

MORILA GOLD MINE

OVERVIEW

OUNCES PRODUCED

122 374
oz

PROFIT FROM MINING ACTIVITY¹

60.5
\$Million



The Morila gold mine is situated some 280 kilometres south-east of Bamako, the capital of Mali and is owned by Société des Mines de Morila SA (Morila) which is a joint venture company owned by Randgold (40%), AngloGold Ashanti (40%) and the State of Mali (20%). The mine is operated by Randgold.

TOTAL CASH COSTS¹

674

\$/oz

TOTAL RESERVES

0.3

Moz

MORILA KEY RESULTS

12 months ended 31 December	2015	2014
Mining		
Tonnes mined (000)	3 425	18 405
Ore tonnes mined (000)	939	1 035
Milling		
Tonnes processed (000)	3 063	3 242
Head grade milled (g/t)	1.4	1.2
Recovery (%)	91.1	89.8
Ounces produced	122 374	110 272
Ounces sold	122 374	110 272
Average price received (\$/oz)	1 168	1 258
Cash operating costs ¹ (\$/oz)	645	1 109
Total cash costs ¹ (\$/oz)	674	1 143
Profit from mining activity ¹ (\$000)	60 487	12 631
ATTRIBUTABLE (40%)		
Gold sales ¹ (\$000)	57 197	55 489
Ounces produced	48 950	44 109
Ounces sold	48 950	44 109
Gold on hand at period end ² (\$000)	-	-
Profit from mining activity ¹ (\$000)	24 195	5 052

Randgold owns 40% of Morila with the State of Mali and joint venture partner owning 20% and 40% respectively. The group equity accounts for its 40% joint venture holding in Morila.

¹ Refer to explanation of non-GAAP measures provided on page F-34 of this annual report.

² Gold on hand represents gold in doré at the mines multiplied by the prevailing spot gold price at the end of the period.

ACHIEVED IN 2015

- Produced 122 374oz, exceeding annual target by 11%
- Reduced total cash cost of production substantially to \$674/oz
- Successfully completed pit 4S pushback
- Continued profitable processing of mineralised waste
- Workforce appropriately downsized to ensure continued profitability
- Plant recovery rate improved despite lower grades
- Waste de-capping commenced in line with the TSF retreatment plan
- Commercial scale agribusiness projects advanced and potential partners identified
- LTI free year

TARGETED FOR 2016

- Produce 90 000oz of gold
- Maintain low total cash cost/oz of production
- Complete mining and processing of mineralised waste ore
- Mine and process ore from Domba pit
- Start processing TSF material
- Manage downsizing of the operation
- Continue to advance the agribusiness projects and begin handover to partners



MORILA GOLD MINE



MORILA METALLURGICAL PLANT

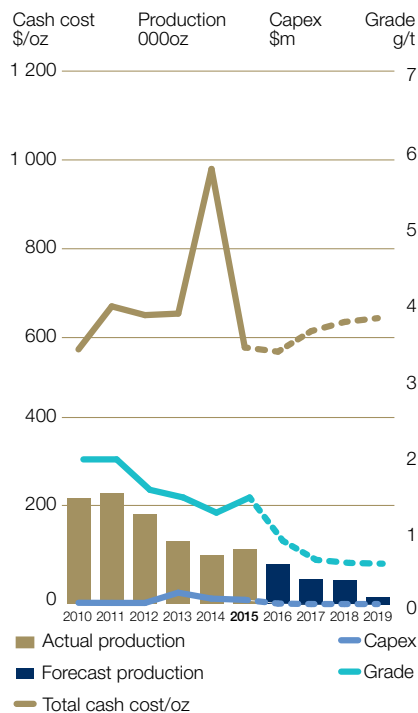


MINERAL RESOURCES AND ORE RESERVES

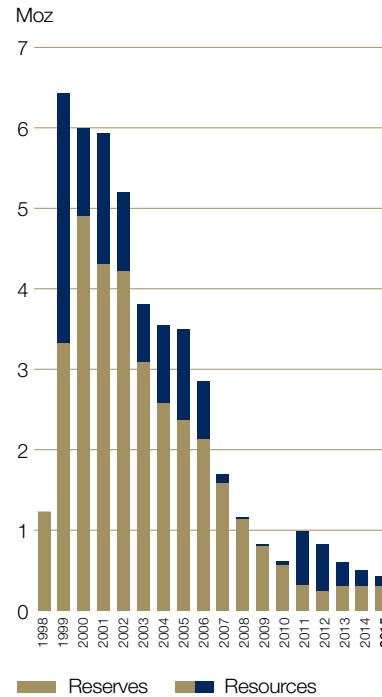
Mineral resources currently consist of mineralised waste material recovered from the waste dumps and old stockpiles, a portion of the tailings storage facility (TSF) and Domba open pit oxide ore.

