RANDGOLD RESOURCES LTD
Form F-3ASR
July 27, 2009

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As filed with the Securities and Exchange Commission on July 27, 2009
Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-3

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

RANDGOLD RESOURCES LIMITED
(Exact name of Registrant as specified in its charter)

Not applicable
(Translation of the Registrant s name in English)

Jersey, Channel Islands	**1041**	**Not applicable**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(IRS Employer Identification No.)*

La Motte Chambers
La Motte Street
St. Helier, Jersey JE1 1BJ
Channel Islands
+44 1534 735 333
(Address and telephone number of Registrant s principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 894-8940
(Name, address and telephone number of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to public:
From time to time after this Registration Statement becomes effective.

If only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. þ

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. þ

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Amount to be Registered/Proposed Maximum Offering Price per Share/Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Ordinary shares, par value U.S.$0.05 per share		

(1) The shares are represented by the Registrant s American Depositary Shares evidenced by American Depositary Receipts, each of which represents one ordinary share. The Registrant s ADSs issuable on deposit of the ordinary shares registered hereby have been registered under separate registration statement on Form F-6 (Registration No. 333-129147).

(2) An indeterminate aggregate number of securities is being registered as may from time to time be sold at indeterminate prices, including securities that while initially sold outside of the United States, may be later resold within the United States. In accordance with Rules 456(b) and 457(r), the Registrant is deferring payment of all of the registration fee.

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SUBJECT TO COMPLETION, DATED JULY 27, 2009

PROSPECTUS

5,000,000 Ordinary Shares
in the form of ordinary shares or American Depositary Shares

RANDGOLD RESOURCES LIMITED
(organized under the laws of Jersey, Channel Islands)

We are offering ordinary shares in the form of ordinary shares or American Depositary Shares, or ADSs. Each ADS represents the right to receive one of our ordinary shares. The offering of ADSs is part of a global offering of 5,000,000 ordinary shares, including ordinary shares being offered for sale in the United States and ordinary shares being offered for sale outside of the United States. The price per ordinary share and ADS will be identical for both offerings. Our ADSs are listed on the Nasdaq Global Select Market under the symbol GOLD. Our ordinary shares are listed on the Official List of the United Kingdom Listing Authority and traded on the London Stock Exchange under the symbol RRS. On July 24, 2009, the last reported price for our ADSs on the Nasdaq Global Select Market was $65.48 per share.

Investing in our ordinary shares or ADSs involves a high degree of risk. See Risk Factors beginning on page 11.

	Per Share or ADS	Total
Initial price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

We have granted the underwriters a 30-day option to purchase up to a total of 750,000 additional ordinary shares, including ordinary shares in the form of ADSs, to cover over-allotments, if any. If this option is exercised in full, the proceeds before expenses to us will be $.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

HSBC Bank plc, on behalf of the underwriters, expects to deliver the ordinary shares and ADSs to purchasers on or about , 2009.

Sole Global Coordinator

HSBC

Joint Bookrunners

HSBC	**BofA Merrill Lynch**

, 2009

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) using a shelf registration process. As Randgold Resources Limited is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933, as amended (the Securities Act), the registration statement became automatically effective once filed with the SEC, allowing Randgold Resources Limited to issue ordinary shares under this prospectus.

This prospectus provides you with a general description of our ordinary shares and ADSs. We may provide a prospectus supplement which details further information about the terms of the offering or adds, updates or changes information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement.

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities able to be offered under this prospectus. The registration statement, including the exhibits, can be read at the SEC website or at the SEC office mentioned under the heading Where You Can Find More Information.

You should rely only on the information incorporated by reference or provided in this prospectus and any accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer or soliciting a purchase of these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of such document. Our business, financial condition or results of operations may have changed since that date.

In connection with the offering, HSBC Bank plc or its affiliates acting on its behalf (including HSBC Securities (USA) Inc.) (the Stabilizing Person), each acting on behalf of the underwriters may engage in transactions that stabilize, maintain or otherwise affect the market price of our ordinary shares. These transactions may include stabilization transactions effected in accordance with Rule 104 of Regulation M under the Securities Exchange Act of 1934 (the Securities Exchange Act), pursuant to which the Stabilizing Person may make a bid for, or purchase, ordinary shares for the purpose of stabilizing the market price. The Stabilizing Person also may create a short position by selling more ordinary shares in connection with the offering than the underwriters are committed to purchase from us, and in such case may purchase ordinary shares in the open market following completion of the offering to cover all or a portion of such short position. In addition, the Stabilizing Person may impose penalty bids whereby the underwriters may reclaim from a dealer participating in the offering the selling concession with respect to the ordinary shares that the underwriters distributed in the offering, but which was subsequently purchased for the accounts of the underwriters in the open market. Any of the transactions described in this paragraph may result in the maintenance of the price of the ordinary shares at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required and, if they are undertaken, they may be discontinued at any time.

