastructural development will include two diversion dams and a diversion trench to divert the seasonal rain flows from the east. Support facilities will include accommodation, workshops and offices. The use of the Loulo plant to process Gounkoto as opposed to building a standalone operation at Gounkoto is better utilization of the current infrastructure and human capital and has reduced the environmental footprint. It has significant synergies with the present open pit mining fleet which are nearing the completion of open pit mining at Loulo, while it also allows for the faster realization of value from Gounkoto as opposed to a standalone operation and as such is better use of our capital.

An economic assessment on the financial viability of the Gounkoto project open pit reserve has been carried out, based on the following parameters summarized below:

- Total ore mined of 13.79 million tonnes of ore containing 2.3 million ounces of gold at a strip ratio of 9.7:1, to give total tonnes mined of 147 million tonnes;
- Mining costs average $2.86/tonne over the life of mine;
- Crush and haul costs average $5.22/tonne ore;
- Mill throughput of 100,000 tonnes per month to be treated at the Loulo plant;
- Plant costs average $21.69/tonne;
- Average plant recovery of 93%;
- G&A cost is $5.19/tonne over life of mine, including outside engineering costs;
- Capital cost is $84.7 million including site construction, plant upgrade, preproduction and ongoing capital.

A financial model was run using a $1,000/oz gold price with an average 1.2M tonnes per year throughput, together with a 5 year tax holiday and 6% royalty which produced the following:

Initial capital payback period	2.0 years
Mine Life (post processing plant commissioning)	11 years
Net after tax cashflow	$747m
IRR	69%
Total cash cost	$420/oz

Based on the positive financial results the board approved the development of Gounkoto project.

Development

Mining started in January 2011 with ore currently stockpiled until the crusher station is ready, which is expected to be in the third quarter of 2011. The dam and river diversion together with support facilities are planned for completion

by midyear. Project work will continue to develop the underground resources and complete the initial design studies on the underground opportunities. In addition, a heap leach prefeasibility study is being carried out to potentially process the low grade Gounkoto material and the satellite deposits of Faraba and P64.

Exploration

The exploration team at Gounkoto has been solely focused on completing the fast-tracked feasibility study and has succeeded in progressing the field work for the project from first borehole to submitted feasibility document in 26 months. Work at Gounkoto has included all resource definition drilling on the main orezone and the footwall and hangingwall structures.

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The team has also completed the metallurgical, piezometric, geotechnical drilling and advanced grade control drilling and has sterilized the area around the pit to allow for the construction of the infrastructure.

Massawa

The Massawa project is situated in eastern Senegal, approximately 75 kilometers west of the border with Mali. We hold an effective 83.25% interest in the project. The government of Senegal retains a 10% carried interest in the project while the balance is held by a Senegalese joint venture partner.

Massawa is located within the Kedougou-Kenieba erosional inlier which is underlain by Lower Proterozoic Birimian metasedimentary-volcanic sequences. Regionally it is located on the plus 150 kilometer long northeast-southwest trending Main Transcurrent Shear Zone (MTZ) which is a significant transcrustal dislocation between the Mako Supergroup (basaltic flow rocks, minor intercalated volcaniclastics, and ultramafic sub volcanic intrusions) and the Diale-Dalema Supergroup (volcano-sedimentary to sedimentary rocks) within the Kedougou-Kenieba inlier. Mineralization at Massawa locates in various lithologies but is structurally controlled within anatomizing shears which converge to the north.

Prefeasibility study

A prefeasibility study was completed by the end of 2009 and highlighted the complex nature of the metallurgy. Dedicated metallurgical drilling and extensive metallurgical testwork was undertaken this year to improve our understanding of geochemical and metallurgical characterization of the ore. Batch testwork completed has shown pressure oxidation to be very effective in releasing the gold from the sulfides. Significant additional bondwork testwork was also conducted which confirmed the hardness of the ore. This combined with the PoX process will make the Massawa project a high energy user and thus alternative options to diesel and heavy fuel oil power generation are required. Additional drilling was also conducted to test the geological model of the central zone which resulted in a revised geological model of higher tonnage and lower grade.

Ore Reserves

Ore reserves were calculated by incorporating the new geological model into the 2009 prefeasibility, using a $800 per ounce gold price, for the pit design.

		Tonnes		Grade		Gold		Attributable gold**	
		(Mt)	(Mt)	**(g/t)**	(g/t)	**(Moz)**	(Moz)	**(Moz) (83.25%)**	(Moz) (83.25%)
at 31 December	Category	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Mineral reserves* **									
o Open pit	Probable	**17.42**	10.51	**3.36**	4.62	**1.88**	1.56	**1.56**	1.30
TOTAL MINERAL RESERVES*	Proven and probable	**17.42**	10.51	**3.36**	4.62	**1.88**	1.56	**1.57**	1.30

* *Open pit mineral reserves are reported at a gold price of $800/oz and 1.1g/t cut-off and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr. Onno ten Brinke, an officer of the company and competent person.*

** *Attributable gold (Moz) refers to the quantity attributable to ourselves based on its 83.25% interest in the Massawa gold project.*

*** *Cutoff grade of 1.1g/t used to calculate the Massawa reserves.*

Development

Due to the time required to secure a power solution, further pilot plant testwork has been put on hold. The exploration team has been mobilized to delineate and test the large number of satellite targets in the area with the focus of finding additional non-refractory mineralization that could incrementally add to the project.

A heap leach study will also be undertaken to determine if this could be a viable option for the low grade non-refractory material available that will be delineated further by the ongoing exploration programs.

Exploration

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The exploration team focused on determining the geological controls within the Massawa orebody and followed up with further exploration on Sofa, Delaya, Bakan Corridor and Bambaraya.

Kibali

The Kibali project is controlled by a 50:50 joint venture, between ourselves and AngloGold Ashanti Limited, which holds an effective 90% interest in Kibali Goldmines SPRL.

The remaining 10% of the shares are held by Sokimo, the parastatal mining company of the DRC. We acquired our interest in this project following the acquisition of Moto Goldmines, in conjunction with AngloGold Ashanti, and the further acquisition of a 20% interest from Sokimo on behalf of the joint venture. The Kibali project is located some 560 kilometers northeast of the city of Kisangani and 150 kilometers west of the Ugandan border town of Arua in the northeast of the DRC.

Geology and Mineralization

The goldfields at the Kibali gold project are located within the Moto greenstone belt, which is comprised of the Archaean Kibalian (Upper and Lower) volcanisedimentary rocks and ironstone-chert horizons that have been metamorphosed to greenschist facies. The goldfields at Kibali are transgressed by regional-scale north, east, northeast and northwest trending faults and are bounded to the north by the Middle Archaean West Nile granite-gneiss complex and cut to the south by the Upper Congo granitic complex. The stratigraphy consists of a volcanisedimentary sequence comprising fine-grained sedimentary rocks, several varieties of pyroclastic rocks, basaltic flow rocks, mafic-intermediate intrusions (dykes and sills) and intermediate-felsic intrusive rocks (stocks, dykes and sills). The sequence is variably altered from slight (texture benign) to intense (texture destructive) such that in some cases the protolith rock is unrecognizable. In the Kibali district the majority of gold mineralization identified to date is disseminated style, hosted within a sequence of volcaniclastics, coarse volcaniclastics, sedimentary rocks and banded ferruginous cherts. The mineralization is generally structurally controlled and associated with quartz-carbonate alteration and pyrite.

The majority of mineralization currently being delineated occurs within two broad mineralized trends. The first group lies within a northeast trending structural-alteration corridor; from the Kibali prospect in the southwest to the Ndala prospect in the northeast, called the Kibali-Durba-Karagba Trend. The second group lies within a northwest trending zone that stretches from the Pakaka prospect in the southeast to the Mengu Hill prospect in the northwest and is called the Pakaka-Mengu Trend.

Ore Reserves

Following the completion of the Moto acquisition, we have moved swiftly to update the ore reserves, retaining the services of SRK Consulting in Perth, supported by in-house skills from both ourselves and AngloGold Ashanti, to ensure continuity with regards to the updates.

Open pit reserves have been calculated in house, while SRK Consulting completed an update of the underground ore reserves based on a $800 gold price. New reserve numbers are presented below and reflect a significant increase in underground ore reserves to almost 7 million ounces, bringing the total ore reserve number to 10.05 million ounces. The main changes to the ore reserve resulted from the inclusion of additional stopes in the mine design.

		Tonnes		Grade		Gold		Attributable Gold**	
at 31 December	Category	**(Mt) 2010**	(Mt) 2009	**(g/t) 2010**	(g/t) 2009	**(Moz) 2010**	(Moz) 2009)	**(Moz) (45%) 2010**	(Moz) (45%) 2009
Mineral reserves* **									
o Open pit	Probable	**37.38**	33.55	**2.67**	3.02	**3.21**	3.26	**1.44**	1.47
o Underground	Probable	**36.94**	30.25	**5.76**	6.10	**6.84**	5.93	**3.08**	2.67
	Probable	**74.32**	**63.80**	**4.21**	**4.48**	**10.05**	**9.19**	**4.52**	**4.14**

TOTAL MINERAL
RESERVES*

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* *Open pit mineral reserves are reported at a gold price of $800/oz and an average cut-off of 1.08g/t and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr. Onno ten Brinke, an officer of the company and competent person. Underground mineral reserves are reported at a gold price of $800/oz and a cut-off of 2.1g/t and include dilution and ore loss factors. Underground mineral reserves were calculated by Mr. Paul Kerr, an officer of SRK Consulting and competent person.*

** *Attributable gold (Moz) refers to the quantity attributable to ourselves based on its 45% interest in the Kibali gold project.*

*** *Kibali reserves calculated at a weighted average cut off grade of 1.59g/t.*

Progress

All key pre-production targets set for 2010 have been met by the Kibali development team and the project is on track for the start-up of construction by the middle of 2011, six months earlier than was originally scheduled.

The implementation of the RAP is already underway, with the acquisition from the State of the site for a new town, to be known as Kokiza, as well as farmland. Model homes have been built and the process of house selection by each of the families involved has started. The company and its partners continue to work with the local community to alleviate the loss of income derived from illegal informal mining, which has been ended on the site. Alternative work programs have already been created and these include the production of basic building materials to be used for the construction of the RAP houses as well as the mine. Progress on other fronts includes the substantial upgrading of the regional infrastructure through the completion ahead of schedule of the roads between Aru/Doko, Nzoro and Aru/Arriwara the latter being a contribution towards the president s priority fund aimed at improving infrastructure. The completion of these roads has already directly benefited the local communities by improving the availability of basic goods and therefore significantly cutting their cost of living. The Aru/Doko road is particularly significant as it links Kibali with international ports.

Feasibility Study

An update to the feasibility study along with an updated financial model was generated based on a new mining plan which incorporated an integrated mining plan including multi open pit and underground schedule. The study will now go through a process of further internal and external review and optimization of the mining and processing rates, capital estimate scheduling ahead of final design and approval which is targeted for mid 2011. The revised open pit and underground mining designs and schedules support a 4Mtpa operation over an estimated 19 year mine life. Updated processing costs and G&A costs have been generated based on the larger plant throughput. A full flotation plant is expected to be commissioned on plant start-up, planned for late 2013. Full flotation and flash flotation circuits will be incorporated due to an overall increase in gold recovery. Carbon in Leach (CIL) treatment of the flotation tailings stream will be utilized as this significantly enhances the overall process recovery. During the update of the feasibility an opportunity for a larger project of 6Mt throughput was also identified, due to the large build up in ore stockpiles. As the feasibility update continues, more work will be done to optimize the project for the benefit of all stakeholders.

