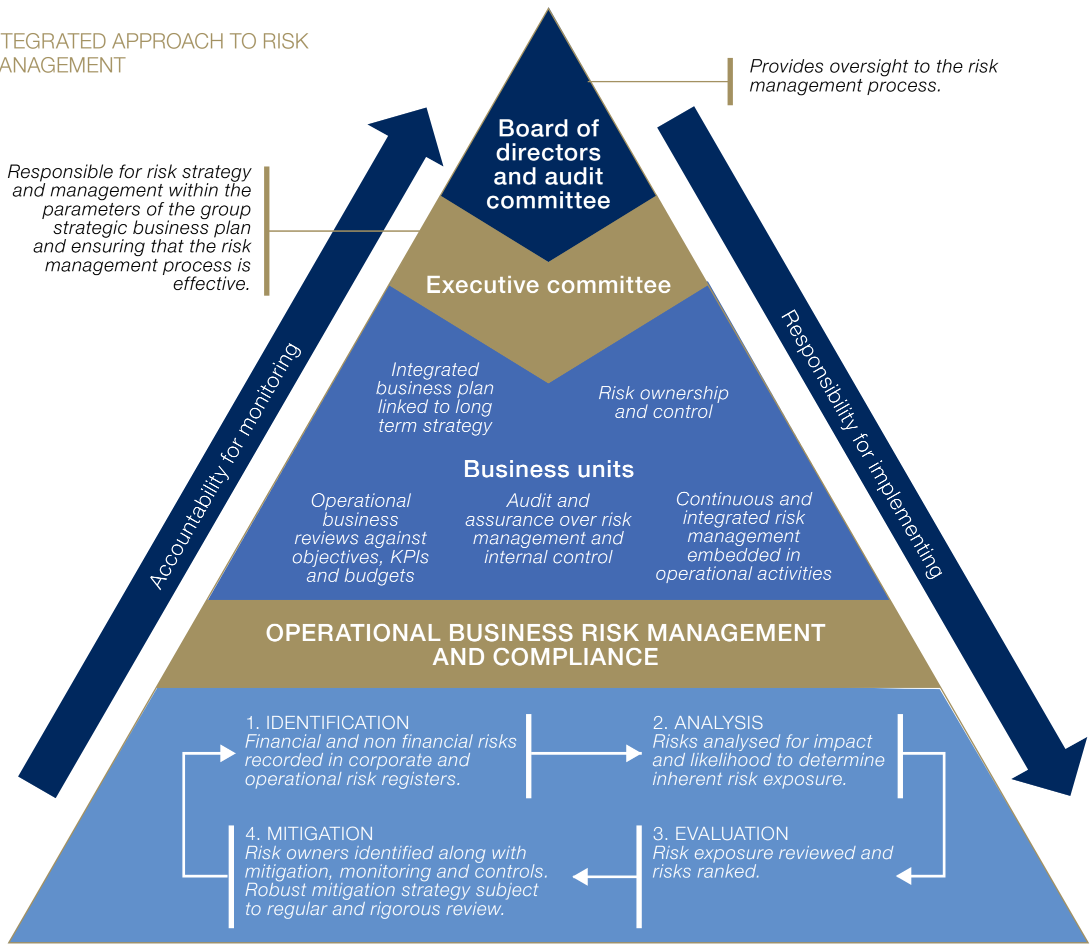
INTEGRATED APPROACH TO RISK MANAGEMENT



The group carried out an assessment of its internal control over consolidated financial reporting pursuant to Section 404 of SOX and the United States' Disclosure Rules and Transparency Rules. The management of the company, which is responsible under SOX for establishing and maintaining an adequate system of internal controls over consolidated financial reporting, evaluated the effectiveness of that system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework (2013). Based on that evaluation, the management of the company concludes in its annual report on Form 20-F filed with the United States' Securities and Exchange Commission (SEC) that the system of internal control over consolidated financial reporting was effective as at 31 December 2015.

RISK MANAGEMENT

The board is responsible for determining the nature and extent of the significant risks the group has to manage in order to achieve its strategic objectives. The board believes in the maintenance of sound risk management and internal control systems.

Throughout the year the board monitored the group's risk management and internal control systems, adopting an integrated approach to risk management which covers all material financial, operational, compliance, reputational and sustainable development risks.