In connection with the offering, each of the underwriters and any of their respective affiliates, acting as an investor for its own account, may take up ordinary shares or ADSs in the offering and in that capacity may retain, purchase or sell for its own account such securities and any ordinary shares, ADSs or related investments and may offer or sell such ordinary shares, ADSs or other investments otherwise than in connection with the offering. Accordingly, references in this document to ordinary shares and ADSs being offered or placed should be read as including any offering or placement of ordinary shares and ADSs to any of the underwriters or any of their respective affiliates acting in such capacity. None of the underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of our company and the terms of the offering, including the merits and risks involved. Neither the underwriters nor we, or any of our or their respective representatives, is making any representation to any offeree or purchaser of our ordinary shares or ADSs regarding the legality of an investment in the ordinary shares or the ADSs by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of our ordinary shares and ADSs.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the ordinary shares and ADSs offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

A copy of this document has been delivered to the registrar of companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, as amended, and the registrar has given, and has not withdrawn, consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of shares by Randgold Resources Limited. It must be distinctly understood that, in giving these consents, neither the registrar of companies in Jersey nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of Randgold Resources Limited or for the correctness of any statements made, or opinions expressed, with regard to it. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor.

Randgold and its directors accept responsibility for the completeness and accuracy of the information contained in this prospectus. To the best knowledge and belief of the members of our board of directors, who have taken all reasonable care to ensure that such is the case, the information contained in this prospectus is accurate and complete in all material respects and no material facts, the omission of which would make misleading any statements of fact or opinion herein, have been omitted. No representation or warranty, express or implied, is made by the underwriters as to the accuracy, completeness or verification of the information set forth in this prospectus, and nothing contained in this prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The underwriters assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement.

HSBC Bank plc, Merrill Lynch International and the other underwriters are acting exclusively for us and no one else in connection with the offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the offering and will not be responsible to anyone other than Randgold for providing the protections afforded to their respective clients nor for giving advice in relation to the offering or any transaction or arrangement referred to herein.

PRESENTATION OF FINANCIAL INFORMATION

We are incorporated under the laws of Jersey, Channel Islands with the majority of our operations located in West Africa. Our books of account are maintained in US dollars and our annual and interim financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). Our annual report on Form 20-F for the year ended December 31, 2008, or 2008 20-F, which is incorporated by reference in this prospectus, includes our audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 and as at December 31, 2008 and 2007. Those financial statements are prepared in accordance with IFRS and, except where otherwise indicated, are presented in U.S. Dollars. We have also included in the 2008 20-F the audited financial statements of Société des Mines de Morila SA, or Morila SA for the years ended December 31, 2008, 2007 and 2006 and as at December 31, 2008 and 2007. The financial statements of Morila SA included in the 2008 20-F have been prepared in accordance with IFRS and in addition, except where otherwise indicated, are presented in US dollars.

FORWARD-LOOKING STATEMENTS

This prospectus, including the sections herein and in our 2008 20-F, which is incorporated by reference in this prospectus, entitled Prospectus Summary, Risk Factors, Operating and Financial Review and Prospects and Business contains forward-looking information. In some cases, you can identify forward-looking statements by

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phrases such as in our view, we cannot assure you, or there is no way to anticipate with certainty as well as by terminology such as may, will, should, expects, intends, plans, objectives, goals, aims, projects, seeks, could, might, likely, enable, anticipates, believes, estimates, predicts, potential or continu these terms or other comparable terminology. These statements are subject to risks and constitute statements of expectation, intent and anticipation, and may be inaccurate as a number of factors could cause actual events or results to differ, in some instances, materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined under Risk Factors. These factors may cause our actual results to differ materially from any forward-looking statement. Although we believe that the expectations reflected in the forwarding-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Except as required by law, or unless required to do so by the Listing Rules of the UK Listing Authority, we undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

PROSPECTUS SUMMARY

This summary highlights the material information contained elsewhere in this prospectus. You should read the entire prospectus, especially the discussion of risks of investing in our ADSs and ordinary shares described under Risk Factors beginning on page 11 of this prospectus, as well as our 2008 20-F, which is incorporated by reference in this prospectus, carefully before deciding to buy our ADSs or ordinary shares. Unless otherwise indicated, all references in this prospectus to Randgold, we, our and us , or words of similar import, refer to Randgold Resources Limited, including its subsidiaries and affiliated companies.

Our Business

We engage in gold mining, exploration and related activities. Our activities are focused on West and East 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 84% controlling interest in the development stage Tongon project located in the neighboring country of Côte d Ivoire, which is under construction and anticipated to be in production by the end of 2010. We also own an effective 83% controlling interest in the Massawa project in Senegal where we completed a scoping study in March 2009, and where we have now commenced a prefeasibility study which is expected to be completed by the end of 2009. We recently announced a new discovery on our Loulo permit, Gounkoto, which is located 20 kilometers south of the existing mine. We also have exploration permits and licenses covering substantial areas in Mali, Côte d Ivoire, Burkina Faso, Ghana, Senegal and Tanzania. At December 31, 2008, we declared proven and probable reserves of 8.87 million ounces attributable to our percentage ownership interests in Loulo, Morila, and Tongon.

The following table summarizes our declared reserves at our mines and the Tongon project as of December 31, 2008:

	Proven Reserves			Probable Reserves			Total Reserves			Attributable Gold*
Operation/Project	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Gold (Moz)**
Morila *	13.74	2.02	0.89	6.88	1.14	0.25	20.62	1.72	1.14	0.46
Loulo +*	7.08	3.38	0.77	43.51	4.60	6.43	50.59	4.42	7.20	5.76
Tongon *				38.25	2.57	3.16	38.25	2.57	3.16	2.66
Total:										8.87

* Our attributable share of Morila is 40%; Loulo, 80%; and Tongon, 84%.