The underground mine design was completed by SRK Perth and consists of an initial single decline that accesses the ore beneath the KCD pit and then connects with a vertical shaft ore hoisting system to exploit the high tonnage stopes of the 5,000 lode and deeper 9,000 lodes. A trade off investigation points towards a blind sink of the vertical shaft being the preferred method, thus divorcing the capital sink from the operating mine as opposed to a drill and ream method of shaft sinking which would intrinsically link the decline development to the shaft progress. RSV Perth has been awarded the feasibility study for the shaft, which is targeted for completion in May 2011, pending the completion of geotechnical drilling.

The updated study, which is based only on existing reserves, currently anticipates:

Total open pit ore mined of 37 million tonnes of ore containing 3.2 million ounces of gold at a strip ratio of 3.8:1, to give total tonnes mined of 141 million tonnes;

Total underground ore mined of 37 million tonnes of ore containing 6.8 million ounces of gold;

Open pit mining costs average $3.40/tonne over the life of mine;

Underground mining costs of between $31 and $34/tonne

Mill throughput of 4 million tonnes per year;

Plant costs average $11.79/tonne;

Open pit metallurgical recoveries between 83 and 86% depending on ore type

Underground metallurgical recoveries of 91%

G&A cost is $4.43/tonne over life of mine, including outside engineering costs;

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Life of Mine capital cost, including 2010 expenditure, is $1.4 billion including site construction, plant, hydropower installations, preproduction and ongoing capital

The financial model carried out using a $1,000/oz gold price gave the following returns and cash costs of production:

IRR	21%
Total Cash Cost per ounce	$388/oz

Development

The first six months of 2011 will be dominated by the completion of the detailed costing and designs for the underground operation, shaft complex and detailed Tailings Storage Facility design and the costing to optimize the feasibility. Hydropower technical feasibility and environmental and social impact assessment studies are to be completed. This will be coupled with the start of pre-construction and establishment of the construction camp and brick making facilities. Advanced grade control drilling on the KCD pit is planned for the third quarter of 2011 in preparation of mining works. The physical implementation of the RAP started with the construction of the first houses in February 2011. The program is expected to take 24 months to complete.

Specification of long lead time items will be completed in the second quarter to enable finalization of tender bids for the start of the construction phase for underground, surface operations and hydropower projects at the beginning of the third quarter of 2011.

Exploration

Following the acquisition of Moto Goldmines at the beginning of the fourth quarter of 2009, we established a geological team on site at Kibali. The primary objective was to complete a detailed geological analysis of the KCD deposit, to understand the geology, structure, alteration and mineralization, and to construct a geological model, as well as to look at the possibility of a lateral link between the KCD and Gorumbwa deposits.

Work undertaken included: diamond drilling (44 holes completed, 8,484 meters); core review of selective KCD holes (60 holes) and geological modeling; surface mapping of the KCD Gorumbwa area; the completion of two strategic holes (1,557 meters) in the KCD Gorumbwa gap; ongoing soil geochemistry over block 1 west of KCD, where four new gold anomalies were identified; sampling of the old Durba mill (251 samples); first pass interpretation of the airborne magnetic data; and reconnaissance pitting (10 pits) on the ATF concession.

Objectives in 2010 at Kibali included continued reserve determination, not only on the KCD deposit but also the satellite deposits; the identification of new near mine ore reserves; and generative work on the wider lease area through the completion of soil sampling and an airborne electro-magnetic survey.

The exploration team completed a detailed analysis of the KCD deposit, resulting in a new geological model which supported a growth in reserves from 4.5 million ounces at acquisition to 10.05 million ounces at the end of December 2010. Continuity of mineralization was confirmed between the Sessenge and KCD deposits and remains open down plunge. This will be tested by a program of deep drilling in 2011.

An airborne electromagnetic survey was flown over the permit holding. Three-dimensional modeling and the integration of additional geological datasets has prioritized targets for drilling in 2011.

EXPLORATION REVIEW

We have a portfolio of projects within some of the most prospective gold belts of both West and Central Africa. We have exploration projects in five African countries hosting 275 targets on 13,583 square kilometers of groundholding. We have an exploration team of more than 70 geoscientists.

Mali

Loulo

In 2010 exploration delivered on two key objectives:

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Completion of a positive feasibility study at Gounkoto

Delivery of additional open pittable mineral resources to the Loulo plant

Gounkoto

At Gounkoto, a positive feasibility was completed on the back of mineralized material totaling 5.53 million ounces at 5g/t. Work included drilling for mineralized material definition, metallurgical testwork, piezometry, sterilization of infrastructure and advanced grade control. All forms of drilling totaled 99,120 meters during 2010.

The host rocks to the Gounkoto mineralization are a sequence of fine grained arkoses which have suffered an early silica carbonate alteration event. More than 95% of the sulfide is pyrite (with minor arsenopyrite and chalcopyrite) and additionally gold tellurides are present. Mineralization is bounded by a hangingwall shear and footwall mylonite. In the hangingwall there is a prominent limestone unit which is used as a marker horizon.

The mineralization at Gounkoto has now been intersected over a 1.9 kilometer strike length and down to a depth of 642 vertical meters. The geometry of the Gounkoto system varies along its length as well as down dip and variations in strike, dip and thickness are closely related to grade distribution. Structural intersections also played an essential role in focusing fluid flow and multiple plunging zones projected from surface have been confirmed by deeper drilling, highlighting the good potential for underground mineable resources. Additional upside has been identified in the deposit as detailed below:

Southern pit area: near-surface drilling has identified an area of wide, high grade mineralization in the southern part of the deposit: GKAGCRC119 61.00 meters at 8.09g/t from 35.00 meters and GKAGCRC120 78.00 meters at 4.74g/t from 28.00 meters. Drilling is ongoing and results suggest this is a dilation zone within the main structure which plunges to the north and has a strike potential of 125 meters to a vertical depth of nearly 90 meters.

Fe structure: A north-south orientated iron rich structure which locates to the west of the main zone is providing further upside following RC drilling. Drill hole GKAGCRC293 19.00 meters at 10.72g/t from 3.00 meters and GKAGCRC294 26.00 meters at 14.56g/t from 32.00 meters. The weighted average gold grade from drilling is 4.4g/t over a strike length of 275 meters, to vertical depths of 120 meters and a true thickness of 12 meters.

Jog zone: A broad zone of high grade mineralization has been intersected at the base of the $700 pit shell, over a strike length of 100 meters. GKDH281 100.00 meters at 8.37g/t from 197.20 meters, GKDH285 93.45 meters at 5.51g/t from 182.00 meters, GKDH286 47.05 meters at 6.20g/t from 122.95 meters and GKDH283 55.30 meters at 11.60g/t from 187.50 meters.

Hangingwall: Drilling on the hangingwall has confirmed continuity of gold mineralization associated with Si-Alb-CO_3 alteration within a brittle fault, striking approximately north-south; average gold grade from drilling is 2.2g/t over a 500 meter strike length. Mineralization is open in all directions with both shallow and steep high grade plunges evident. The follow-up of these will be prioritized as part of a program to advance the underground conceptual study in 2011.

Gounkoto Region

The southern half of the Loulo mining permit is developing into a new, significantly mineralized district. At the P64 target, 300 meters northwest of Gounkoto, previous work including trenching, diamond core and RC drilling, identified a 145 meter long strongly mineralized zone with the following intercepts: P64C13 26 meters at 6.29g/t, P64C4 34.45 meters at 8.85g/t, P64C5 - 21 meters at 4.87g/t, P64C6 24 meters at 2.81g/t, P64C7 25 meters at 2.40g/t, P64RC05 71 meters at 1.67g/t, and P64RC06 81 meters at 1.75g/t. Mineralization is hosted in a tourmalinized greywacke with weak chlorite alteration.

Two kilometers southeast of Gounkoto is Faraba where mineralized material of 567,000 ounces at 2.60g/t has been previously delineated. Mineralization at Faraba locates where the north-south striking shear system intersects favorable coarse grained lithological layers. The resulting mineralization occurs as sub-horizontal to gently plunging shoots with blade-like morphology.

In 2011, drill programs will further test P64 and Faraba as well as Toronto and additional targets highlighted by an update generative study.

Loulo 3

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The Loulo 3 target has developed into a significant satellite deposit and a 1.7 kilometer long open pit. During 2010 a total of 1.93 million tonnes of ore were mined at a grade of 3.05g/t for 189,491 ounces. Geologically the deposit trends northeast and is bound both in the hangingwall and footwall by fine grained semi-pelitic units termed SQR (after the French term schistose quartz rosé meaning argillaceous pink quartzite). Mineralization is hosted within a coarse grained greywacke which has been variably altered by silica and tourmaline. Intersecting north-south to north-northwest orientated structures, which are shallow dipping to the east, control high grade plunging shoots.

A program of nine diamond holes for 2,380 meters is ongoing to test Loulo 3 at 160 to 180 meters vertical depth, testing beneath the base of the $1,000 pit shell, the extent of which is limited by data constraints. To date, four diamond holes totaling 1,102 meters have been drilled along the entire strike length of the deposit at approximately 400 meters spacing. The holes confirmed the geological model and returned very encouraging mineralization: L3DH33 4.7 meters at 2.50g/t from 235.1 meters, L3DH35 6.0 meters at 4.59g/t from 224 meters, L3DH36 10.4 meters at 10.22g/t from 221.15 meters and L3DH39 9.5 meters at 7.59g/t from 183 meters.

Yalea Structure

The Yalea structure is highly mineralized, hosting the deposits of Yalea and Loulo 3, as well as a number of surface targets.

At Loulo 1, 22 RC holes totaling 1,623 meters were drilled over a 630 meter strike length to a vertical depth of 50 meters. Mineralization (5 to 15 meter thickness) follows the strike and dip of the lithological layering, trending northnortheast-northeast and dipping east at between 50 and 60 degrees. Sulfides are present predominantly as disseminated pyrite within the tourmalinized greywacke and quartz tourmaline. Results from the RC drilling include: L1RC18 5 meters at 4.43g/t from 7 meters, L1RC21 8 meters at 5.21g/t from 12 meters, L1RC22 8 meters at 4.71g/t from 62 meters and L1RC30 11 meters at 4.54g/t from 22 meters. Global mineral resource estimates amount to 23,858 ounces at 2.65g/t.

The priority in 2011 for exploration is the five kilometer segment from Loulo 3 to Loulo 1, which is a zone of continual gold anomalism and mineralization including the surface targets of Loulo 2 and the Loulo 2-3 Gap. An initial program of deeper diamond drilling will be completed on 500 meter drill centers to vertical depths of 200 meters. Surface RC drilling will also continue to define satellite open pits.

Yalea Underground Drilling

Grade control drilling defined additional high grade mineralization on the margins of the purple patch : YUDH109 25.60 meters at 10.65g/t and YUDH112 21.35 meters at 10.88g/t.

In 2011, as underground development advances, grade control drilling will continue to target extensions to high grade mineralization as geological models are updated and refined.

Gara Structure

PQ10: On the Gara structure, attention focused on the PQ10 target. Forty-six holes for 3,504 meters were drilled over a strike length of 600 meters testing the western mineralized structure. The geology consists of finely laminated sediments units which bound mineralized pink quartzite (QR) units. The SQR units are weakly foliated, striking 185 to 195 degrees and dipping 50 to 70 degrees west. Brittle-ductile shears are present in the QR units. Subsequently a small resource was mined: 60,806 tonnes at 4.11g/t (8,035 ounces). The eastern structure is narrow with a true width of 7 meters and average grade of 1.8g/t. Additional upside has been identified at PQ10 South 7 RC holes defined mineralization along a steep east-dipping shear which cross-cuts the western limb of an open antiform. The weighted average gold grade is 2.2g/t over a true width of 6 meters.