The board in conjunction with the audit committee regularly considered the group's principal risks. The board's review focused on the effectiveness of the group's risk management and internal control systems, assisted by the assessments undertaken by the audit committee. These assessments, which occurred both during the year and at the year end, evaluated the group's principal risks, taking into account the strength of the group's control systems and its appetite for risk.

The board delegates responsibility for day to day risk management to the CEO who in turn relies on the executive committee to identify, evaluate, mitigate and monitor the key risks facing the group and to implement the group's integrated risk management processes and controls. For further details of the executive committee please see page 20 of this annual report.

The group's integrated approach to risk management is outlined in the risk management triangle set out above. The group's businesses are responsible for maintaining an effective risk management and internal control environment. These are embedded throughout the group and in the day to day operations of the mines under the direction of the executive committee. This includes the implementation and regular monitoring of processes and controls which are designed to ensure adherence with the board's appetite for risk and group policies and procedures.

The group's business functions monitor adherence to these processes and controls and provide guidance to the business on their implementation and application. This includes ongoing reviews by key functions within the group. The group's management team is actively involved in all the group's operations throughout the year, including numerous visits to the group's sites and operations, attending monthly meetings with general managers and participating in weekly meetings with other senior members of staff, in each case to discuss critical issues affecting the operations, all of which are undertaken to assist in reducing the group's risk exposure.

A comprehensive risk register is maintained and presented annually to the audit committee. The audit committee reviews the risk register and the risk management framework which the board and senior management uses to identify and scrutinise key risks facing the group, and consider whether those risks are appropriately managed. The risk register and framework use the company's existing risk matrix and universal risk prioritisation, and rating scale, which grade and prioritise perceived and known risks. The risk register assists management in identifying and assessing the key risks facing the business.

The audit committee acknowledges there are many risks inherent to a mining business that exist and the challenge is to effectively manage those risks. By its nature, the risk register is a dynamic document subject to change. However, it is used by management to perform their duties while at the same time allowing the internal audit function to review and evaluate the activities of management in their efforts to control issues of risk and assess whether these activities are sufficient for the mitigation and management of risk.

Assurance over the group's risk management, internal control and governance processes is provided by the group's internal audit function.

As part of the preparation of the company's annual report on Form 20-F, which is filed with the SEC, the substantial risk factors are again identified and set out, highlighting to the market those aspects which could have a material effect on the company's business.

The board carried out an assessment of the principal risk factors and uncertainties which it considers either individually or in combination as having the potential to have a material adverse effect on the group's business, including those that would threaten the company's business model, future performance, solvency or liquidity.

The group's strategy takes into account known risks but there may be additional risks unknown to the group and other risks, currently believed to be immaterial, which could develop into material risks. Full details relating to the group's industry generally can be found in the annual report on Form 20-F filed with the SEC, a copy of which is available on the company's website at ***www.randgoldresources.com***.

From its assessment the board has itemised several key risks, including the Key Performance Indicators (KPIs) and how these are being managed.

KEY RISKS AND UNCERTAINTIES

KPI	Impact	Policies and systems	Mitigation
External risks			
Risk: gold price volatility Realised gold price	Earnings and cash flow volatility from sudden or significant declines in the gold price or reserves downgrades as a result of changes in the gold price.	Long term financial strategy and monitoring. Treasury policies.	The group constantly monitors the market in which it operates. The internal treasury committee's responsibilities include monitoring and discussing the gold price which is reported to the executive committees and the board on an ongoing basis. Forecasting and budgeting assumptions relating to commodities are prudent and monitored by the board and executive committee.
Risk: country risk Total shareholder return performance	Inadequate monitoring of in-country political instability and changes to political environment may impact the ability to sustain operations.	Policies to ensure that the group is meeting the terms of its agreed and signed licences and conventions. In-country monitoring and stakeholder management policies.	Successful relationships with governments, senior in-country officials and other key external stakeholders are built and maintained. This includes delivering on and adhering to agreements. The group actively monitors regulatory and political developments as well as the country risk ratings on a continuous basis.