Only the higher grade portion of the TSF is reported as ore reserves and forms the bulk of the feed for the current LoM plan. Domba contains 454kt at 3.1g/t for 45koz of oxide material currently in the 2016 mine plan but not currently declared as ore reserve while the mine awaits approval from Malian authorities.

MORILA PRODUCTION AND FIVE YEAR FORECAST



MORILA TOTAL MINERAL RESOURCES AND ORE RESERVES¹



¹ Refer to the notes to the annual resources and reserves declaration on page 95 of this annual report.

MINERAL RESOURCES AND ORE RESERVES

at 31 December	Category	Tonnes (Mt)		Grade (g/t)		Gold (Moz)		Attributable gold ³ 40% (Moz)	
		2015	2014	2015	2014	2015	2014	2015	2014
MINERAL RESOURCES¹									
■ Stockpiles	Measured	-	0.02	-	4.0	-	0.003	-	0.001
	Inferred	0.8	1.3	0.7	0.8	0.02	0.03	0.01	0.01
■ Open pit	Indicated	0.5	0.6	3.2	3.0	0.05	0.06	0.02	0.02
	Inferred	-	0.2	-	3.7	-	0.02	-	0.01
■ TSF	Indicated	23	14	0.5	0.5	0.4	0.2	0.2	0.09
	Inferred	0.9	9.7	0.5	0.5	0.01	0.2	0.01	0.06
TOTAL MINERAL RESOURCES									
	Measured and indicated	24	14	0.6	0.6	0.4	0.3	0.2	0.1
	Inferred	1.8	11	0.6	0.6	0.03	0.2	0.01	0.1
ORE RESERVES²									
■ Stockpiles	Proved	-	0.02	-	4.0	-	0.003	-	0.001
	Probable	-	0.6	-	3.0	-	0.06	-	0.02
■ TSF	Probable	15	12	0.6	0.5	0.3	0.2	0.1	0.08
TOTAL ORE RESERVES									
	Proved and probable	15	13	0.6	0.7	0.3	0.3	0.1	0.1

¹ Open pit mineral resources are those located within the \$1 500/oz pit shell reported at a \$1 500/oz cut-off of 0.5g/t. Stockpile mineral resources are also reported at a \$1 500/oz gold price and reported at a 0.5g/t cut-off. TSF mineral resources are reported at a \$1 500/oz reported at a 0.3g/t cut-off. Open pit and TSF mineral resources were generated by Mr Jonathan Kleynhans, an officer of the company and competent person.

² TSF ore reserves are reported at a \$1 000/oz cut-off grade of 0.5g/t. Ore reserves were calculated by Mr Shaun Gillespie, an officer of the company and competent person.

³ Attributable gold (Moz) refers to the quantity attributed to Randgold based in its 40% interest in Morila.

Mineral resource and ore reserve numbers are reported as per JORC 2012 and as such reported to the second significant digit. Refer to the notes to the annual resources and reserves declaration on page 95 of this annual report.

OPERATIONS

Morila produced 122 374oz for the year, an 11% improvement on the previous year's production (2014: 110 272oz). The higher grade pit 4S ore was processed in the first half of the year and complemented by additional mineralised waste material from waste dumps deposited earlier in the life of the mine when the highest grades from the pit were being mined. The gold production increase resulted from a 17% rise in the head grade milled, partially offset by slightly lower throughput. Total cash costs were significantly lower at \$674/oz, a 41% decrease on the prior year, on the back of the increased production and lower mining costs.

Gold sales, at \$143.0 million (100% basis), were 3% higher than the previous year due to the increased production, notwithstanding the 7% drop in the average gold price received. Profit from mining activity (before interest, tax and depreciation) increased to \$60.5 million for the year.

Capital expenditure for the year of \$11.0 million mainly related to the preparation for the treatment of the TSF. During the year, Morila paid a total of \$25.7 million in dividends to its shareholders.

MINING AND PRODUCTION

Mining and processing of pit 4S was successfully completed at the end of March 2015 as planned. Waste was dumped in both pit 4N and pit 5 to reduce the hauling cost. Total tonnes mined in 2015 was 3.4Mt including 939kt of ore at 2.85g/t.