Other Loulo Targets

During the year the potential of all the Loulo satellites was evaluated. This involved a data review and updated geological estimates, fieldwork and in the case of Bolibanta, drilling. Additionally, pit shells and resources have been calculated for the most promising of the satellites around Loulo and these will be further evaluated by exploration in 2011. The combined potential from all the Loulo satellites is approximately 270,000 ounces at 2.8 g/t.

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Senegal

Bambadji

On the Bambadji permit in Senegal, adjacent to both Loulo and Gounkoto, work progressed from reconnaissance exploration, through RAB and RC drilling and culminated in diamond drilling on specific targets which have analogies to Gara, Yalea and Gounkoto styles of mineralization. By the year end, six holes had been drilled on two targets: Kolya and Waraba. The program has intersected strongly deformed and altered rocks containing pyrite mineralization at both targets. However, intersections from the Kolya target have so far confirmed a narrow mineralized quartz tourmaline (QT) system beneath strong gold mineralization at the surface. At Waraba, the holes intersected a large alteration system on the margin of an albitite intrusive. The remaining priority targets for this initial phase of drilling are Kach, Gefa, Baqata and Mananord.

Massawa

The Massawa gold project is located within the Kounemba permit in eastern Senegal which geologically lies within the 150 kilometer long Mako greenstone belt. The Mako greenstone belt, comprises mafic-ultramafic and felsic volcanic rocks intruded by granitoids. A regional crustal scale shear zone, the Main Transcurrent Shear Zone (MTZ) with northeast-southwest trend exploits the lithological contact between the Mako and the Dialé-Daléma Supergroups and is the host structure to mineralization at Massawa.

A total strike length of 8.5 kilometers has been drilled, but only a 4 kilometer portion of this has been evaluated for the present mineral resource modeling and has been drill tested to a 50 meter by 50 meter spacing to a maximum vertical depth of 640 meters. In 2010, 50 diamond holes for 19,835 meters, 47 dedicated metallurgical diamond holes for 8,620 meters and 15 geotechnical diamond holes for 3,697 meters were drilled. Additionally 105 shallow RC holes for 7,204 meters were drilled.

The four kilometer strike at Massawa currently being evaluated contains two zones of mineralization: northern and central. However, they are part of the same northeast trending mineralized structure, which has been offset by north-south belt discordant structures. Geological logging of core and interpretation confirms that the mineralized system occurs at a volcanic/sedimentary contact, where a prominent and continuous lapilli tuff sequence acts as a marker horizon. The average bedding strikes 020 and dips 60 to 76 degrees to the west. Graded-bedding is common and suggests the sequence is overturned. The host sequences have been intruded by felsic dykes, gabbros and granitic bodies, particularly in the central area. Mineralization is hosted in a variety of rocks including: greywackes, volcaniclastics and both mafic (gabbros) and felsic intrusive. The mineralized system is however structurally controlled and deformation is essentially brittle-ductile. The alteration assemblage is composed of sericite, silica, carbonate, pyrite and arsenopyrite. Gold mineralization formed in two phases: an early phase composed of fine disseminated pyrite and arsenopyrite, and a later stage which is a shallow level gold system where quartz-stibnite and a large range of antimony-bearing minerals host coarse native gold.

During 2010, as well as the resource drilling, deep drilling has confirmed continuity of the lithological sequence, structure, alteration and gold mineralization to a maximum depth of 640 meters below the surface, results include: 17.15 meters at 3.49g/t, including 4 meters at 6g/t in the central zone and 29.20 meters at 3.75g/t, including 12.60 meters at 5.98g/t in the northern zone. Step out drilling, testing the mineralization along strike confirmed continuity of high grades, 200 meters, north of Lion Extension with 1.60 meters at 15.49g/t. In Massawa South, drilling returned broad low grade intersections (MWDDH464 22.85 meters at 0.59g/t) but revealed a similar geological and alteration package as the central zone.

Exploration on Massawa has been slowed down as we have advanced Gounkoto and Kibali providing the time to fully evaluate the metallurgy and development strategies. The aim is to progress the project to final feasibility in 2011.

Satellite Targets: As well as Massawa, there are a number of targets which have had varying degrees of follow-up work completed on them from trenching through to RAB and diamond drilling, and all highlight the possibility of providing additional ounces within a 15 kilometer radius of Massawa. Our key objective is the discovery of at least 2 million ounces of non-refractory ore to supplement the ore from Massawa. These targets are summarized below:

Sofia: 56 RC holes for 5,571 meters were drilled at 100 meter spacing along a strike length of 4 kilometers. The mineralization is continuous along strike, the weighted average gold grade is 1.45g/t over a true thickness of 18 meters and includes intersections of: SFRC001 31 meters at 2.5g/t, SFRC007 29 meters at 3.16g/t, SFRC010 16 meters at

4.6g/t and SFRC021 15 meters at 4.08g/t. Geologically the target is underlain by a sequence of andesite and volcaniclastic rocks intruded

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by quartz feldspar porphyries and gabbros. Mineralization is associated with disseminated pyrite accompanied with silica-K feldspar-carbonate alteration.

Delya: Is defined by a 6 kilometer by 100 meter plus 20ppb gold in soil anomaly. A program of 2,761 meters of RC drilling, on 100 meter spaced centers, was completed over a strike length of 1 kilometer. Intersections from this program include DLRC005 5 meters at 5.59g/t, DLRC010 4 meters at 7.22g/t, DLRC013 11 meters at 9.50g/t and DLRC014 9 meters at 14.95g/t from a structure which averages 5 meters width and a weighted average gold grade of 4.5g/t. Mineralization is hosted within a package of schists, strongly sheared and altered by silica-sericite-iron and disseminated pyrite and arsenopyrite.

Bakan Corridor: The Bakan Corridor groups together a number of anomalous gold in soil targets (Bakan, Tizia, Khosa, Tiwana and Tina) along a 10 kilometer segment of the northeast trending Kossanto structural corridor which is sub-parallel to the MTZ. The geology comprises a sequence of ultramafc units, felsic and intermediate volcanics (andesites, dacites and rhyodacites), cherts and igneous rocks ranging from diorite to monzonite. By year end a total of 5 RC holes for 531 meters, out of a program of 11 RC holes, had been drilled at the Bakan target. The first hole returned 29 meters at 1.9g/t, including 10 meters at 4.5g/t. A further 13 RC holes (1,175 meters) are designed to test mineralized felsic intrusive at Tina along a 1.25 kilometer strike. Additional holes are being planned at Khosa where intensively northeast sheared felsic intrusive and silicifed bodies (cherts) were mapped.

Bambaraya: At Bambaraya, 5 RC holes for 588 meters were completed as infill drilling to previous work over a 1 kilometer strike. Results returned narrow, low grade intersections: BBRC03 3 meters at 2.12g/t, BBRC04 3 meters at 1.57g/t and BBRC08 18 meters at 1.8g/t and 9 meters at 1.26g/t. Mineralization is hosted within northeast trending pillow basalts and is associated with silica-sericite-tourmaline-iron carbonate-pyrite alteration. No further work is planned on this target for the time being.

As well as RC drilling on known satellite targets the team commenced the evaluation of the next level of targets for drilling in 2011: Kawsara, Manja, Galama, Sira, Kaldou, Makana, KB and KA. Additionally, work also started on generating new targets at Nouma, Makana East and Sofia South.

Côte d Ivoire

With the commissioning of the new mine at Tongon and the first commercial gold production, exploration has now shifted focus to the evaluation of satellite targets.

An 11,647 line kilometer airborne electromagnetic geophysical survey was flown over the Senoufo Greenstone Belt in northern Côte d Ivoire, covering the Nielle permit and portions of the Diaouala and Fapoha permits. The survey provided the foundation to an improved geological and structural interpretation of the belt; the resultant prospectivity analysis identified 79 new targets, of which 18 ranked high to medium are located within a 15 kilometer radius of the Tongon plant.

The prioritization of targets resulted in exploration programs being performed at: Seydou, Jubula, Tongon West, Sekala, Belokolo and Nafoun. Encouraging results were returned from:

Seydou: trenching and drilling 12.3 meters at 2.3g/t, 19 meters at 5.32g/t and 21 meters at 3.76g/t.

Sekala: RAB drilling returned multiple mineralized zones including 23 meters at 2.18g/t and 15 meters at 1.11 g/t.

Jubula: trenching 61 meters at 1.31g/t, 16.5 meters at 3.52g/t and 12 meters at 1.7g/t.

Tongon West: RC drilling 10 meters at 4.47g/t and 14 meters at 3.08g/t.

In 2011 RAB, RC and diamond drilling are all planned to progress these targets as well as to advance stand-alone opportunities within our permit portfolio.

Democratic Republic of Congo

Kibali

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Exploration completed a detailed analysis of the KCD deposit resulting in a new geological model which supported a substantial increase in mineral reserves to 10 million ounces at 4.21g/t within global mineral resources of 18.4 million ounces at 3.1g/t. Drilling connected the Sessenge deposit to KCD and confirmed over 2 kilometers of continuous mineralization: DDD472 14.80 meters at 4.18g/t, DDD475 25.95 meters at 4.28g/t, DDD484 29.70 meters at 3.92g/t and DDD485 39.60 meters 6.65g/t.

There is additional upside within the current Sessenge-KCD deposit both near surface and at depth. The deposit comprises a series of stacked lodes, which have been labeled by their elevation: 3,000 series, 5,000 series and 9,000 series plunging moderately to the northeast. The outlines of these lodes, rather than being limited by the extent of mineralization, are in fact limited by drilling.

There are three key upside opportunities:

Expand the open pit to the northeast by testing extensions to the 3,000 lode within the drained Lake Durba

Sessenge-KCD gap requires infill drilling for resource conversion

Test the continuity and extensions to the underground lodes down plunge (9,000 and 5,000 series)

Kibali Exploration

Airborne Geophysics

A 12,277 line kilometer SPECTREM airborne electromagnetic (EM) survey was flown over the Kibali concession during the second quarter of 2010.

The key highlights of this survey were:

Igneous intrusions are more widespread than previously mapped.

A corridor of strong northeast trending structural grain is coincident with the main areas of mineralization.

Strong EM conductor coincident with the KCD area, interpreted to be the response from carbonaceous shales +/- the Durba hill ironstone.

Strong east-west conductors along the West Nile Gneiss contact possibly related to carbonaceous shale unit that was exploited by early thrusting and subsequently crosscut by a later northeast structural grain.

Conductive and magnetic trend running along or parallel to the main mineralized trend.

Three-dimensional modeling of the data has identified a number of northeast plunging shoots of highly conductive material that are interpreted to represent mainly graphitic carbonaceous shale.

Several of these shoots are associated with areas of known mineralization, for example at KCD and Pakaka. The shoots are thought to represent intersections of important mineralizing northeast trending S2 structures and northwest trending S1 thrusts that have exploited carbonaceous shale horizons.

Although the EM anomalies do not map actual gold mineralization it is thought the conductive shoots highlight structurally important traps especially as they daylight coincident with gold in soil anomalies.