KPI	Impact	Policies and systems	Mitigation
Risk: corporate, social and environmental responsibility Total shareholder return performance	Poor management of stakeholder, community and government expectations and a lack of corporate and social responsibility may lead to the inability to sustain operations in the area and impact on the group's ability to expand into other regions.	Social and environmental policies. Commitment to improvement of communities. Regular communication with stakeholders.	Attention is placed on maintaining sound relations with local communities and working with these groups to enhance these relationships. The group's environmental committee, under the chairmanship of the CEO, continues to address these issues and reports quarterly to the board. Review of stakeholder relations at executive committee meetings. Regular dialogue with the affected communities by senior executives.
Risk: supply routes Total shareholder return performance	Due to the remote location of the group's operations the disruption of supply routes may cause delays with construction and ongoing mine activities.	Stock cover policies with minimum levels set for operations. Commitment to local and regional partnerships from executive level.	Utilisation of local partners and knowledge of the region. Buffer stocks maintained including strategic spares. Alternative supply routes tested and utilised.
Financial risks			
Risk: production and capital cost control Cash cost per ounce Capital expenditure and cost management targets Return on capital employed	Failure to control cash costs per ounce will result in reduced profits. Failure or inability to monitor capital expenditure and progress of capital projects resulting in financial losses and overspend on projects.	Budgeting and reporting processes. Project approval process. Capital expenditure policy.	Comprehensive budgeting process encompassing all expenditure approved by the board. Executive approval for all major expenditure and capital expenditures. Commitment and expenditure incurred made with approved budgets only. Review of expenditure against budget on regular basis and reporting to the board and executive committee.
Risk: Insufficient liquidity, inappropriate financial strategy and inability to access funding from global credit and capital markets Liquidity profile	The group may be required to seek funding from the global credit and capital markets to develop its operations and projects. The recent weaknesses in those markets could adversely affect the group's ability to obtain financing and capital resources required by the business.	Financial strategy, cash forecasting and management. Capital forecasting and monitoring.	The board closely monitors the group's operational performance and cash flows against plan, along with a five-year forecast. This assists the board in understanding the variety of risks facing the group and the likelihood that future external funding might be required. This advanced understanding of the cash requirements of the group allows the board to manage the risks of sourcing funding in difficult market conditions. The group limits exposure on liquid funds through a treasury policy of minimum counterparty credit ratings, counterparty settlement limits and exposure diversification.

KPI	Impact	Policies and systems	Mitigation
Risk: in-country tax regimes Taxation related fines or penalties	Failure to adapt to changes in tax regimes and regulations may result in fines, financial losses and corporate reputational damage. Failure to react to tax notifications from authorities could result in financial losses or the seizure of assets. Inability to enforce legislation over tax or incorrectly applied legislation could result in lengthy arbitration and loss of profits or company assets.	Use of experts to review changes in legislation and tax regulations. Regular meetings with government officials. Review of regulatory filings to ensure compliance	The board regularly monitors tax positions and changes in conjunction with management and where necessary engages experts. The CEO and CFO, along with in-country executives, regularly engage with tax authorities and governments to address the impact of any proposed changes to taxation or fiscal regimes. Where necessary the company will seek resolution through arbitration.
Operational risks			
Risk: sustained resource and exploration failure Resources and reserves	The group's mining operations may yield less gold under actual production conditions than indicated by its gold reserves figures, which are estimates based on a number of assumptions, including mining and recovery factors, production costs and gold price.	Resources and reserves committee. Resources and reserves policy. Adherence to industry standards.	The group publishes its reserve calculations based on gold prices which are lower than the current market prices. Review at committee and board level of the gold price during the year as well as any changes to the cost of production. Close monitoring and reconciliation of resource to mined ore on a continuous basis.
Risk: environmental, health, safety and security incident No significant incidents Lost Time Injury Frequency Rates	Failure to maintain environmental and/or health and safety standards resulting in a significant environmental or safety incident or deterioration in safety incident rates or deterioration in safety performance standards resulting in loss of life or significant loss of time and disruption or damage to operations. A lack of preparedness and safe-guarding in relation to the outbreak of significant health threats such as Ebola in the countries and the local communities within which the group operates could result in disruption to operations.	Environmental, health, safety and security policies. Environmental, health, safety and security team. Monitoring system of incidents. Health and safety crisis committee. Key health threat monitoring.	Formal safety system in place. Recording and certification of training. Reporting procedures in place with breaches reported to the executive committee if necessary on a weekly basis and quarterly reporting to the board. Leadership accountability for incidents throughout the group by setting of environmental, health and safety performance targets. Use of external experts in respect of environmental, health, safety and security matters. A dedicated health and safety crisis committee is in place actively monitoring developments in relation to the current health threats in areas of operation.