Morila is planning to mine ore from the Domba pit during 2016, subject to agreement with the community and government on relocation of a part of the village. Timeous approval by the Malian authorities should result in first ore from the Domba pit being delivered in Q2 2016, after which the mine is planning to switch to tailings retreatment.

PROCESSING, PLANT AND ENGINEERING

Processing

In 2015, the throughput rate decreased to 372tph from 402tph following the change in the plant configuration to improve efficiency. The milling and crushing circuits were reconfigured along with an upgraded three stage crushing plant which replaced the SAG mill. The oxygenation circuit was also upgraded with an extra 10t PSA to sustain the recovery rate of the future TSF retreatment.

Installation of Aachen reactors to enhance oxygen dispersion in the leach improved the recovery rates and contributed to the reduction in the cyanide consumption.

A carbon incinerator was installed which treated 39.8t of carbon in 2015, contributing 2.5kg to the gold production.

Engineering and power supply

Engineering availability for the year was 84.7% for crushing and 94.8% for milling in line with plan. The crushers are still operating in 'choke feed' mode and the frequency of tertiary crusher relining is being maintained at three weeks. The vertical vibration of the ball mill drive gearbox varies depending on mill load and is closely monitored.

Total power consumption of 106.4GWh was 4% higher than in 2014 and generated at a fuel efficiency of 0.240l/kWh, resulting in a total power cost of \$0.170/kWh (2014: \$0.303/kWh). The lower generated power cost was due to the reduction in the diesel price through 2015. One high speed generator has been relocated from the power plant to the river station to ensure an adequate power supply to boost the pumping rate required for the TSF retreatment.

The process plant is now ready to receive the TSF material with only the final tie-ins to be completed when the feed is switched over from ore and mineralised waste to slurry from the TSF.

TSF PROJECT

The TSF retreatment model and reclamation schedule were updated during the year and integrated into the LoM. The TSF mining project is being managed by Fraser Alexander Tailings, a specialised TSF retreatment operator.

The 2016 LoM plan includes:

- 36.9Mt of low grade material stripped and pumped directly into the pit from 2016 through to 2020; and
- 15.5Mt of higher grade material (0.55g/t for 275koz) processed through the plant, with the tailings also being deposited in the pit from 2016 through to 2019.

The TSF decapping activity commenced in April 2015 with a total of 3.5Mt of waste discharged directly into the pit during the year.

DOMBA PROJECT

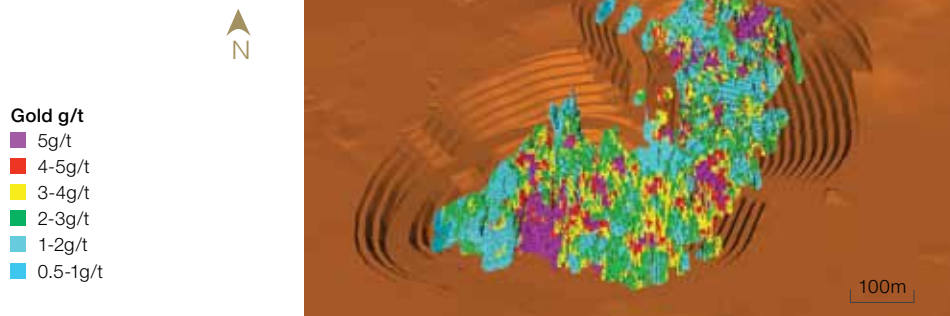
The Domba project consists of a satellite deposit located 6km to the northwest of the main Morila open pit. The mineralisation is very different to that of the Morila orebody, consisting of multiple subparallel lodes along a north south corridor. The lodes vary in width from 1m to 15m and have been delineated in the saprolite to an average depth of 50m. The mineralisation intersected in the fresh rock is narrow, erratic and typically lower grade.

Grade control drilling was completed over the majority of the proposed pit to confirm the mineral content and a feasibility study was completed. This identified 454kt of ore at 3.1g/t for 46koz, within a \$1 000/oz pit design, to be mined.

A Malian contractor has been identified to complete the mining and haulage activities over a four month period. Only the oxide portion of the mineral resource is planned to be mined, negating drill and blast requirements. The mining sequence requires that the southern portion of the pit be mined first, followed by the north. This allows for the waste from the north to be backfilled into the southern portion of the pit, reducing the surface impact of the mine. The waste is planned to be used to construct a safety berm between the pit and the village and to be shaped to ensure access to the pit as a surface water source for the community, post mining. Metallurgical recoveries, based on testwork, are good at 91%.