In 2011, exploration programs will target the upside opportunities within the Sessenge-KCD deposit. In evaluating satellite targets, priority will be given to Gorumbwa and Agbarabo, which were high grade underground mines during the Belgium era, as well as testing conceptual ideas generated from the geophysical survey.

MINERAL RIGHTS AND ORE RESERVES

Table of mineral rights at December 31, 2010:

Country	Type	Area (km2)	Area (sq miles)	Equity (%)
MALI				
Loulo	EP	372	144	80.0
Morila	EP	200	77	40.0
Bena	EEP	16	6	80.0

Zaniena	EEP 44	250	97	80.0

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Country	Type	Area (km2)	Area (sq miles)	Equity (%)
Dinfora	EEP	139	54	80.0
Konyi	EEP	250	97	80.0
CÔTE D IVOIRE				
Nielle	EP	751	290	89.0
Boundiali	EEP	1,314	507	81.0
Dabakala	EEP	191	74	81.0
Dignago	EEP	1,000	386	81.0
Apouasso	EEP	1,000	386	81.0
Diaouala	EEP	977	377	81.0
Mankono	EEP	704	272	81.0
Tiorotieri	EEP	86	33	89.0
Kouassi Datekro	EEP	922	356	89.0
SENEGAL				
Kanoumba	EEP	621	240	83.0
Miko	EEP	84	32	83.0
Dalema	EEP	401	155	83.0
Tomboronkoto	EEP	225	87	83.0
Bambadji	EEP	315	122	51.0
BURKINA FASO				
Basgana	EEP	250	97	81.0
Bourou	EEP	122	47	81.0
Tanema	EEP	247	95	81.0
Yibogo	EEP	247	95	81.0
Nakomgo	EEP	237	92	81.0
Safoula	EEP	249	96	81.0
Dawaro	EEP	250	97	81.0
Tiakane	EEP	196	76	81.0
DEMOCRATIC REPUBLIC OF THE CONGO				
Kibali				
11447	EP	227	88	45.0
11467	EP	249	96	45.0
11468	EP	46	18	45.0
11469	EP	92	36	45.0
11470	EP	31	12	45.0
11471	EP	113	44	45.0
11472	EP	85	33	45.0
5052	EP	302	117	45.0
5073	EP	399	154	45.0
5088	EP	292	113	45.0
TOTAL AREA		13,583	5,245	

EP Exploitation Permit

EEP Exclusive Exploration Permit

Annual ore reserve declaration

At December 31,	Category	Tonnes (Mt) 2010	Tonnes (Mt) 2009	Grade (g/t) 2010	Grade (g/t) 2009	Gold (Moz) 2010	Gold (Moz) 2009	Attributable Gold (Moz) 2010	Attributable Gold (Moz) 2009
PROVEN AND PROBABLE RESERVES									
Kibali								45%	45%
	Probable	74.32	63.80	4.21	4.48	10.05	9.19	4.52	4.14
Sub total	Proven and probable	74.32	63.80	4.21	4.48	10.05	9.19	4.52	4.14
Loulo								80%	80%
	Proven	4.54	5.55	2.98	3.48	0.43	0.62	0.35	0.50
	Probable	40.89	43.91	4.63	4.54	6.09	6.41	4.87	5.13
Sub total	Proven and probable	45.43	49.45	4.47	4.42	6.52	7.03	5.22	5.63
Gounkoto								80%	80%
	Probable	17.11	7.47	5.10	6.83	2.80	1.64	2.24	1.31

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At December 31,	Category	Tonnes (Mt) 2010	Tonnes (Mt) 2009	Grade (g/t) 2010	Grade (g/t) 2009	Gold (Moz) 2010	Gold (Moz) 2009	Attributable Gold (Moz) 2010	Attributable Gold (Moz) 2009
Sub total	Proven and probable	17.11	7.47	5.10	6.83	2.80	1.64	2.24	1.31
Morila								40%	40%
	Proven	5.86	9.85	1.68	1.74	0.32	0.55	0.13	0.22
	Probable	6.69	6.91	1.14	1.14	0.24	0.25	0.10	0.10
Sub total	Proven and probable	12.55	16.76	1.39	1.49	0.56	0.80	0.22	0.32
								89%	89%
Tongon	Proven	0.42		1.93		0.03		0.02	
	Probable	36.69	38.02	2.47	2.63	2.91	3.22	2.59	2.86
	Proven and probable	37.11	38.02	2.46	2.57	2.94	3.22	2.62	2.86
Massawa								83%	83%
	Probable	17.42	10.51	3.36	4.62	1.88	1.56	1.57	1.30
Sub total	Proven and probable	17.42	10.51	3.36	4.62	1.88	1.56	1.57	1.30
TOTAL RESERVES	**Proven and probable**	**203.93**	**178.54**	**3.78**	**3.80**	**24.76**	**21.80**	**16.39**	**15.56**

The reporting of Ore Reserves is in accordance with SEC Industry Guide 7.

Pit optimization is carried out at a gold price of $800 per ounce; underground reserves are also based on a gold price of $800 per ounce. Dilution and ore loss are incorporated into the calculation of reserves.

Addition of individual line items may not sum to sub totals because of rounding off to two decimal places.

Our reserves are calculated at a weighted average cut off grade of 2.38g/t for Loulo, 0.97g/t for Morila, 0.85g/t for Tongon, 1.40g/t for Gounkoto, 1.10g/t for Massawa, and 1.59g/t for Kibali.

Locality of the Loulo and Morila Mines in Mali

Mineral Rights and Permits

The following maps show the position of our current permits in West and Central Africa:

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West Africa: location of mines and permits

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Central Africa: location of mines and permits

Although we believe that our exploration permits will be renewed when they expire, based on the current applicable laws in the respective countries in which we have obtained permits, we cannot assure you that those permits will be renewed on the same or

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similar terms, or at all. In addition, although the mining laws of Mali, Côte d Ivoire, Senegal, Burkina Faso and DRC provide a right to mine should an economic orebody be discovered on a property held under an exploration permit, we cannot assure you that the relevant government will issue a permit that would allow us to mine. All mineral rights within the countries in which we are currently prospecting are state-owned. Our interests effectively grant us the right to develop and participate in any mine development on the permit areas.

GENERATIVE AND NEW BUSINESS

As well as advancing the key strategic areas, generative work and research continues to identify new exploration opportunities within Archaean and Proterozoic age rocks across the African continent.

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL SUSTAINABILITY

We believe that a successful mining company is one which is profitable while meeting its social responsibilities in the countries and communities in which it operates.

Strong local relationships are one of the foundation stones on which the company has been built. For each new development, a process of assessment and engagement is undertaken to ensure that the positive impacts of the operation are maximized and the negative impacts minimized.

Our general approach is guided by the IFC Guidelines on Environmental, Safety and Health and specifically on IFC Guidelines related to Mining and Performance Standards on Social and Environmental Sustainability OHSAS 18001, the Occupational Health and Safety Advisory Service s occupational health and safety standards, and ISO 14001, the international environmental standards, guide health, safety and environmental management practices on our operations. All social and environmental assessments are reviewed by an independent party to ensure compliance to these codes.

During the early exploration stage our aim is to make as small a social impact as possible. Once a target progresses to feasibility, full social, medical and environmental baseline studies are conducted, which define the pre-mining conditions and are used as benchmarks while the project develops and when it moves into production. Full environmental and social impact assessments are generated including public participation programs with the local communities where the impacts, both negative and positive, are communicated and considered. During the past year a full environmental and social impact assessment was completed for Gounkoto, while good progress was made with the completion of specialist studies on flora, fauna, aquatics, water and sediment quality and archeology were completed..

Community liaison committees, consisting of a broad spectrum of community representatives, are set up prior to production and provide a forum for regular, open dialogue where problems can be tabled and mutually acceptable solutions found. Our exploration team represents our first interface with the community and it is instrumental in allaying suspicions and conflicts, while building relationships based on trust between future mines and the community.

To keep environmental and social issues in the forefront of our business, the executive social and environmental committee was met quarterly to review all environmental and social action plans. A summary of this review is presented at each group board meeting.

Our integrated social and environmental management process identifies potentially negative and positive impacts. The implementation of sustainable environmental and social responsibility strategies aim to minimize negative impacts and maximize the positive impacts of our activities, commensurate with our business strategy and with national and IFC standards. The implementation and effectiveness of these strategies is audited by independent external consultants Digby Wells Associates (DWA) and monitored internally on a quarterly basis by the group s environmental and social oversight committee.

Environmental Management

Monthly monitoring programs incorporating dust fallout levels, physiochemical, cyanide, oil, grease and bacteriological levels of surface and groundwater across the mine sites and tailings storage facilities as well as surrounding water courses continued throughout the year. No pollution or breach of World Bank guidelines occurred.

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Morila successfully renewed its ISO 14001 certification and Loulo achieved its certification in 2010. Tongon is planned to achieve certification in 2011.

Environmental management plans have been implemented in Tongon on start up of production which are in line with ISO 14001 to allow for the rapid accreditation of the mine.

Closure studies of the Morila Tailings Storage Facility have identified an option of processing the surface tailings storage facility as being economic after the completion of a sampling exercise over the dam with full environmental leach testwork to determine the environmental implications. Closure plans at Loulo and Tongon continue to be updated with the changing mining environment to ensure appropriate reclamation costs are allocated.

Environmental Performance Data

Our environmental performance data is reported for calendar years and reported on an operational control basis at each managed operation, even though only partial ownership may exist. We are in the process of implementing measurement systems on each site in line with Global Reporting Initiative . Principal performance areas currently reported include Greenhouse Gas Emissions, Energy Use, Freshwater Withdrawal and Land Disturbed.

Greenhouse gas (GHG) emissions

As a growing company, operating in remote areas with poor infrastructure, on site diesel generation of power is required. This makes it more of a challenge for us to reduce our total greenhouse gas emissions while sustaining company growth. However we aware that the reduction of emissions intensity is intrinsically linked to improved operating efficiencies and where the opportunity presents itself we are aggressively working to reduce greenhouse gas emissions per production unit and have a five year strategy to achieve this. These activities include transforming to more fuel efficient low speed diesel generating machines at Loulo, linking into the predominantly hydro and gas generated national electricity grid at Tongon in the Ivory Coast and coming up with innovative solutions at Kibali in eastern DRC to maximize the generation of hydro power generation for the project. We are thus expecting to improve and materially reduce our greenhouse gas emission per production unit performance from 2011 to 2016. The company has filed its 2009 greenhouse emissions in the 2010 Carbon Disclosure Project (CDP) and will continue to do so in order to demonstrate its progress in this regard.

Our total unverified GHG emissions for 2010, defined as the sum of onsite emissions were 314 thousand tonnes of carbon dioxide equivalent. The disclosure is currently undergoing independent verification and final verified numbers will be presented in the 2011 Carbon Disclosure Project in May 2011. Our total gross Scope 1 GHG emissions were calculated using The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard . Scope 1 emissions are direct emissions occurring from sources that are owned or controlled by a company, while Scope 2 emissions include emissions from the generation of purchased electricity. We generate the vast majority of its electricity on-site through diesel generation. Scope 2 emissions therefore only reflect electricity purchased for offsite offices. This will change once we connect to the Ivory Coast national grid in 2011. Emissions are reported as per operational control and is based on the assumption that a company accounts for 100% of the GHG emissions from operations over which it has operational control. Financial GHG emissions intensity reported on an operational basis were 645 metric tonnes CO^2 equivalent per $ million revenue for 2010.