KPI	Impact	Policies and systems	Mitigation
Risk: risks associated with underground mining Ore tonnes produced Cost per tonne.	The group's underground projects at the Loulo gold mine in Mali and at the Kibali gold mine in the Democratic Republic of Congo are subject to the risks associated with underground mining which may affect the profitability of the group. The Loulo gold mine in Mali transitioned from contractor to owner mining in 2015, and therefore the group may be subject to the risks associated with this change. The changeover to owner mining will include significant capital requirements and may affect the production levels and profitability of the operation. The owner mining model may not yield the same performance and efficiencies as has historically been achieved.	Annual business plan. Monthly reporting. Annual strategic review. Dedicated owner mining team in place at operations. Performance of owner mining project measured and monitored continuously by executive management.	Transition to owner mining at Loulo gold mine managed by project team including involvement of industry experts. Assistance with the underground operations from a third party mining contractor at Kibali. Close management by executive team and monthly review of performance against budget. Board review of actual performance against plan on a continuous basis. Established owner mining team at the Loulo gold mine. Comprehensive underground mining business and operational plans in place.
Strategic risks			
Risk: lack of identification of new exploration targets Resources and reserves statement	Lack of identification of new exploration targets may lead to a loss of revenue and an inability to grow and meet strategic objectives. Exploration and development are costly activities with no guarantee of success, but are necessary for future growth of the group.	Exploration project pipeline and evaluation policies. Long term business strategy and investment in exploration activities.	Continuous management, review and monitoring of the exploration targets by management and board including use of the resource triangle which identifies the number of exploration targets and the stage of development of an asset. Regular review of exploration activities by executive committee. Board review of exploration targets on a quarterly basis.
Risk: failure to attract and retain key staff and poor succession planning Staff turnover	The loss of key staff, the lack of internal succession planning and the failure to attract appropriate staff may cause short term disruption to the business and operations.	Succession planning. HR policies, training and development of staff.	Executive team conducts formal 360 degree reviews of teams against performance measures. Communication mechanisms in place to ensure grievances are reported and resolved. Executive and employee incentive schemes in place. Board review of manpower situation on a continuous basis, which includes review of market trends and skills analysis, as well as approval from board for action to be taken where gaps have been identified.