+ Includes Loulo underground mine.

Our strategy is to create value by finding, developing and operating profitable gold mines for all our stakeholders. 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 2008, its third year of production, the Loulo mine produced 258,095 ounces of gold at a total cash cost of $511 per ounce. We estimate that the mine will produce approximately 360,000 ounces in 2009. We currently anticipate that mining at Loulo will continue through 2026.

We commenced development of the Yalea underground mine in August 2006 and first ore was accessed in April 2008 with full production scheduled for the end of 2009. We anticipate that we will commence development of Loulo s second underground mine, Gara, in the first quarter of 2010 with first ore scheduled to be delivered to the plant at the end of that year.

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The focus of exploration at Loulo is to continue to explore and discover additional orebodies within the 372 square kilometer permit. To date, we have identified numerous additional targets that are subject to further exploration and drilling, including one significant evaluation stage target, Gounkoto.

Gounkoto

Gounkoto is located 20 kilometers south of Loulo s existing mining operations. The target is underlain by a 2 kilometer long north-northwest trending plus 30ppb gold in soil anomaly. Initial follow up work consisted of lithosampling which returned a number of strongly mineralized results (24.6g/t, 83.8g/t, 48.6g/t and 7.3g/t). The initial sample locations were subsequently trenched and results confirmed the prospectivity of the target (trench FRT03: 9.70 meters at 15.26g/t and trench FRT05: 35.75 meters at 10.66g/t). Nineteen diamond drill holes and nine reverse circulation, or RC, boreholes have been completed, which included two initial reconnaissance diamond drill holes to provide information on the bedrock geology, structure, alteration and mineralization to help assess the potential of this target.

Diamond drill hole FRDH01 was drilled under trench FRT05 and intersected 46.60 meters at 13.63g/t from 65.70 meters (including 7.40 meters at 13.78g/t from 65.70 meters and 14 meters at 33.40g/t from 95 meters).

Diamond drill hole FRDH005 intersected 60.17 meters at 16.53 g/t from 126 meters (including 36.40 meters at 25.83 g/t), 200 meters along strike to the north of diamond drill hole FRDH01 in the same heavily altered, consistently mineralized structure. Results from diamond drill hole FRDH06, drilled another 225 meters further north, returned an average grade of 43.52 g/t over 10.9 meters.

After giving effect to infill drilling in the second quarter of 2009, in total, the weighted averages for the true widths and grade at Gounkoto, calculated from the drill intersections reported from the main mineralized zone which lies between diamond drill hole FRDH01 and FRDH02 over 1,072 meters of strike length is now 18.26 meters @ 9.93 g/t. We expect to complete a scoping study on the Gounkoto project by the end of the third quarter of 2009.

Morila

In 1996, we discovered the Morila deposit, which we financed and developed and has been our major gold producing asset to date. Since production began in October 2000, Morila has produced more than 5 million ounces of gold at a total average cash cost of $187 per ounce. Morila s total production for 2008 was 425,828 ounces at a cash cost of $400 per ounce. Consistent with the mine plan, Morila ceased in pit mining in April 2009 and is currently processing lower grade stockpiles, which will continue through 2013.

Outside of the Morila joint venture, we hold exploration permits covering 382 square kilometers in the Morila region, where we are engaged in early stage exploration work.

Tongon

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

We have initiated a 433 hole, 39,099 meter advanced grade control program over the planned pits of the southern and northern zones, prior to the start of mining which is scheduled for early 2010. We have commenced construction and agreed on the new mining area with the government. The final government decree for the issuance of the mining license has been drafted, and we anticipate that it will be signed at an inter-ministerial meeting scheduled in August 2009.

The financial analysis shown below is based on costs at September 2008, when the related feasibility study was completed. The key parameters of the study are summarized below:

A flat gold price of $800 per ounce has been used for modelling purposes, with sensitivities applied from $600 to $1,000 per ounce.

Total ore mined of 38.25 Mt at a strip ratio of 4.3:1 to give total tonnes mined of 203 Mt and total contained gold of 3.16 Mozs.

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Mining costs average of $3.03 per tonne over the Life of Mine.

Mill throughput of 300,000 tonnes per month.

Plant costs average of $12.55 per tonne.

General and administrative costs of $2.90 per tonne over Life of Mine.

Capital cost of $280 million.

Gold production is projected to build up to average over 290,000 ounces in the first two years of operation and average over 270,000 ounces per annum over 10 years to give a total of 2.88 Mozs for the Life of Mine. First gold is expected to be poured during the fourth quarter of 2010.

The focus of exploration at Tongon is to continue to explore and discover additional orebodies within the 671 square kilometer Nielle permit.

Massawa

We made a significant new gold discovery at our Massawa project located in Senegal during 2008. The Massawa target was first identified in 2007 and is located on the Main Transcurrent Shear Zone at the contact between the Mako volcanic belt and the Dalama sedimentary basin, in the Kounemba permit. During the course of 2008 we drilled a total of 58 diamond drill holes for 11,500 meters to further evaluate the target and delineate the geometry of gold mineralization. In 2009, we declared mineralized material of 36.76Mt at 2.87 g/t at Massawa based on the drilling.