Energy use

We generate all the energy used by its operations. Our mineral processing operations are energy intensive and currently depend on diesel power generation to keep them running. This year our energy generation and use increased from 256 to 271 thousand megawatt hours. This change has been influenced by the increase in tonnage throughput and hardness of ore at Loulo and the start up of the Tongon operation in Ivory Coast. Notwithstanding the increase in overall energy use we have been able to reduce our energy use per tonne milled from 35.3 kWh/t to 34.4 kWh/t, due to the fact the additional tonnes milled at Tongon have been oxide and thus used less energy. Once political stability returns to Ivory Coast we would expect to change over to the hydro and gas generated national grid. We are working at ways to maximize the hydro power opportunities available in the DRC project of Kibali and minimising the use of diesel generation. We are working on a concept to reduce the energy intensity of new projects

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that come on line around the Loulo complex by having a centrally powered generating complex from which power could be distributed.

Water Use

Our water policy has focussed this year on maximizing the return of water from Tailings Storage Facilities in an attempt to minimize the off take of fresh water from the environment. All our operations withdraw fresh water from either adjacent river systems or from purpose built water storage dams as well as dewatering of mining operations. The amount of water we removed from the environment has increased this year due to the addition of the Tongon operation to our portfolio. Water management plans are aimed at increasing the reuse of water whenever we can, and to return it to the environment meeting regulatory limits. Our freshwater withdrawal increased by 3 per cent to 7,300 million litres in 2010 but our water withdrawal per tonne milled decreased from 0.98 to 0.93 kl/tonne, due to better reuse of tailings water.

Land

Our mining concessions cover a total of 3,159 km^2 of land excluding our exploration leases. At the end of 2010 our activities had impacted 1.1 per cent of this area up from 0.8 per cent in 2009, principally due to the construction of the Tongon mine. In line with IFC guidelines on mining, we aim to implement incremental rehabilitation of land rather than waiting until all operations at the site have ceased. Internal annual rehabilitation review and closure estimation helps to drive the process.

Community development

To survive and prosper, we must be an integral part of and benefit the communities of which it is a corporate citizen. Establishing and maintaining good relations with the communities requires constant and effective two-way communication and in pursuit of such relationships we have a sustainable community development strategy backed by a budget and community development departments. We believe we have been more successful in community endeavors than most other mining companies operating in Africa. However, the need to stay focused and continually improve was brought home to us when we suffered a setback in July 2009 in community relations at our Loulo mine. Members of the community mainly but not exclusively young job seekers newly arrived in the area became upset about the method of recruitment of the new surface mining contractor, which had brought its mining team with it from Morila. The group disrupted operations which were suspended for 36 hours, allowing the authorities to restore the situation to normal. We have had an independent audit carried out and have implemented its recommendations, such as intensifying our interaction with the communities surrounding our operations.

In 2010, $7 million was contributed to community development projects which focused on basic education, potable water and basic health provisions, food security and local infrastructure. This more than doubled the amount spent in 2009. This amount excluded the direct community and social work undertaken by ourselves as part of our normal operations and capital projects, including the Resettlement Action Plans and related compensation and infrastructure establishment such as road building related to Tongon, Gounkoto and the Kibali projects.

Further payments exceeding $340.0 million were made to governments, local employees and local suppliers. The governments received taxes, royalties and dividends; employees received salaries while local suppliers and contractors were paid for goods and services received.

We have been championing the establishment of a world class center of excellence to provide West Africans and others in Sub-Saharan Africa with the opportunity to study disciplines at the African School of Mines (ASM), based in Bamako. We are working in collaboration with the Government of Mali, the Nelson Mandela Institution, the World Bank and several leading universities in South Africa, Europe and North America. To date we have set aside $1 million for this purpose and have provided assistance from our chairman, Philippe Liétard, and the chairman of the audit committee, Karl Voltaire. The Nelson Mandela Institute and the World Bank have undertaken to provide sufficient funds to build the campus and the Malian Government has provided the land for the ASM on which a college will open in 2012

Projects

During the year community development spending on projects identified by the representatives of the communities situated close to our operations was in excess of $2 million. This excludes the direct community and social work undertaken by the group, including the RAP at Tongon, the provision of medical care to villagers living close to our

operations, the excellent community work done on

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our exploration sites and the work at Kibali to carry out medical and other baseline studies and social/economic/human rights and other impact studies.

The focus areas for our community development efforts have remained the creation of sustainable employment opportunities, primary health care, education, food security, and potable water provision.

Human Resources Report

Group manpower

Group manpower levels, inclusive of contractor labor, rose during the year by 1,459 to 7,257, the most significant increases occurred at Tongon, where numbers employed, including contractor staff, increased from 1,510 to 2,445. Manning levels related to employees working on our operations and projects are shown in the following table.

Mine/function	December 2010	December 2009	Variance
MORILA			
Mine	352	486	(134)
Contractors	430	395	35
Total	782	881	(99)
LOULO			
Mine	486	314	172
Contractors	2,709	2,550	159
Total	3,195	2,864	331
TONGON			
Mine	283	8	275
Contractors	2,162	1,502	660
Total	2,445	1,510	935
KIBALI			
Project	197	245	(48)
Contractors	335	75	260
Total	532	320	212
EXPLORATION			
Field	206	151	55
Other	15	10	5
Total	221	161	60
CORPORATE			
Corporate and operational centers	82	62	19
TOTAL GROUP	7,257	5,798	1,459

Industrial relations

We continued to support the role of unions and representative committees to strengthen our pact with labor which is structured through internal establishment agreements. Employee participation is enhanced by the presence of local mine shop stewards at quarterly mine board meetings.

At Tongon, the political instability of the country resulted in a challenging period towards the end of 2010. Presidential elections were held resulting in extended absence of staff as they were required to vote in the areas where they were registered. At the same time the operation released a number of construction staff in line with the completion of various construction phases. The release of these employees compounded the general feeling of uncertainty and members of the community and some ex-workers blockaded the entrance of the mine preventing employees from entering the mine for a number of days until settlement could be reached for the redeployment of the released employees to other construction projects.

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At Loulo, a second union was established on the mine. This union has recently gained dominant representation. While mine agreements made between management and the original union has been respected, allowance is made for their renegotiation every two years and this is expected to take place in 2011.

Employee health

One of our key objectives is the reduced exposure to airborne contaminants and noise on our sites. Personal protective equipment is supplied as required in the relevant areas. Malaria remains the most significant health risk for our operations. We carried out annual entomological surveys to determine the most effective insecticide to use in the spraying programs that are carried out on site as well as in surrounding villages. At Loulo, the annual incidence rate of Malaria was 30.4% in 2010 compared to 30.9% in 2009; and 26.6% in 2010 at Morila compared to 20.7% in 2009. The incidence rate was 30.8% at Tongon and at 23.2% at Kibali in 2010.

Awareness education of employees and local communities on HIV/AIDS and its prevention is another important health issue addressed on all sites. This is generally conducted by our medical departments in conjunction with NGOs.

Safety

During the year, a standardized health and safety reporting format, agreed by all the medical officers, was introduced across the group. The safety statistics produced comply with OHSAS 18001 and industry best practice. Morila maintained its OHSAS 18001 accreditation and work has been ongoing during 2010 in conjunction with NOSA consultants preparing Loulo to become OHSAS 18001 accredited on the latter half of 2011. Work has also commenced at Tongon on preparing the mine for OHSAS 18001 accreditation expected in 2012.

While low injury frequency rates do not always translate into low fatality rates the Lost Time Injury Frequency Rate (LTIFR) (number of LTI per number of hours worked) x 1,000,000 was 1.36 at Loulo, 0.55 at Morila and 3.83 at Tongon. Daily toolbox meetings are held in workplaces across our mines to constantly remind employees of the need for each to be safety conscious. These meetings are based on the principle of personal responsibility with regard to safety where the onus is transferred to the individual to practice a high level of safety in the workplace.

LOULO

Safety statistics	**2010**	**2009**
Lost time injury *	8	13
Lost time injury frequency rate**	1.36	2.71
Minor injury	83	169
Minor injury frequency rate	14.10	35.27
Total injury	91	182
Total injury frequency rate	15.46	37.98
Fatal injury	1	4
Fatal injury rate	0.17	0.83

* Fatal Accidents are included in LTI cases.

** Man hours are calculated based on 2,000 hours worked per employee a year. LTIFR = Number of LTIs/ Number of hours worked x 1,000,000

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MORILA

Safety statistics	2010	2009
Lost time injury	1	2
Lost time injury frequency rate	0.55	0.92
Minor injury	15	39
Minor injury frequency rate	8.38	17.97
Total injury	16	41
Total injury frequency rate	8.94	18.4
Fatal injury	0	0
Fatal injury rate	0	0

TONGON

Safety statistics	2010	2009
Lost time injury	18	0
Lost time injury frequency rate	3.83	0
Minor injury	129	62
Minor injury frequency rate	27.45	5.89
Total injury	147	62
Total injury frequency rate	31.28	5.89
Fatal injury	0	0
Fatal injury rate	0	0

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KIBALI

Safety statistics	2010
Lost time injury	11
Lost time injury frequency rate	5.6
Minor injury	23
Minor injury frequency rate	11.7
Total injury	34
Total injury frequency rate	17.3
Fatal injury	0
Fatal injury rate	0

RANDGOLD RESOURCES GROUP STATISTICS FOR LAST 3 YEARS

Year	No. Of Fatalities	Fatalities / 1000	LTI Freq Rate / 1m hours	All Incident / Accident
2010	1	0.06	1.75	14.88
2009	4(a)	0.51	0.96	18.25
2008	1	0.26	1.71	30.26

(a) Three of the fatalities relate to contractor employees working on developing our Yalea underground mine. These fatalities significantly affected the decision to terminate the services of the contractor at the end of 2009.

Training

Courses given on the operations in 2010 comprised of driving competency; first aid; community development; environmental law and rehabilitation; cyanide safety; hazardous substances; metallurgy processes; engineering maintenance; electrical and mechanical practice; air conditioner repair; occupational health; computer literacy; supervision; Sanvic mechanical training; compressor maintenance; and electrical competency. A total of 536 employees attended courses during the year. In addition, we sponsored a number of employees to further extend their tertiary qualifications at universities in South Africa, Senegal, the Netherlands and the United Kingdom.

REGULATORY AND ENVIRONMENTAL MATTERS

Our business is subject to extensive government and environment-related controls and regulations, including the regulation of the discharge of pollutants into the environment, disturbance of and threats to endangered species and other environmental matters. Generally, compliance with these regulations requires us to obtain permits issued by government agencies.

Some permits require periodic renewal or review of their conditions. We cannot predict whether we will be able to renew those permits or whether material changes in permit conditions will be imposed. To the extent that the countries in which we have exploration and mining permits have no established environmental laws, we are currently working to ensure that our operations are in compliance with environmental performance standards set by the IFC in relation to air emissions and water discharges. In accordance with our stated policy, we provide for estimated environmental rehabilitation costs based on the net present value of future rehabilitation cost estimates for disturbance to date.

We carry out our operations within the guidelines outlined in our social responsibility policy and in accordance with Equator Principles and IFC performance standards.

The Morila Mine maintained its International Standard Organization (ISO14001) certification during 2007 and the Loulo mine achieved its ISO14001 certification. The Tongon mine has now commenced procedures with the aim of attaining ISO14001 certification.

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Our environmental reporting committee comprising senior executives and chaired by our CEO continued to meet on a quarterly basis. The committee considers all issues affecting the environment.