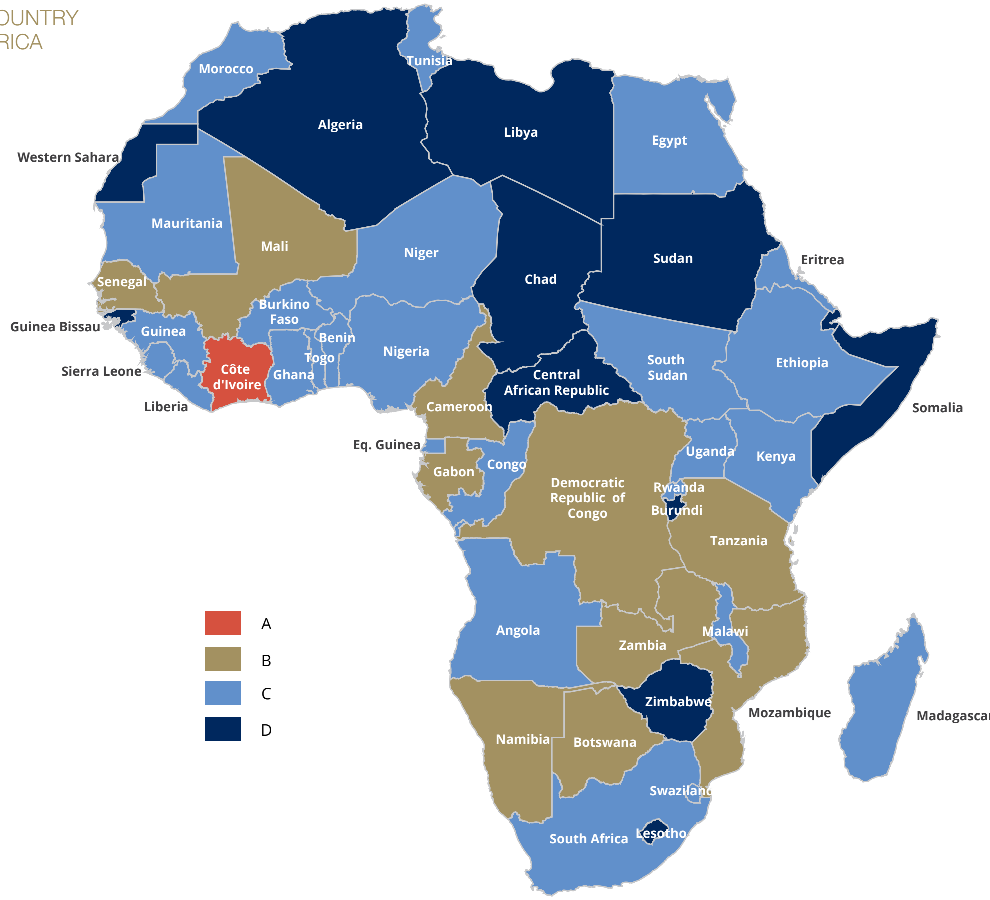
COUNTRY RANKING SYSTEM

As part of the risk management process and in fulfilment of its risk management responsibilities, management regularly undertakes a detailed analysis of all countries in Africa based on the following formula, which is presented and agreed with the audit committee and the board on an annual basis, as outlined on page 180 of this annual report.

Ranking is dependent on a qualitative assessment combining each of the following on an equal weighting basis:

- Geological opportunity
- Economic and fiscal regime
- Political stability
- Infrastructure

RANDGOLD'S COUNTRY RANKING OF AFRICA



	GEOLOGICAL OPPORTUNITY		Economic and fiscal regime
A	■ Potential for reserves of +3Moz ■ Known gold potential ■ Extensive mineralised sequences of: □ Archaean or □ Lower Proterozoic or □ Cenozoic to recent in accreted terraines/island arcs ■ Readily available geoscientific data	A	■ Clearly defined and implemented minerals policy where the State shares in, but does not control, the mineral industry ■ Acceptable mining and tax legislation including reasonable royalties and free carried rides which, if higher, are offset by tax holidays ■ Security of tenure and guaranteed right-to-mine ■ Acceptable foreign exchange regulations ■ Ability to move management and technical skills in and out of the country ■ Close adherence to World Bank principles ■ Availability of foreign investment insurance
B	■ Gold potential of +3Moz ■ No significant new projects in the pipeline ■ Some known gold potential	B	■ State participation required in mining industry but investors still control their business ■ Economy stable with moderate inflation ■ Bribery generally not prevalent in country
C	■ Geology is sufficiently known or understood	C	■ Major state control of mining industry ■ Economy unstable with excessive inflation ■ Bribery common in all areas of business
D	■ Little prospective geology	D	■ No set rules or regulation ■ Major state interference and control of all aspects of the official economy ■ Bribery very common in all areas of business

POLITICAL STABILITY		Infrastructure	
A	■ Multiparty politics established and functioning – accepted by general population and world bodies ■ No serious underlying ethnic conflicts ■ Low crime risk ■ Freedom of press ■ Functioning civil service	A	■ Good access and telecommunications links and GPRS mobile ■ Terrain easily traversable ■ Access to grid power and/or hydropower ■ Perennial water
B	■ Recent multiparty politics to 'benevolent' non-representative government ■ General population acceptance of government ■ Low level of political unrest	B	■ Reasonably easy access ■ Fairly good telecommunications ■ Pipeline and dam required for water ■ Potential for grid power and hydro sites or infrastructure good enough to support own thermal power stations
C	■ Dissatisfaction with non-representative government ■ Some political unrest and/or sporadic rebellion ■ Totalitarian government	C	■ No maintained infrastructure ■ Telecommunications uncertain and slow ■ Access to remote areas made difficult by desert or tropical rain forest
D	■ General unrest, severe repression, civil war ■ No centralised controlling government	D	■ Access only practical by air ■ Communications only possible by radio/ satellite links ■ No power

OVERALL RANKING	
A	■ Country actively targeted for exploration and development opportunities ■ Randgold will invest in grassroots projects ■ Will establish an office and acquire goods
B	■ Will invest in existing projects where the potential for deposits that meet Randgold's criteria have been demonstrated ■ Early risk must be taken out of exploration ■ Opportunity for joint venture to reduce risk exposure
C	■ Country in state of change ■ Country to be monitored if geology ranks 'A' for improvement in the other three criteria
D	■ No investment to be made ■ The possibility of change considered to be long term