A full environmental and social impact assessment (ESIA) was completed, addressing key community concerns through public consultations, including the Resettlement Action Plan which specifically caters and compensates

DOMBA BLOCK MODEL



for the 26 households, three public infrastructures and 26 fields that will be affected by mining activities. Community development projects targeting farming, water supply, street lighting, the school, the clinic and mosque have been agreed with the community. Final agreement with the community and the government for the project to proceed is awaited.

EXPLORATION

Generative work around the Morila deposit continued during the year with a relogging programme focusing on the key structural and alteration features associated with the Morila mineralisation. However, this work did not lead to the generation of any new targets due to the lack of any visible controls on the features.

At Samacline, a review of the deep zone of mineralisation located to the immediate west of Morila identified open, high grade mineralisation within a wide, low grade envelope of up to 80m in width. The untested area down dip to the west of Samacline is large enough to hold a Morila-type deposit and is now the target of a diamond drillhole being planned to test the model that Samacline could be the eastern edge of a large deposit.

HEALTH AND SAFETY

No LTIs were recorded during the year and the associated LTIFR of zero compared favourably to 1.11 in the previous year. The TIFR also decreased from 4.81 in 2014 to 4.21 per million hours worked in 2015.

A review of the health and safety management system was completed during the year and the scope of the safety policy has been extended to capture the new TSF reclamation activities and ensure the risk assessment of the TSF project is applied to mitigate any safety risks in this new activity.

The malaria incidence rate for the year was 22.5%, a 14% decrease from the previous year.

The mine maintained its OHSAS 18001 certification.

ENVIRONMENT

The mine remains compliant under ISO 14001 and recertification is scheduled for Q1 2016. No major environmental incidents occurred during the year.

The mine closure plan was updated in November 2015 to meet the requirements of the government and the communities and to prevent or minimise any adverse long term environmental and social impacts while creating a self-sustaining natural ecosystem. High risk infrastructure, such as the processing plant and the tailings dam with piping, will be removed and the footprint rehabilitated. Waste rock dumps will be profiled to fit in with the natural landscape and revegetated, and other infrastructure will be left and used to develop an agro industrial centre for the benefit of the communities, former workers and the country (more information is included in the agribusiness section).

Environmental monitoring will continue for five years after the mine closes to ensure compliance with the closure targets.

In 2016, Morila, together with the other Randgold mines in Mali, plans to evaluate the opportunity to once again assist with the Mali elephant project.

Further details are provided in the sustainability section of this annual report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Total manpower recorded at the end of the year was 781 (including 422 persons employed by contractors) of which 99% are Malian. During the year the industrial relations climate was stable and the mine continued with its downsizing exercise, in line with the cessation of mining activities. Several training and employee capacity building activities took place.

COMMUNITY

During the year, community relations remained good and regular meetings were held with the local development committee (LDC). In conjunction with the LDC, a number of infrastructure development projects were undertaken for the benefit of the community, including:

- Solar pumping system for market gardens;
- Manufacturing and installation of biohazard incinerators at Sanso and Domba medical centres;
- Domba Youth Cultural Centre upgrade with solar power and a borehole;
- Additional boreholes at Fingola; and
- Upgrade of the bridge between the Morila and Sokela villages.

The microfinance project (CAMIDE) has now funded 79 projects with 82% of the amounts advanced having been repaid.

AGRIBUSINESS

In line with the closure plan and strategy, the mine is continuing to establish a viable and sustainable agricentre, with the feasibility study having been completed during the year together with the Ministry of Mines.

Assumptions and salient points:

- Available surface land offered by the centre is 30ha in 2017 and 2018, increasing to 50 ha in 2019 and 2020 and then to 100ha in 2021.

The model has been submitted to potential operators for review and to propose an operational plan.