MARKETING

We derive the majority of our income from the sale of gold produced by Morila, Loulo and Tongon in the form of dorè, which we sell under agreement to a refinery. Under these agreements, we receive the ruling gold price on the day after dispatch, less refining and freight costs, for the gold content of the dorè gold. We have only one customer with whom we have an agreement to sell all of our gold production. The customer is chosen periodically on a tender basis from a selected pool of accredited refineries and international banks to ensure competitive refining and freight costs. Unlike other precious metal producers, gold mines do not compete to sell their product given that the price is not controlled by the producers.

PROPERTY

Our operational mining area is comprised of Morila operations of 200 square kilometers, the Loulo mining permit of 372 square kilometers and the Tongon project located within the 751 square kilometer Nielle exploitation permit. Our exploration permits are detailed above.

We also lease offices in London, Dakar, Abidjan, Bamako, Ouagadougou, Mwanza, Accra, Johannesburg, Jersey, Kinshasa and Entebbe.

LEGAL PROCEEDINGS

In August 2004, we entered into a fixed lump sum turnkey contract for $63 million for the design, supply, construction and commissioning of the Loulo processing plant and infrastructure with MDM Ferroman (Pty) Ltd, or MDM. At the end of 2005, after making advances and additional payments to MDM totaling $26 million in excess of the contract, we determined that MDM was unable to perform its obligations under the MDM Contract, at which time we enforced a contractual remedy which allowed us to act as our own general contractor and to complete the remaining work on the Loulo project that was required under the MDM Contract.

We believe that we are entitled to recover certain amounts from MDM, including advances of $10.7 million included in receivables as at December 31, 2010. Of this amount, $7 million is secured by performance bonds and the remainder is secured by various personal guarantees and other assets. In January 2009 and 2010, the liquidator declared and paid dividends of $1.6 million from the insolvent estate, leaving an outstanding balance of $10.7 million (stated net of an impairment provision of $1.3 million) as at December 31, 2010.

As part of our efforts to recoup the monies owed to us, MDM was put into liquidation on February 1, 2006. This resulted in a South African Companies Act Section 417 investigation into the business and financial activities of MDM, its affiliated companies and their directors. This investigation was completed in the last quarter of 2007 and the liquidators issued their report that confirms that MDM s liabilities exceeded its assets. During the second quarter of 2011 we will be involved in arbitration proceedings with the providers of the performance bonds, which have been the subject of legal proceedings in the South African Courts.

Recovery of the other $47.2 million is dependent on the extent to which the group s claim is accepted by the liquidators and the amount in the free residue. The ultimate outcome of this claim cannot be determined at present. The financial statements do not reflect any adjustment to the cost of the Loulo development that may arise from this claim, or any additional income that may arise from the claim for damages, or any charge that may arise from MDM s inability to settle amounts that are determined to be payable by MDM to the group in respect of the Loulo development.

As of December 31, 2010, we had approximately $366.4 million of cash and cash equivalents. In addition, we had available-for-sale financial assets with a carrying value of approximately $15.9 million. The available-for-sale financial assets consists primarily of an investment in 6 million Volta Resources Inc. shares with a market value at year end of $14.4 million.

Other than as disclosed above we are not party to any material legal or arbitration proceedings, nor is any of our property the subject of pending material legal proceedings.

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HEALTH AND SAFETY REGULATIONS

Mali

The primary laws, regulations and standards governing Safety and Health in our Malian operations are as follows:

Law 1992-020 Code du travail (the Labor Code);

Ordonnance No. 99-032 le code minier, Ordonnance 200-013 le code minier modifications 2000 (the Mining Code);

Decree No. 91-278 / PM-RM Approving the Establishment Agreement Covering Research and Mining in the Republic of Mali (the Decree)

Code de la Sécurité (INPS Institute National de Prevoyance Social);

Social du Mali (Social Security Code);

Convention Collective (National Collective Agreement for the Mining Industry).

Labor Code

The Labor Code provides generally for the following:

General provision for protection, prevention and hygiene,

Dangerous goods handling,

Employer responsibility regarding safety and health (implementation of safety system),

Labor inspector duty (control of employer safety system)

Injury notification to Labour Inspector within 48 hours,

Requirement to ensure medical service on site, and

Medical leave (up to 12 months) and medical separation compensation.

Establishment of a Joint Management and employees health and safety committee,

Mining Code

The Mining Code provides generally for an Occupational Health and Safety Committee (Joint management and employee safety committee), PPE, safety guide, emergency procedure, means of education and sensitization, employees obligation regarding occupational health.

The Decree

The Decree provides generally for the following:

Must carry out research or mining work to ensure the safety and health of the public,

Must inform the local administrative authorities and the Director in the event of a fatal accident or serious injury or any natural phenomenon which may have an adverse effect on the safety of the area, the safety and hygiene of the personnel or conservation of the mine, neighboring mines or public roads,

In the case of imminent danger or an accident, the local administrative authorities and the Director may requisition the necessary material and personnel to alleviate the danger, at the expense of the mining company,

Code de la Sécurité (INPS Institute National de Prevoyance Social)

The Code de la Sécurité provides generally for the following:

Requirement to have medical service on work site for occupational health and primary health care purposes,

Requirement for pre-employment medical check,

Requirement for periodical medical check of employees,

Requirement for general hygiene (ablutions, change house, potable water, workplace)

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Protection against injury, environmental pollutants, occupational disease),

Ergonomic conditions,

Notification of occupational disease to the employer by the occupational health practitioner

Requirement for first aid training for one employee per section of work or shift,

Requirement for compensation in case of debilitating injury, occupational disease,

Requirement for notifying injury and or occupational disease to INPS/Labor inspection, and

Redeployment of employee following injury and/or occupational disease.

Morila and Loulo have a Hygiene and Security Committee made up of elected labor and specialist management representatives, as outlined in the respective labor code. This committee designates, from its members, a consultative technical sub-committee charged with the elaboration and application of a concerted policy of improvement of health and security conditions at work. Its composition, attributions and operational modalities are determined by legal provisions and regulations.

The chairman of this committee coordinates monthly committee meetings, sets the agendas with his secretariat, monitors resolutions and signs off on committee determinations.

The committee s secretariat ensures under the supervision of the chairman that:

follow-up activities such as action resulting from the regular surveys and inspections are carried out; and

health and safety manuals and updates are distributed, posters are posted on notice boards and safety committee minutes and reports are distributed.

Each mine s medical officer sits on the Hygiene and Security Committee and advises on the following:

working conditions improvements;

general hygiene on the operation;

ergonomics;

protection of workers safety in the workplace; and

medical checks and eye and ear testing.

The Hygiene and Security Committee forms, from within its membership, two consultative commissions, the Commission of Inquiry and the Educational Commission. The Commission of Inquiry:

investigates accidents and makes recommendations to avoid repetitions;

ensures plant, machinery and equipment have adequate protection to avoid injury; and

updates and revises safety and health manuals.

The Educational Commission:

provides information and training on safe practices and potential risks;

provides first aid training;

administers and promotes the safety suggestion scheme; and

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explains, where necessary, the contents of the safety and health manual.

All employees are covered by the state s social security scheme and our medical reimbursement scheme, that reimburses a large portion of expenses related to medical treatment and medicines. Dental and optical expenses are also covered to 50%.

No post-employment medical aid liability exists for the group.

Côte d Ivoire

The primary laws, regulations and standards governing Safety and Health in our Côte d Ivoire operations is the Mining Code (95-553) of July 15, 1995.

The Mining Code provides generally for the following:

Any individual or legal entity carrying out works for prospecting or mining mineral substances is required to undertake such works in a way that the safety of the people and goods is assured,

Must adopt and comply with internal regulations concerning safety and specific hygiene measures, subject to approval by the Mining Authority,

Any accident in a mine or quarry or in their dependencies and any identified cause of accident must be reported to the Mining Authority as soon as possible, and

In case of impending danger or accident in a mine, mining engineers and other authorized agents of the Mining Authority must take all necessary measures, at the expense of the individual or legal entity, to stop the danger and prevent it from occurring again.

Safety Performance

Officials from the Labour Ministry, INPS and officials from the Ministry of Mines regularly visit and audit our operations. Both Morila and Loulo have received safety awards and commendations from INPS.

The national statistics in the countries of West Africa in which we operate are not generally available, with only fatalities cases and lost time/compensable injuries being reported.

Our safety programs are based on the outcome of the risk assessment and continual improvement strategy. The statistical measures we use to monitor our performance, such as LTIFR, are based on international good practice (OHSAS 18001) which we believe is the most accepted by our peers and best standard specification for such statistics. We are progressing with the implementation of occupational health and safety assessment series OHSAS 18001 at all of our operations as part of our health and safety strategy to continuously improve safety in our operations.

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C. ORGANIZATIONAL STRUCTURE

The following table identifies our subsidiaries and joint venture and our percentage ownership in each subsidiary:

Countries of Incorporation Name of Company	% effective ownership
Jersey	
Randgold Resources Limited	
Randgold Resources (Burkina) Limited	100
Randgold Resources (Côte d Ivoire) Limited	100
Randgold Resources (Kibali) Limited	100
Randgold Resources (Mali) Limited	100
Randgold Resources (Senegal) Limited	100
Randgold Resources (Somilo) Limited	100
Randgold Resources T1 Limited	100
Randgold Resources T2 Limited	100
Randgold Resources (Jersey) Limited	100
Randgold Resources (Gounkoto) Limited	100
Mining Investments (Jersey) Limited	100
Morila Limited	50
Moto (Jersey) 1 Limited	100
Moto (Jersey) 2 Limited	100
RAL 1 Limited	50
Kibali (Jersey) Limited	50
Kibali 2 (Jersey) Limited	50
Kibali Services Limited	50
Australia	
Moto Goldmines Australia (Pty) Limited	50
Border Energy (Pty) Limited	50
Westmount Resources NL	50
Border Resources NL	50
Burkina Faso	
Randgold Resources Burkina Faso SARL	100
Canada	
Moto Goldmines Limited	50
0858065 B.C. Limited	50
Côte d Ivoire	
Randgold Resources (Côte d Ivoire) SARL	100
Société des Mines de Tongon SA	89
Democratic Republic of Congo	
Kibali Goldmines S.P.R.L.	45
Mali	
Randgold Resources Mali SARL	100
Société des Mines de Morila SA	40
Société des Mines de Loulo SA	80
Kankou Moussa SARL	75
South Africa	
Seven Bridges Trading 14 (Pty) Limited	100
Tanzania	
Randgold Resources Tanzania (T) Limited	100

The Netherlands	
Kibali Cooperatief UA	50
Uganda	
Border Energy East Africa (Pty) Limited	50
United Kingdom	
Randgold Resources (UK) Limited	100

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D. PROPERTY, PLANT AND EQUIPMENT

For a discussion of our principal properties, including mining rights and permits, see Item 4. Information on the Company A. History and Development of the Company and Item 4. Information on the Company B. Business Overview . We have all material legal rights necessary to entitle us to exploit such deposits in respect of the Morila mine in Mali to April 2022, Loulo in Mali to 2029 and Tongon in Côte d Ivoire to 2020.

The exploration permits in Côte d Ivoire, Mali, Senegal, Burkina Faso and DRC give us the exclusive right for a fixed time period, which is open to renewal, to prospect on the permit area.

Once a discovery is made, we, as the permit holder, then commence negotiations with the respective governments as to the terms of the exploration or mining concession. Depending on the country, some of the terms are more open to negotiation than others, but the critical areas which can be agreed to are the government s interest in the mine, taxation rates and taxation holidays, repatriation of profits and the employment of expatriates and local labor.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

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

General

We earn substantially all of our revenues in US dollars and a large proportion of our costs are denominated or based in US dollars, excluding the Morila mining contract which is partially denominated in Euros. We also have South African Rand, Communauté Financière Africaine franc, Congolese franc and Pound Sterling denominated costs, which are primarily wages and material purchases.