A successful scoping study was completed for Massawa in the first quarter of 2009 which meets all of our investment criteria and a decision was made to advance the project to prefeasibility. This prefeasibility program is concentrating on 4 kilometers of continuous mineralization which is part of a much larger (8 kilometer long) mineralized trend, which is open in all directions. Surrounding the Massawa target are a number of untested soil anomalies and conceptual targets. Mineralization occurs in up to five sub-parallel structures where fluids have exploited an intense zone of brittle/ductile deformation at the contact between a volcaniclastic and sedimentary unit, however at present only the largest structure is being modeled for resource purposes. In total, 32,500 meters of drilling have now been completed for the prefeasibility study.

The latest phase of work has confirmed the existing geological interpretations, including three zones of mineralization. The N2 zone averages 9.9 meters wide at a grade of 7g/t over an 820 meter strike length, and hosts the most discrete and continuous zone of mineralization defined to date at Massawa, including the following significant diamond drill hole intersections received in the second quarter of 2009: MWDDH097: 11 meters at 16.09g/t, MWDDH101: 10.9 meters at 10.22g/t, MWDDH103: 17.2 meters at 7.47g/t, MWDDH106: 13.35 meters at 9.62g/t and MWDDH109: 9.2 meters at 16.4g/t.

The N1 zone is located to the south of N2 zone and, while structurally more complex, is revealing more consistent gold mineralization through infill drilling than previously recognized. The N1 zone has been divided into two zones: a northern zone which averages 10.23 meters wide at a grade of 3.45g/t over a 388 meter length and a southern zone averaging 5.75 meters wide at a grade of 4.34g/t over a 363 meter length.

The Central Zone, which is the most complex of the three zones, averages 10 meters wide at an average grade of 5.8g/t over 1,500 meter strike and includes a number of high-grade intersections containing visible gold mineralization, including diamond drill hole MWDDH198: 10.3 meters at 76g/t (including 0.8 meters at 947g/t).

Further geotechnical, metallurgical and mining studies, optimizations and designs, together with environmental and social economic baseline studies, are planned to complete the prefeasibility report by the end of 2009.

While the exploration work concentrated on Massawa during 2008, the Mako Belt as a whole is highly prospective and, in addition to Massawa, there are a number of satellite targets requiring follow up exploration. These include the Bakan Corridor, Sofia and Delaya. However, Massawa remains our strategic priority.

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If the results of the prefeasibility study meet our investment criteria and the board determines to proceed with a feasibility study that ultimately supports the development of a new mine, we believe that construction at Massawa could begin following completion of our Tongon project in 2011.

Exploration

We have an extensive portfolio of exploration projects in both West and East Africa. In 2008, we concentrated our exploration activities on the extension of known orebodies and on the discovery of new orebodies both at producing mines and exploration sites. We continued with our strategy to expand our footprint in Africa, including newly emerging countries. We are exploring in six African countries with a portfolio of 184 targets on 11,860 square kilometers of groundholding. 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. In addition to Gounkoto and Massawa, our exploration program involves the following:

Following the successful consolidation of a 1,400 km2 land package in the Loulo district straddling the highly prospective Senegal-Mali shear zone a helicopter-borne VTEM electromagnetic and magnetic survey has been flown. This work has improved the geological and structural framework of the district and has highlighted large intrusive bodies, extensive folding and large scale boudinage structures. Weak anomalies were also detected over the orebodies and a number of look-alike responses along the known structures in the area are being studied. The interpretation also provided more information on the nature of the extensive iron alteration system in Senegal and across the border in Mali.

In Côte d Ivoire, the exploration emphasis has shifted to the discovery of new ounces close to the existing orebodies, as well as the development of targets further afield.

We are expanding our exploration horizons to encompass the prospective rocks of the Congo Craton, which ranges from the well known deposits of Tanzania through the east of the Democratic Republic of Congo (DRC) and the Central African Republic to Cameroon.

The current financial crisis and its associated credit squeeze have generated potentially value-accretive opportunities in the Congro Craton as well as in West Africa as companies, particularly juniors, run short of funds to develop their projects. We are considering a number of these with a view to possibly acquiring or participating in assets which meet our investment criteria. Such external opportunities will be rated against our own organic growth prospects.

Recent Developments

On July 16, 2009 we announced that we have approached the board of directors of Moto Goldmines Limited (Moto), a Canadian company with gold mining operations in the DRC, and proposed to enter into an agreement with Moto providing for the exchange of each outstanding common share of Moto for the equivalent of C$5.00 per share (as at July 15, 2009) (the Proposed Transaction). Under the Proposed Transaction, Moto shareholders would receive 0.07061 of an ordinary share of Randgold (or, where applicable, 0.07061 of an ADS of Randgold) per Moto share. In addition, Moto shareholders would be provided the option to elect to receive (in lieu of Randgold shares or ADSs) cash consideration of $4.47 per Moto share (C$5.00 based on the noon exchange rate published by the Bank of Canada on July 15, 2009) in respect of all or some of their Moto shares, subject to proration based on an aggregate maximum cash amount payable to all Moto shareholders under the Proposed Transaction of $244 million. Assuming full take-up of the cash alternative we would expect to issue a total of approximately 3.9 million shares (including shares represented by ADSs) and pay a total cash amount of approximately $244 million to Moto shareholders. If no Moto shareholder elects to take the cash alternative, we would expect to issue approximately 7.8 million shares (including shares represented by ADSs).

