



Operations and projects

Randgold Resources' major gold producing asset since October 2000 has been the Morila Gold Mine. Morila, which was discovered by the company in 1996, is now owned by a Malian company, Morila SA which in turn is owned 80% by Morila Limited and 20% by the State of Mali. Morila Limited is jointly owned by Randgold Resources and AngloGold Ashanti.

MORILA MINE

The mine is controlled by a 50:50 joint venture management committee with day to day operations being the responsibility of AngloGold Services Mali SA ("Anser"), a Malian subsidiary of AngloGold Ashanti Limited, under an operating agreement.

From the start of production in October 2000 through December 2006, Morila has produced approximately 4.3 million ounces of gold at a total cash cost of US\$142/oz, and Morila SA has paid total dividends to its shareholders of US\$505 million. As forecasted, Morila produced in excess of 500 000 ounces for the year, finally totalling 516 667 ounces of gold for the year, down from 2005's production as a result of lower grades from the pit.

The year started well with both the mining and plant operating at design capacity. However, towards the middle of the year, plant production dropped and in the third quarter plant throughput was not reaching the expanded plant design capacity. Together with its partners, Randgold Resources addressed the various issues with the goal of achieving consistent sustainable production. The increased attention had the desired effect and in the last quarter the mine exceeded expanded design capacity in each of the three months.

Mining performance suffered particularly in the second half of the year but steps are being taken to catch up the backlog.

Costs were reasonably well contained given prevailing increases in input costs. Cash operating costs, before adjustment for one-off costs relating to provisions and indirect taxes, were US\$215/oz, up from last year's costs of US\$178/oz. Total cash costs were US\$258/oz for the year after adjustments.



**MORILA:
SUMMARY OF RESULTS**

12 months ending
31 December
2006 2005

□ Total mined tonnes (million tonnes)	21.5	24.6
□ Ore tonnes mined (million tonnes)	5.2	7.0
□ Mined grade (g/t)	3.2	4.3
□ Ore tonnes milled (million tonnes)	4.1	3.8
□ Head grade (g/t)	4.2	5.9
□ Recovery (%)	91.9	91.7
□ Ounces produced (oz)	516 667	651 110
□ Average gold price received (US\$/oz)*	609	449
□ Cash operating cost (excluding royalty) (US\$/oz)*	215	178~
□ Total cash cost (US\$/oz)*	258	210~
□ Profit from mining activity (US\$ million)*	181.6	165.2~
□ Attributable (40% proportionately consolidated)		
□ Gold sales (US\$ million)*	125.95	120.8
□ Ounces produced (oz)	206 667	260 444
□ Profit from mining activity (US\$ million)*	72.6	66.1~
□ Net profit (US\$ million)	39.6	56.3

* Refer to explanation of non-GAAP measures provided in note 23 on pages 84 and 85.

~ Restated due to change in accounting policy related to stripping costs. Refer to note 6 on page 73.

MINERAL RESOURCES

The mineral resource base estimated for the mine using the results from infill drilling programmes as well as resource extension drilling, depleted to the end of 2006, is 2.85 million ounces.

ORE RESERVES

The ore reserve estimate for Morila, depleted for mining to 31 December 2006 and based on the current orebody model, is 2.15 million ounces.

It is currently estimated that mining activities will cease during 2009 with the processing of stockpiles continuing until 2013.

Remaining reserves are slightly lower than last year after depletion has been taken into account as a result of changes in the orebody model. However due to the increased gold price more of the marginal stockpile material can now be treated economically so ore reserves have been partially replaced, albeit at lower grade.

MINING

Mining operations are carried out under contract by Somadex, which is a subsidiary of DTP Terrassement, the mining arm of the French construction company, Bouygues. A partnership agreement which incorporates the principle of sharing the





potential savings achieved by the contractor using agreed productivity assumptions and allowing for an agreed return is in effect.

While Somadex were able to maintain production in the early part of the year by the mid-year a lack of experienced maintenance personnel led to increasing breakdowns of the

mobile plant. As a result mining production dropped below budget. Action was taken by the partnership to restore productivity and the situation had started improving by year end. Somadex have also committed to bringing extra mining fleet to site at their own risk in order to maintain the desired levels of production.

MORILA: MINERAL RESOURCES	Tonnes		Grade		Gold		Attributable (40%) (Moz)
	(Mt) 2006	(Mt) 2005	(g/t) 2006	(g/t) 2005	(Moz) 2006	(Moz) 2005	
□ Measured	20.54	20.06	2.27	2.73	1.50	1.76	
□ Indicated	9.50	14.01	3.34	3.00	1.02	1.35	
□ Sub-total Measured and Indicated	30.04	34.07	2.61	2.84	2.52	3.11	1.01
□ Inferred	3.09	3.78	3.31	3.19	0.33	0.39	0.13

Cut-off grade for resources = 1g/t.
Resources are reported within the US\$650/oz pit shell.

MORILA: ORE RESERVES	Tonnes		Grade		Gold		Attributable (40%) (Moz)
	(Mt) 2006	(Mt) 2005	(g/t) 2006	(g/t) 2005	(Moz) 2006	(Moz) 2005	
□ Proved	15.36	15.95	2.50	3.21	1.23	1.65	
□ Probable	11.35	6.19	2.47	3.63	0.91	0.72	
□ Sub-total Proved and Probable	26.71	22.14	2.49	3.33	2.15	2.37	0.86

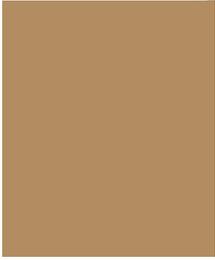
2006 reserves reported are economic at a gold price of US\$475/oz.
Dilution of 10% and ore loss of 5% are incorporated into the calculation of reserves.