Impact of Malian Economic and Political Environment

We are a Jersey incorporated company and are subject to income tax at a rate of zero percent in Jersey. Our current significant operations are located in Mali and are therefore subject to various economic, fiscal, monetary and political policies and factors that affect companies operating in Mali, as discussed under Item 3. Key Information D. Risk Factors Risks Relating to Our Operations .

Impact of Favorable Tax Treaties

We are subject to income tax at a rate of zero percent in Jersey. Somilo SA benefited from a five year tax holiday until November 7, 2010. Tongon SA also benefits from a five year tax holiday in Cote d Ivoire which commenced on December 1, 2010. The benefit of the tax holidays to the group was to increase its net profit by $30.2 million, $26.7 million, and $9 million for the years ended December 31, 2010, 2009, and 2008, respectively.

Under Malian tax law, income tax is based on the greater of 35% 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.

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The Morila, Loulo and Tongon operations have no assessable capital expenditure carry forwards or assessable tax losses, as at December 31, 2010 and 2009 respectively, for deduction against future mining income.

Revenues

Substantially all of our revenues are derived from the sale of gold. As a result, our operating results are directly related to the price of gold. Historically, the price of gold has fluctuated widely. The gold price is affected by numerous factors over which we have no control. See Item 3. Key Information D. Risk Factors Risks Relating to Our Operations The profitability of our operations, and the cash flows generated by our operations, are affected by changes in the market price for gold which in the past has fluctuated widely .

We have followed a hedging strategy the aim of which is to secure a minimum price which is sufficient to protect us in periods of significant capital expenditure and debt finance, while at the same time allowing significant exposure to the spot gold price. Accordingly, we have made use of hedging arrangements. Under the terms of the Morila project loan, we were required to hedge 50% of approximately 36% of Morila s first 5 years of production. The last remaining hedges were closed out during 2004.

Our prior financing arrangements for the development of Loulo included provisions for gold price protection. Although the facility was fully repaid in December 2007, these instruments were in place until the last remaining hedges were delivered into during 2010. The group is now fully exposed to the spot gold price on gold sales.

Significant changes in the price of gold over a sustained period of time may lead us to increase or decrease our production, which could have a material impact on our revenues.

Our Realized Gold Price

The following table sets out the average, high and low afternoon London Bullion Market fixing price of gold and our average US dollar realized gold price during the years ended December 31, 2010, 2009, and 2008.

	Year Ended December 31,		
	2010	**2009**	**2008**
Average	1,224	972	871
High	1,421	1,213	1,011
Low	1,058	810	712
Average realized gold price	1,180(1)	893(1)	792(1)

(1) Our average realized gold price differs from the average gold price as a result of the timing of our gold deliveries and different realized prices achieved on the hedge book.

Costs and Expenses

Our operations currently comprise three operations. Mining operations at both Loulo and Tongon are being conducted by contractors and managed by the company. Morila is currently processing stockpiles only as mining ceased in April 2009. Milling operations are undertaken by the group s own employees. Total cash costs in the year ended December 31, 2010 as defined by guidance issued by the Gold Institute made up approximately 78% of total costs and expenses and comprised mainly mining and milling costs, including labor and consumable stores costs. Consumable stores costs include diesel and reagent costs. Contractor costs represented 46% of total cash costs, with diesel and reagent costs making up 25% of total cash costs. Direct labor costs accounted for approximately 5% of total cash costs. For a definition of total cash costs, please refer to Item 3 Key Information.

The price of diesel for the Loulo, Morila and Tongon operations were consistent from 2009 to 2010. Should prices increase, this could significantly impact total cash costs mainly as a result of the high volume of diesel consumed to generate power and to run the mining fleet. A significant portion of the costs at Loulo and Morila are denominated in CFA and therefore costs are exposed to fluctuations in the Euro/dollar exchange rate. The Euro weakened slightly against the dollar during 2010. The remainder of our total

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costs and expenses consists primarily of amortization and depreciation, exploration costs, exchange losses, interest expense and general administration or corporate charges.

Looking Forward

Despite the challenges of 2010 our four year organic growth profile remains intact. Assuming the situation in the Côte d Ivoire does not impact upon operations much longer, the group forecast production for 2011 is 750,000 to 790,000 ounces which is a 70% increase on 2010. On an equity attributable basis this equates to approximately 640,000 to 670,000 ounces compared to 373,706 ounces in 2010.

Considering the situation in the Côte d Ivoire and given the ongoing remedial work planned for the Yalea underground in the first quarter, as well as the anticipated contribution from Gounkoto starting in July, the production forecast is skewed towards the second half of the year. Notwithstanding the additional non-cash adjustments relating to the Morila stockpiles, management is targeting total cash costs per ounce for the group, after royalties and taxes, of less than $600/oz for 2011, assuming current prevailing oil price and Euro-Dollar exchange rates, which movements have a significant impact on operating costs. Continued growth in production over the following four years is forecast from increasing grades out of Loulo, Gara and Gounkoto with Kibali adding to production in 2014. Consequently, on the back of this forecast increase in grade, the group total cash costs based on current prevailing input cost parameters, are forecast to reduce to the lower $400/oz range over the same period.

Given our exploration success, exploration expenditure is expected to remain high in the coming year. Significant capital expenditure will also be incurred across the group as part of our planned growth in production, including on the Massawa feasibility project in Senegal, targeted to be concluded by the end of the year, and at Kibali in the DRC, where the mine construction start-up is targeted for mid-year. At Gounkoto, capital expenditure will be focused on the first six months of the year, leading up to production anticipated to start in the second half of the year. Capital expenditure at Loulo will be focused on the Yalea and Gara underground mine developments as well as the plant upgrade as part of the Gounkoto start-up. Total group capital expenditure for 2011 is anticipated to be approximately $310 million.

We continue to maintain our focus on organic growth through discovery and development of world class orebodies, and have a pipeline of high quality projects and exploration targets. Notwithstanding this core strategy, management routinely reviews corporate and asset acquisition opportunities, focused on gold in Africa.

Critical Accounting Policies

Our significant accounting policies are more fully described in note 2 to our consolidated financial statements. Some of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty and are based on our historical experience, terms of existing contracts, management s view on trends in the gold mining industry and information from outside sources.

Management believes the following critical accounting policies, among others, affect the more significant judgments and estimates used in the preparation of our consolidated financial statements and could potentially impact our financial results and future financial performance.

Joint Venture Accounting

We account for our investment in joint ventures by incorporating our proportionate share of the joint ventures assets, liabilities, income, expenses and cash flows in the consolidated financial statements under appropriate headings. Should this method of accounting not be permitted in the future, the results of each joint venture would need to be equity accounted. This would require the recognition in the consolidated statement of comprehensive income, on a separate line, of our share of the joint ventures profit or loss for the year. Our interest in the joint venture would be carried on the statement of financial position at an amount which would reflect our share of the net assets of the joint venture.

This would result in a presentation of our statement of financial position and statement of comprehensive income that differs significantly from the current presentation, but would have no impact on our net income or our net asset value.

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Depreciation and Amortization of Mining Assets

Depreciation and amortization charges are calculated using the units of production method and are based on tonnes processed through the plant as a percentage of total expected tonnes to be processed over the lives of our mines. A unit is considered to be produced at the time it is physically removed from the mine. The lives of the mines are based on proven and probable reserves as determined in accordance with the Securities and Exchange Commission s industry guide number 7. The estimates of the total expected future lives of our mines could be materially different from the actual amounts of gold mined in the future and the actual lives of the mines due to changes in the factors used in determining our mineral reserves. These factors could include: (i) an expansion of proven and probable reserves through exploration activities; (ii) differences between estimated and actual cash costs of mining, due to differences in grade, metal recovery rates and foreign currency exchange rates; and (iii) differences between actual gold prices and gold price assumptions used in the estimation of reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine, which in turn is limited to the life of the proven and probable reserves.

Valuation of Long-Lived Assets

Management compares the carrying amounts of property, plant and equipment to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. In determining if the asset can be recovered, we compare the recoverable amount to the carrying amount. If the carrying amount exceeds the recoverable amount, we will record an impairment charge in profit or loss to write down the asset to the recoverable amount. 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 case generating unit) and fair value less cost to sell. To determine the value in use amount, management makes its best estimate of the future cash inflows that will be obtained each year over the life of the mine and discounts the cash flow by a rate that is based on the time value of money adjusted for the risk associated with the applicable project. In estimating future cash flows, assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of future cash flows from other asset groups. With the exception of mine-related exploration potential, all assets at a particular operation are considered together for purposes of estimating future cash flows.

These reviews are based on projections of anticipated future cash flows to be generated by utilizing the long-lived assets. While management believes that these estimates of future cash flows are reasonable, different assumptions regarding projected gold prices and production costs as discussed above under depreciation and amortization of mining assets could materially affect the anticipated cash flows to be generated by the long-lived assets. The ability to achieve the estimated quantities of recoverable minerals from exploration stage mineral interests involves further risks in addition to those factors applicable to mineral interests where proven and probable reserves have been identified, due to the lower level of confidence that the identified mineralized material can ultimately be mined economically.

Environmental Rehabilitation Costs

We provide for environmental rehabilitation costs and related liabilities based on our interpretations of current environmental and regulatory standards with reference to World Bank guidelines. Final environmental rehabilitation obligations are estimated based on these interpretations and in line with responsible programs undertaken by similar operations elsewhere in the world. While management believes that the environmental rehabilitation provisions made are adequate and that the interpretations applied are appropriate, the amounts estimated may differ materially from the costs that will actually be incurred to rehabilitate our mine sites in the future.

Exploration and evaluation costs

We expense all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely than not of being realized, i.e. probable . While the criteria for concluding that an expenditure should be capitalized are always probable, the information that the directors use to make that determination depends on the level of exploration.

Exploration and evaluation expenditure on greenfield sites, being those where we do not have any mineral deposits which are already being mined or developed, is expensed until such time as our directors have sufficient information to determine that future economic benefits are probable, after which the expenditure is capitalized as a mine development costs. 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.

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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 our directors are able to demonstrate that future economic benefits are probable through the completion of a prefeasibility study, after which the expenditure is capitalized 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 relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as a mine development cost following the completion of an economic evaluation 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 our directors to conclude that more likely than not we will obtain future economic benefit from the expenditures. Costs relating to property acquisitions are also capitalized within development costs.

Receivables

Receivables are recognized 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, receivables are measured at amortized 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 we 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 reorganization, and default or delinquency in payments are considered indicators that the trade receivable is 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 recognized in the statement of comprehensive income.

Share-based payments

The fair value of the employee services received in exchange for the grant of options or restricted shares is recognized 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 restricted shares determined at the grant date, including any market performance conditions and excluding the impact of any service and non-market performance vesting conditions (for example profitability, sales 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.

Mineral properties

Mineral properties acquired are recognized at fair value at the acquisition date. Mineral properties are tested annually for impairment on the same basis that property, plant and equipment are when there is an indication of impairment. Mineral properties will be amortized on a units of production basis when the related mine commences production.

Recent accounting pronouncements

The group and company have adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. Their impact is discussed below. Those standards, amendments to standards and interpretations that are

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effective for the first time this year but have no impact on the group, and are not expected to have an impact in the future, have not been included below:

Amendments to IFRIC 9 and IAS 39: Embedded Derivatives (effective for annual periods beginning on or after 30 June 2009).