We and AngloGold Ashanti Limited (AngloGold Ashanti) have agreed to cooperate with respect to the Proposed Transaction and AngloGold Ashanti has agreed to fully fund the cash alternative in partial payment for an indirect 50% interest in Moto, which it would acquire upon completion of the Proposed Transaction. Upon completion of the Proposed Transaction, we would enter into a joint venture agreement with AngloGold Ashanti under which AngloGold Ashanti would be jointly responsible with us for funding the development of the gold project in the DRC held by Moto (the Moto Gold Project). We would be appointed operator of the Moto Gold Project.

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Among other customary closing conditions, the Proposed Transaction is subject to Moto terminating its current agreement (the Red Back Agreement) dated June 1, 2009 between Red Back Mining, Inc. and Moto, as amended effective June 26, 2009, we and Moto entering into a definitive agreement and Moto announcing its recommendation of the Proposed Transaction.

As announced on July 27, 2009, the board of Moto has formally confirmed that our proposed offer is superior to the earlier offer from Red Back, and has given Red Back a period of five business days to offer to amend the terms of their offer. Further, we have executed an irrevocable commitment to enter into an arrangement agreement (the Arrangement Agreement) to implement the Proposed Transaction, provided that Red Back does not match the Proposed Transaction by the end of the day (12:00 midnight (Vancouver time)) on August 4, 2009.

Under the terms of the Arrangement Agreement, the Proposed Transaction would be carried out by way of statutory plan of arrangement under the British Columbia Business Corporations Act, pursuant to which each outstanding common share of Moto will be exchanged for Randgold ordinary shares, ADSs or cash, as described in the first paragraph of this subsection. Moto would apply to the Supreme Court of British Columbia for an interim order with respect to the terms and conditions of the arrangement, and thereafter prepare a shareholders meeting circular and convene a meeting of its shareholders in accordance with the interim order to seek shareholder approval of the terms of the arrangement.

The Arrangement Agreement includes customary and substantially mutual representations and warranties of Randgold and Moto, as well as customary interim covenants, including, among others, a covenant by Moto not to solicit alternative business combination transactions or enter into discussions concerning, or provide information in connection with, an alternative business combination transaction, subject to a fiduciary-out exception, and not to accept any superior proposal without providing Randgold the opportunity to match the proposal.

The Arrangement Agreement sets forth a number of closing conditions, including the approval of the arrangement by the shareholders of Moto, the receipt of a final order from the Supreme Court of British Columbia approving the arrangement, and other customary closing conditions.

The Arrangement Agreement contains certain termination rights for both Randgold and Moto. Upon termination of the Arrangement Agreement under certain specified circumstances, Moto may be required to pay Randgold a termination fee of $14.6 million; under other specified circumstances, Randgold may be required to reimburse Moto s expenses up to $2.0 million, and under other specified circumstances, Moto may request that Randgold reimburse Moto the amount of the termination fee under the Red Back Agreement.

Pursuant to the Red Back Agreement, Red Back has the right, but not the obligation, to offer to amend the terms of the Red Back Agreement within five business days ending by the end of the day (12:00 midnight (Vancouver time)) on August 4, 2009 (the Response Period). Under the Irrevocable Commitment, if prior to expiry of the Response Period, Red Back does not offer to amend the terms of the Red Back Agreement or notifies Moto that it has determined not to offer to amend the terms of the Red Back Agreement, Randgold has undertaken to enter into the Arrangement Agreement. The Irrevocable Commitment is subject to customary termination rights, including no occurrence of a material adverse change affecting Moto. If Red Back amends the terms of the Red Back Agreement prior to expiry of the Response Period and the board of Moto determines that the Proposed Transaction no longer constitutes a Superior Proposal, the Irrevocable Commitment will expire.

Shareholders of Moto representing an aggregate of 39.4 million shares, or 36.1% of the issued and outstanding common shares of Moto, have agreed to support the Proposed Transaction. In addition, we have received formal written consent for the Proposed Transaction from the Government of the DRC.

Moto s principal asset is its 70% interest in the Moto Gold Project. The Moto Gold Project is a joint venture between Moto and a DRC state-owned company, Offices des Mines d Or de Kilo-Moto (Okimo), and is located in the Moto Gold Camp in the north east of the Democratic Republic of Congo, 570km north east of the city of Kisangani and 150 kms west of the Ugandan border town of Arua. The consolidated lease covers an area of approximately 1,841sq kms and activities to date have primarily focused on the 35 sq kms of the area surrounding the old Durba gold mine.

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On March 2, 2009, Moto reported that it completed an optimized feasibility study that significantly enhances the mineral reserves.

Moto is still at the development stage and reports that it currently has no sales revenue. Its principal focus for 2009 is to progress the Moto Gold Project.