Cut-off grade of 1.4g/t.

Stockpiled ore included.

See comments and US disclaimer on page 31.

* See glossary of terms on website at www.randgoldresources.com.



ORE PROCESSING

The year started well with regards to plant throughput but in the second and third quarters, operational problems lead to lower than budgeted throughput. A review team comprising Randgold Resources, Loulo mine and AngloGold Ashanti personnel worked on site with Morila employees to identify the underlying causes and institute corrective action. By the fourth quarter, corrective action had yielded the desired effect and throughput was again exceeding the design capacity of the expanded plant. In fact, in October a record 372 463 tonnes was processed.

EXPLORATION

Morila focused its exploration activities on extending the existing orebody and discovering new deposits for processing using the Morila plant. Drilling has concentrated on extensions to the known orebody, chiefly in the south (Tonalite extension) and in the west (Morila Shear Zone west extension) as well as in the eastern margin.

Drilling at the Samacline target, approximately 500 metres to the west of the pit and some 400 metres below surface has also continued during the year. Further close spaced intersections have been effected through deflections from several drillholes in order to assess short scale variability. On completion of the current drilling programme, a scoping study

designed to test amenability of the deposit to a small underground mining operation will be assessed.

The 40 000 metre regional exploration programme of the 200km² mine lease area is now almost complete. Comprising tactical and strategic targets, the programme is guided by a recently completed structural analysis that has emphasised the unique and discordant architecture of the Morila structural domain.

Results from the regional programme have not resulted in another 'Morila' but continue to define an anomalous footprint around the deposit. During the year structural and metallogenic consultants have been contracted to assist with the elucidation of a genetic model by integrating the geological, structural and mineralogical components of the deposit. Exploration is reported more fully in the exploration review on page 36.

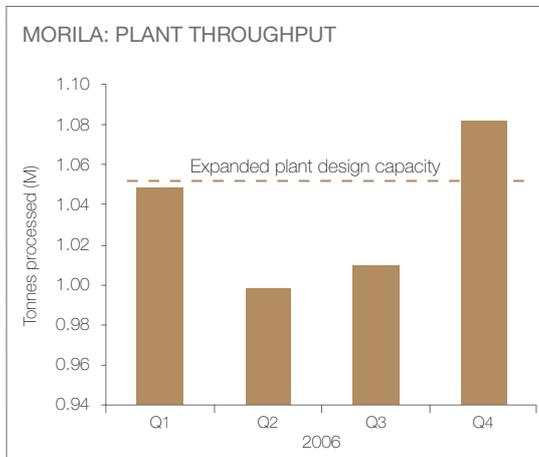
ENVIRONMENTAL

During the year, implementation of the International Standard Organisation (ISO14001) programme commenced at Morila. An on-site conformity assessment of the implementation of the mine's environmental management system was carried out in November and Morila achieved a compliance rating score of 94% with no major non-conformances.

HUMAN RESOURCES

Manpower

Manning levels related to permanent and temporary Morila and contractor employees on the mine were as follows:



MORILA: MANPOWER	December 2006	2005
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□ Morila employees		
National permanent	468	456
Temporary	63	-
Expatriate	40	33
Sub-total	571	489
□ Contractor employees		
National permanent	972	995
Expatriate	44	40
Sub-total	1 016	1 035
□ TOTAL	1 587	1 524



Training and development

During the year, 199 of the mine's employees attended safety induction training, 195 attended cyanide awareness training and 150 attended First Aid courses. 39 employees consisting of management, safety representatives and trainers, attended a two week safety hazard identification course. The mine's training centre also provided training for Loulo, Siguir, Yatela and Sadiola trainees during 2006.

Two Malian electrical students, one geology student and one mining student studying at the University of Pretoria in South Africa, on Malian mining industry bursaries sponsored by Morila SA, passed their second year examinations with distinction and qualified to progress to their third and penultimate year of study.

Industrial relations

The industrial relations climate during 2006 was satisfactory and no industrial action took place. The Morila Mine Level Agreement, concluded in October 2005 between management and the Morila union, was implemented in January 2006 following its approval by the Directorate of Labour and the Labour Court. The contractors on site also experienced healthy industrial relations throughout the year.



The training of union representatives carried out by an independent consultant during the year has contributed to the constructive industrial relations climate at Morila.

Community development

A partnership entered into with US AID and the local authority of the commune of Sanso became increasingly effective during 2006, thanks to the appointment by US AID of a locally based project co-ordinator. This followed a visit to the Morila area by senior US AID personnel from the health, education and governance sections of the agency. The partnership has increased the money available for community development projects from US\$150 000 to US\$275 000 per year for each of the next three years.

The other big success story of the year has been the rice projects at Fingola and Morila, financed and set up by the mine and run by the women of the two villages. The women produced and sold 10 691 kilogrammes of rice and after purchasing planting aids for the next growing season divided up the profits made between the families involved.

MORILA: EXPENDITURE ON COMMUNITY DEVELOPMENT 2006 US\$

□ Education	63 211
□ Community healthcare	45 562
□ Environment and agriculture	27 269
□ General community development	10 058
□ Arts, culture and heritage	18 187
□ TOTAL	164 287