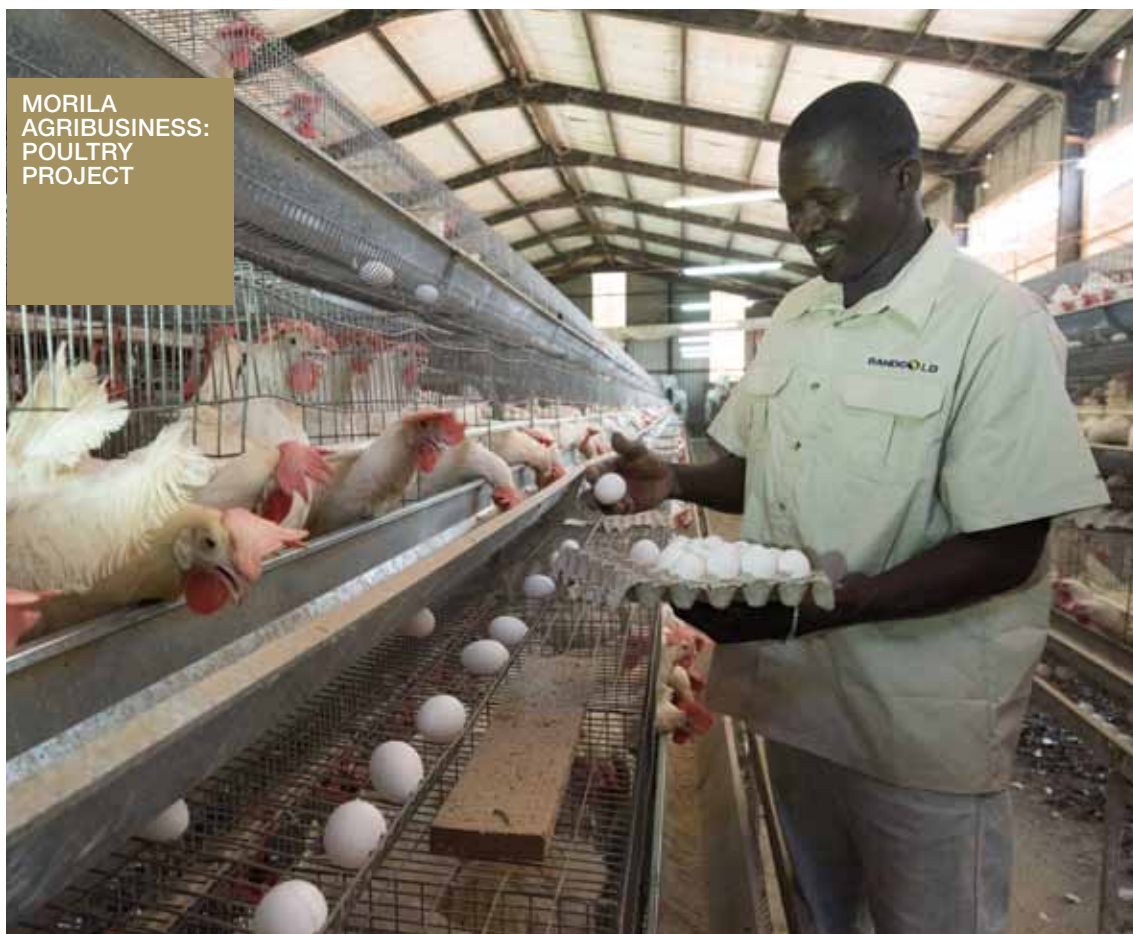
This project aims to:

- Provide an alternative income source to former mineworkers and the surrounding communities;
- Contribute towards ensuring food security in the community and the country;
- Promote local economic development; and
- Improve the community's economic welfare.

The poultry project currently comprises around 10 000 laying chickens and will be extended to 40 000 in 2016. The fish farming project is expected to be in full production from early 2016 and is planned to produce 7.2t per month, with 12 more floating cages to be added in 2016. Existing honey hives are being evaluated and the mine is working to attract Miellerie du Mali onsite to run this project.

MORILA MANPOWER

at 31 December	2015			2014		
	Expats	Nationals	Total	Expats	Nationals	Total
Employees	2	357	359	7	295	302
Contractors	4	418	422	11	967	978
TOTAL	6	775	781	18	1 262	1 280



MORILA AGRIBUSINESS: POULTRY PROJECT



TILAPIA FISH BREEDING PONDS AT MORILA

FIMA sarl is developing a jute outgrower programme across the mine and surrounding villages with some 40ha tried this year. The production of this economic crop will be increased in 2016 and the feasibility of a unit to produce biodegradable bags will be investigated. The mine continues to maintain mango trees with an increase in production expected in the coming year, and will explore the viability of a juice producing unit.

A feasibility plan for ecotourism was submitted by a local partner (GTIM) and a pilot project will be run in 2016.

The mine has also engaged with a number of potential partners and operators for the greater ecocentre project, including the Government of Mali, the World Bank, the IFC, the African Union and local entrepreneurs.

Going forward, the mine intends to expand the capacity of the projects with a focus on selecting operators to partner and assume management of the different projects.



HARVESTING HONEY AT MORILA GOLD MINE

MORILA SAFETY (LTIFR)