This amendment clarifies the treatment of embedded derivatives in host contracts that are reclassified out of fair value through profit or loss following the changes introduced by the Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments. This has not had an impact on the group in the current year but may have an impact in future.

Revised IFRS 3: Business Combinations (effective for annual periods beginning on or after 1 July 2009).

The basic approach of the existing IFRS 3 to apply acquisition accounting in all cases and identify an acquirer is retained in this revised version of the standard. It also includes much of the current guidance for the identification and recognition of intangible assets separately from goodwill. However, in some respects the revised standard may result in very significant changes, including: The requirement to write off all acquisition costs to profit or loss instead of including them in the cost of investment; the requirement to recognize an intangible asset even if it cannot be reliably measured; and, an option to gross up the statement of financial position for goodwill attributable to minority interests (which are renamed non-controlling interests). The revised standard does not require the restatement of previous business combinations. This has not had an impact on the group in the current year but may have an impact in future.

Amendment to IAS 27: Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).

This amendment affects in particular the acquisition of subsidiaries achieved in stages and disposals of interests, with significant differences in the accounting depending on whether or not control is obtained as a result of the transaction, or where a transaction results only in a change in the percentage of a controlling interest. The amendment does not require the restatement of previous transactions. This has not had an impact on the group in the current year but may have an impact in future.

Amendment to IAS 39: Financial Instruments Recognition and Measurement: Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009).

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in the designation of a one-sided risk in a hedged item, and inflation in a financial hedged item. This has not had an impact on the group or company in the current year but may have an impact in future.

Improvements to IFRSs: 2010 (effective for annual periods beginning on or after 1 January 2010).

The improvements in this amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between standards. This has not had a significant impact on the group.

Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010).

This amendment clarifies that, where a parent (or another group entity) has an obligation to make a cash-settled share-based payment to another group entity s employees or suppliers, the entity receiving the goods or services should account for the transaction as equity-settled. The amendment also moves the IFRIC 11 requirements in respect of equity-settled share-based payment transactions among group entities and the clarification of the scope of IFRS 2 contained within IFRIC 8 into IFRS 2 itself. This has not had an impact on the group in the current year but may have an impact in future.

The following standards, amendment to standards and interpretations which have been recently issued or revised have not been adopted early by the group or company but may have an impact in the future; their expected impact is discussed below. Standards, amendments to standards and interpretations that are not expected to impact the group, are not included below.

Classification of Rights Issues (Amendment to IAS 32) (effective for annual periods beginning on or after 1 February 2010).

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This Amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the Amendment requires that, provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. This will be applied in the year ending 31 December 2011 but is not expected to have an immediate impact on the group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010).

This Interpretation addresses transactions in which an entity issues equity instruments to a creditor in return for the extinguishing of all or part of a financial liability. Broadly, it applies to transactions where the two parties are acting only in their capacity as lender and borrower. It does not address the appropriate treatment for the creditor and does not apply to arrangements in which liabilities are extinguished in return for equity instruments in accordance with the original terms of the financial liability. For transactions within its scope, where the whole liability is extinguished, the Interpretation requires the equity instruments issued to be measured at their fair value and the difference between that fair value and the carrying value of the financial liability extinguished to be recognized in profit or loss. Where only part of the financial liability is extinguished, some allocation of the consideration between the extinguished portion of the liability and the part of the liability that remains outstanding may be required. This will be applied in the year ending 31 December 2011 but is not expected to have an immediate impact on the group.

Revised IAS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011).

The revision to IAS 24 is in response to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The revised standard addresses these concerns by:

Providing a partial exemption for government related entities Until now, if a government controlled, or a significantly influenced, an entity, the entity was required to disclose information about all transactions with other entities controlled, or significantly influenced by the same government. The revised Standard requires such entities to disclose information about individually and collectively significant related party transactions only.

Providing a revised definition of a related party The structure of definition of a related party has been simplified and inconsistencies eliminated. Illustrative examples have also been added. The revised definition will mean that some entities will have more related parties for which disclosures will be required. The entities that are most likely to be affected are those that are part of a group that includes both subsidiaries and associates, and entities with shareholders that are involved with other entities.

This will be applied in the year ending 31 December 2011 but is not expected to have an immediate impact on the group.

Improvements to IFRSs (2010) (effective for annual periods beginning on or after 1 January 2011).

The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. The changes include amendments to:

IFRS 3 (Revised 2008) Business combinations including: (i) Clarification that the treatment of contingent consideration arising in business combinations occurring before the effective date of IFRS 3(R) continues to be treated under the old requirements. (ii) Limiting the choice to measure non-controlling interests at a proportionate share in recognized amounts of the acquiree s identified net assets to present ownership interests with other components of the non-controlling interest being measured at fair value. (iii) The inclusion or otherwise in the cost of investment of replacement share-based payment awards provided to employees of the acquiree.

IFRS 7 Financial instruments: Disclosures including clarification that an entity should provide qualitative disclosures in the context of quantitative disclosures to enable users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments.

IAS 1 (Revised 2007) Presentation of financial statements clarifying that the analysis of components of other comprehensive income in the statement of changes in equity may be presented in a note.

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IAS 34 Interim financial reporting clarifying the disclosures required in respect of significant events and transactions during the period.

Improvements to IFRSs (2010) also made minor amendments to the wording of IFRIC 13 Customer loyalty programs regarding the valuation of award credits and the transitional arrangements for amendments to IAS 21 The effects of changes in foreign exchange rates and IAS 28 Investments in associates in respect of the loss of control or significant influence which were introduced by IAS 27 (as amended 2008) Consolidated and separate financial statements . This will be applied in the year ending 31 December 2011 but is not expected to have an immediate impact on the group.

Disclosures Transfers of Financial Assets (Amendments to IFRS 7) (effective for annual periods beginning on or after 1 July 2011).

This Amendment requires the disclosure of information in respect of all transferred financial assets that are not derecognized and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. The disclosures are intended to enable users of financial statements: (a) to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and (b) to evaluate the nature of, and risks associated with, the entity s continuing involvement in derecognized financial assets.

These enhanced disclosures are likely to affect, among others, entities that have debt factoring arrangements. These amendments are not yet endorsed by the EU. This will be applied in the year ending December 31, 2012 but is not expected to have an immediate impact on the group.

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12) (effective for annual periods beginning on or after 1 January 2012).

IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally, be through sale. As a result of the amendments, SIC-21 Income Taxes - Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn. These amendments are not yet endorsed by the EU. This will be applied in the year ending December 31, 2012 but is not expected to have an immediate impact on the group.

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2013).

IFRS 9 will eventually replace IAS 39 in its entirety. However, the process has been divided into three main components: Classification and measurement; impairment; and, hedge accounting. As each phase is completed, it will delete the relevant portions of IAS 39 and create new chapters in IFRS 9.

To date IFRS 9 addresses only the classification and measurement of financial instruments. The requirements for financial assets are that they should be:

Classified on the basis of the entity s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset;

measured at amortized cost if it meets two conditions: (a) The entity s business model is to hold the financial asset in order to collect the contractual cash flows; and, (b) the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle outstanding; and,

subsequently measured at amortized cost or fair value depending on the business model of the entity and the terms of the instrument.

Hybrid contracts with a host that is within the scope of IFRS 9 (i.e. a financial host) must be classified in its entirety in accordance with the classification approach stated above. This eliminates the existing IAS 39 requirements to separately account for an embedded derivative and a host contract. The embedded derivative requirements under IAS 39 continue to apply where the host contract is a non-financial asset and for financial liabilities.

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The requirements for classifying and measuring financial liabilities are mostly unchanged from those set out in IAS 39.

IFRS 9 includes an accounting policy choice allowing investments in equity instruments to be measured at fair value through other comprehensive income. This is an irreversible election made, on an instrument by instrument basis, at the date of initial recognition. Where this option is not taken, all equity instruments with the scope of IFRS 9 will be classified as fair value through profit or loss. Irrespective of the policy choice made, dividends received on equity instruments will always be recognized in profit or loss. Subsequent reclassification of financial assets between the amortized cost and fair value categories is permitted only when an entity changes its business model for managing its financial assets. The held to maturity and available for sale classifications have been eliminated. This standard has not yet been endorsed by the EU. This will be applied in the year ending 31 December 2013. We will review the impact on the group closer to the date of implementation, but it is currently expected that it will result in a reclassification of available for sale assets.

A. OPERATING RESULTS

Our operating and financial review and prospects should be read in conjunction with our consolidated financial statements, accompanying notes thereto, and other financial information appearing elsewhere in this Annual Report.

Years Ended December 31, 2010 and 2009

Total revenue

Total revenues from gold sales for the year ended December 31, 2010 increased by $51.8 million, or 12%, from $432.8 million to $484.6 million. This is mainly due to a 32% increase in the average gold price received from $893/oz in 2009 to $1,180/oz in 2010, partially offset by a 15% decrease in group ounces sold to 413,262 in 2010, mainly due to a decrease in grade at Loulo, which is expected to improve in 2011.

Other Income

Other income of $22.6 million for the year ended December 31, 2010 compared to $9 million for the year ended December 31, 2009. Other income includes a profit of $19.3 million (2009: $10.7 million) in respect of the sale of 15.5 million Volta Resources shares. The amount recognized in 2009 relates to the profit realized on the sale of the Kiaka project in Burkina Faso.

Costs and Expenses

Total Cash Costs

The following table sets out our total ounces sold and total cash cost and production cost per ounce sold for the years ended December 31, 2010 and 2009:

	Year Ended December 31,			
	2010		2009	
	Ounces sold	$ Per Ounce	Ounces sold	$ Per Ounce
Morila (40% share) cash costs	95,443	669	136,664	480
Loulo (100% share) cash costs	313,122	712	351,591	522
Tongon (100% share) cash costs	4,698	459		
Total ounces (sold)	413,263		488,255	
Group total cash costs*		699		510
Total production costs per ounce under IFRS		767		569

* For a definition of cash costs, please see Item 3. Key Information A. Selected Financial Data .

Total production cost includes total cash costs and also the depreciation and amortization cost which is discussed below. Total cash cost per ounce has been restated following the change in the bases for these calculations. Refer to page 9 for more information.

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Total cash costs for the year ended December 31, 2010 of $289 million increased by 16% from 2009, mainly due to increased mining costs at Loulo primarily due to increased open pit mining costs resulting from deepening pits, revised mining rates and general cost increases in reagents and other consumables. Cash costs also increased at Morila during 2010, due to the continued impact of processing lower grade ore. The total cash costs per ounce of $699/oz increased by 37% year on year.

Royalties increased by $2.3 million, or 9%, to $27.7 million for the year ended December 31, 2010 from $25.4 million for the year ended December 31, 2009. The increased royalties reflect the higher average gold price received.

Other mining and processing costs comprise various expenses associated with providing on mine administration support services to the Morila, Loulo and Tongon mines. These charges amounted to $20.6 million for the year ended December 31, 2010 and $19.1 million for the year ended December 31, 2009. The increase in other mining and processing costs also reflect the commencement of operations at the Tongon mine towards the end of 2010.

Depreciation and Amortization

Depreciation and amortization of $28.1 million for the year ended December 31, 2010 is consistent with the depreciation of $28.5 million that was charged for the year ended December 31, 2009. This includes depreciation charged at Loulo, Morila and Tongon since production commenced at Tongon in the fourth quarter of 2010.

Exploration and Corporate Expenditure