The information above is based on publicly available information on Moto including its public announcements and financial reports, and we do not take any responsibility for the accuracy of this information.

General

We develop our facilities and operations in accordance with internationally accepted good management practices on environmental and social issues, including World Bank and International Council on Metal and Mining standards.

We were incorporated under the laws of Jersey, Channel Islands in August 1995. Our principal executive offices are located at La Motte Chambers, La Motte Street, St. Helier, Jersey, JE1 1BJ, Channel Islands and our telephone number is +44 1534 735 333.

The Offering

The global offering	5,000,000 ordinary shares, in the form of ordinary shares or ADSs, consisting of the US offering and the international offering.
The US offering	ordinary shares, in the form of ordinary shares or ADSs.
The international offering	ordinary shares, in the form of ordinary shares or ADSs.
Offering prices	The offering prices for the US offering and the international offering are $ per ordinary share and $ per ADS, respectively.
Over-allotment option	750,000 ordinary shares, in the form of ordinary shares or ADSs.
Lock-up	We have agreed with the underwriters, subject to specified exceptions, that for a period of 90 days after the date of this prospectus, we will not, without the prior written consent of HSBC Bank plc, issue or sell any of our ADSs or ordinary shares or share capital or any securities substantially similar to our ADSs or ordinary shares or share capital. Our executive directors have also agreed with the underwriters that, for a period of 90 days after the date of this prospectus, they will not, other than in specified circumstances, dispose of any ADSs or ordinary shares that they own without the prior written consent of HSBC.
The ADSs	Each ADS represents the right to receive one ordinary share. The ADSs are evidenced by American Depositary Receipts, or ADRs, executed and delivered by The Bank of New York Mellon, as depositary.
Use of proceeds	We expect to use the net proceeds from this offering to fund the feasibility studies for our Gounkoto and Massawa projects; to develop the Gounkoto and Massawa projects following approval by our board; and for other

organic and corporate opportunities, including possible acquisitions.

In addition, if we enter into the Arrangement Agreement and consummate the acquisition of Moto, some of the net proceeds of this offering could be used to fund the development of the Moto Gold Project.

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Listing and trading	The ADSs are listed and traded on the Nasdaq Global Select Market and our ordinary shares are listed on the Official List of the United Kingdom Listing Authority and traded on the London Stock Exchange.
Symbol of the ADSs on the Nasdaq Global Select Market	GOLD
Symbol of the ordinary shares on the London Stock Exchange	RRS
Securities outstanding after the offering	81,788,150 ordinary shares. These amounts do not include: outstanding options to purchase 2,393,770 ordinary shares; 2,727,456 shares available for issuance under our share option scheme; an additional 750,000 shares available for issuance under our share option scheme after giving effect to this offering; shares to be issued pursuant to our Restricted Share Plan; or ordinary shares or ADSs that would be issued if we enter into the Arrangement Agreement and consummate the acquisition of Moto.
Risk factors	For a discussion of some factors that you should carefully consider in connection with an investment in the ordinary shares or the ADSs, see Risk Factors.

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Summary Consolidated Financial and Operating Data

Our 2008 20-F, which is incorporated herein by reference, includes our audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 and as at December 31, 2008 and 2007. The financial data presented below is extracted or derived from those financial statements. The following summary unaudited historical consolidated financial data for the six months ended June 30, 2009 and 2008 and as at June 30, 2009, have been derived from our unaudited condensed consolidated interim financial statements, including the related notes that appear elsewhere in this prospectus. Historical financial data is not necessarily indicative of our future results. We encourage you to read this summary in conjunction with our Operating and Financial Review and Prospects included elsewhere in this prospectus and the consolidated financial statements and condensed consolidated interim financial statements that are incorporated into or appear in this prospectus, respectively, including the related notes to those financial statements.

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

	Six Months Ended June 30, 2009 (Unaudited)	Six Months Ended June 30, 2008 (Unaudited)	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(In thousands, except per share and per ounce data)				
Consolidated Statement Of Comprehensive Income Data:(3)					
Amounts in accordance with IFRS					
Revenue	$ 190,830	$ 182,232	$ 338,572	$ 282,805	$ 258,304
Profit attributable to owners of the parent	25,998	33,877	41,569	42,041	47,564
Basic earnings per share($)	0.34	0.44	0.54	0.60	0.70
Diluted earnings per share($)	0.33	0.43	0.54	0.60	0.69
Weighted average number of shares used in computation of basic earnings per share *(1)	76,676,161	76,194,674	76,300,116	69,588,983	68,391,792
Weighted average number of shares used in computation of diluted earnings per share *(1)	78,029,053	77,933,863	77,540,198	70,271,915	69,331,035
Cash dividends declared per ordinary share#	$	$	$ 0.13	$ 0.12	$ 0.10
Other data					
Profit from operations(2)	$ 48,240	$ 46,805	$ 75,937	$ 63,539	$ 71,616
Total cash costs per ounce(2)	$ 469	$ 449	$ 467	$ 356	$ 296

* Reflects adjustments resulting from the sub-division of shares.

There were no dividends declared in respect of the years ended December 31, 2005 and December 31, 2004.

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	At June 30, 2009 (Unaudited)	At December 31, 2008 (In thousands)	At December 31, 2007
Consolidated Statement of Financial Position Data:(3)			
Amounts in accordance with IFRS			
Total assets	$ 857,959	$ 821,442	$ 780,719
Long-term borrowings	797	1,284	2,773
Share capital(3)	3,841	3,827	3,809
Share premium	459,829	455,974	450,814
Retained earnings(3)	262,013	245,982	213,567
Other reserves	(13,075)	(31,387)	(69,391)
Equity attributable to owners of the parent(3)	712,608	674,396	598,799

1. Effective June 11, 2004, we undertook a split of our ordinary shares, which increased our issued share capital from 29,273,685 to 58,547,370 ordinary shares. In connection with this share split, our ordinary shareholders (owners of the parent) of record on June 11, 2004 received two $0.05 ordinary shares for every one $0.10 ordinary share they held.

2. Randgold Resources has identified certain measures that it believes will assist understanding of the performance of the business. As these measures are not defined under IFRS (non-GAAP), they may not be directly comparable with other companies adjusted measures. Such 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. Profit from operations is a non-GAAP measure. We calculate profit from operations as profit before income tax, excluding finance (costs)/income-net and profit on the sale of Syama. Total cost of producing gold is a non-GAAP measure. We calculate the total cost of producing gold as total costs less exploration and corporate expenditure and other expenses. Total cash costs and total cash costs per ounce are also 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 is now 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.

3. As discussed in Note 2 to our unaudited condensed consolidated interim financial statements, contained elsewhere in this prospectus, as a consequence of adopting Amendments to IAS 1 Presentation of financial statements: A revised presentation , amendments have been made to affect the presentation of owners changes in equity and of comprehensive income. The names of the primary statements have also been amended. The Consolidated income statement is now called the Consolidated statement of comprehensive income , the Consolidated balance sheet is now called the Consolidated statement of financial position and the Statement of consolidated cash flows is now called the Consolidated statement of cash flows . The following balance sheet items have also been renamed: Accounts payable and accrued liabilities is now Trade and other payables , Ordinary shares is now Share capital and Accumulated profits is now Retained earnings . IAS 1 does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. All financial data disclosed herein, of

prior periods, has been renamed using the terminology in IAS 1.

Total cash costs per ounce are calculated by dividing total cash costs, as determined using the Gold Institute guidance, by gold ounces produced 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 owners of the parent, as an alternative to other IFRS measures or an indicator of our performance. The data does not have a meaning prescribed by IFRS and

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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. Our discussion and analysis in the 2008 20-F is focused on the total cash cost measure as defined by the Gold Institute.

The following table reconciles the costs of producing gold, derived from income statement data prepared in accordance with IFRS, and reconciles this cost of producing gold to total cash costs as defined by the Gold Institute s guidance, as non-GAAP measures, for each of the periods set forth below:

	Six Months Ended June 30, 2009 (Unaudited)	Six Months Ended June 30, 2008 (Unaudited)	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
		(In thousands, except ounce and per ounce data)			
Mine production costs	$ 85,986	$ 92,952	$ 186,377	$ 136,312	$ 115,217
Movement in production inventory and ore stockpiles	1,600	(12,754)	(21,865)	(11,534)	(13,373)
Depreciation and amortization	13,311	11,390	21,333	20,987	22,844
Other mining and processing costs	8,635	6,490	13,675	13,638	13,006
Transport and refining costs	778	1,234	2,053	1,595	711
Royalties	11,171	10,503	19,730	18,307	16,979
Elimination of inter-company sales	749				
Total cost of producing gold (total production cost)	122,230	109,815	221,303	179,305	155,384
Less: Non-cash costs included in total cost of producing gold:					
Depreciation and amortization	(13,311)	(11,390)	(21,333)	(20,987)	(22,844)
Total cash costs using the Gold Institute s guidance	$ 108,919	$ 98,425	$ 199,970	$ 158,318	$ 132,540
Ounces produced*	231,998	219,248	428,426	444,573	448,242
Total cash cost per ounce	$ 469	$ 449	$ 467	$ 356	$ 296
Total production cost per ounce	$ 527	$ 501	$ 517	$ 403	$ 347

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

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RISK FACTORS

In addition to the other information included or incorporated by reference in this prospectus, 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 ADSs, 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.

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**
1999	326	253	279
2000	313	264	279

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 (through July 21)	990	813	917

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

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adequate reserves. Our total cash cost per ounce of gold sold was $467 in the year ended December 31, 2008, $356 in the year ended December 31, 2007, and $296 in the year ended December 31, 2006. 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 prospectus 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:

- 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.

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, South African Rand and Communauté Financière Africaine 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.

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 and increased significantly in 2008. While prices have decreased significantly in 2009, they remain higher than historical standards. In the year ended December 31, 2008, the cost of fuel and other power generation costs comprised 35% of our operating costs and the annual price increase of our landed fuel was 38%.

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. 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 by $7.2 million between December 31, 2008 ($12.3 million) and June 30, 2009 ($5.1 million). Morila is in discussions with the Malian fiscal authorities in order to ensure that the tax offsets are accurately recorded and recognized, although we cannot assure you that the Government of Mali will ultimately recognize the tax offsets.

At December 31, 2008, TVA owed by the Government of Mali to Loulo stood at $1.8 million. This amount has increased by $14.4 million to $16.2 million at June 30, 2009 due to the end of the exoneration period on November 8, 2008.

If Morila and Loulo are unable to recover these funds, or if the 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.

Our business may be adversely affected if the Government of Mali fails to repay fuel duties owing to Morila and Loulo.

Up to June 2005, Morila was responsible for paying to diesel suppliers the customs duties which were then paid to the Government of Mali. Our operations at Morila and Loulo could claim reimbursement of these duties from the Government of Mali on presentation of a certificate from Société Générale de Surveillance. During the third quarter of 2003, the Government of Mali began to reduce payments to all the mines in Mali due to irregularities involving certain small exploration companies. The Government of Mali has since given full exoneration from fuel duties to the mining industry so that fuel duties are no longer payable. However, a portion of previously paid duties remain outstanding, principally the duties paid for the period June 2005 to December 2005. Our share of the amounts owing to Morila was $2.1 million on December 31, 2008 and $4 million on December 31, 2007. Amounts owing to Loulo were $0.7 million on December 31, 2008 and $0.7 million on December 31, 2007. At June 30, 2009, amounts owing to Loulo were $0.7 million. At June 30, 2009, Morila s outstanding fuel duties were offset in full against corporate and other taxes payable by the mine.

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If Morila and Loulo are unable to recover these amounts, or if the amounts offset 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 balance sheet.

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.

During 2008, we recorded impairment charges against our auction rate securities, or ARS, which is described in the following paragraph.

We have invested in debt instruments for which the market has become substantially illiquid.

We have invested in debt instruments for which the market has become substantially illiquid. We had cash and cash equivalents of $220.0 million as of June 30, 2009. In addition, we had available-for-sale financial assets with a carrying value of $33.6 million as of June 30, 2009. The available-for-sale financial assets consist of auction rate securities, or ARS. In the third quarter of fiscal year 2007, ARS with a cost value of $49 million failed at auctions due to the sudden and unusual deterioration in the global credit and capital markets, and have since experienced multiple failed auctions. Consequently, the funds associated with these investments will not be accessible until a successful auction occurs, a buyer is found outside of the auction process or the underlying securities have matured.

We made provisions against these ARS of $10.35 million in the second half of 2008 and an additional $5.0 million in the first six months of 2009, in each case following the deterioration of the underlying credit ratings of the collateral of certain of the ARS. The trading market for these instruments has become substantially illiquid as a result of unusual conditions in the credit markets. As these investments have been illiquid for more than twelve months and there is no certainty that they will become liquid within the next twelve months, the assets have been reclassified into the non-current section of available-for-sale financial assets to more accurately reflect their nature. Management estimates the fair value of these investments at each reporting period. Management applies a mark to model valuation method. Continued uncertainties in the credit and capital markets may result in additional impairment provisions, which could adversely impact our financial condition, current asset position and reported earnings. Furthermore, there can be no assurance that we will be successful in our actions against the bank or the individual brokers that we have commenced.

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 $12.1 million (December 31, 2007: $12.1 million) included in receivables as at December 31, 2008. Of this latter amount, $7.0 million is secured by performance bonds and the remainder is secured by various personal guarantees and other assets. In January 2009, the liquidator declared and paid the first dividend of $0.1 million from the insolvent estate, leaving an outstanding balance of $12.0 million as at June 30, 2009.

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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. The investigation was completed and summons has been issued against those MDM creditors deemed as preferential creditors. These legal proceedings are continuing with pleadings having been closed and court dates been set in the South African courts.

Our ability to recover in full the $12.0 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 $12.0 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 $12.0 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 our use of our derivative instruments to protect us against low gold prices.

We use derivative instruments to protect the selling price of some of our anticipated gold production at Loulo. The intended effect of our derivative transactions is 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. No such protection is in place for our production at Morila.

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 is based upon market assumptions. If these assumptions are not 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 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. 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. Since the commencement of the underground operations at Yalea, we have experienced a number of technical challenges, principally the availability of the underground fleet and the ability to drill and blast up holes. The development and operation of the underground mine will be negatively impacted should these issues continue.

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;

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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, including Tongon.

It can take 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.

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.

At our Tongon project in Côte d Ivoire, our board approved the development of the new mine based on the strength of a feasibility study. A final draft of the proposed mining convention has been submitted to Côte d Ivoire s Ministry of Mines and Energy and we expected to sign the convention during the third quarter of 2009. Construction of the mine commenced at the end of 2008 with first gold production scheduled for the fourth quarter of 2010. We cannot provide any assurance that the project will ultimately result in a new commercial mining operation, or that a new commercial mining operation will be successful.

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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, Ghana, Tanzania and Côte d Ivoire have, since independence, experienced some form of political upheaval with varying forms of changes of government taking place. Côte d Ivoire has experienced several years of political chaos, including an attempted coup d état. The political situation in that country is normalizing and national elections are anticipated in the fourth quarter of 2009.

Goods are supplied to our operations in Mali through Ghana, Burkina Faso 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, Ghana and Tanzania 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. Except for Tanzania, legislation in these countries currently provides for the relevant government to acquire a free ownership interest, normally of at least 10%, in any mining project. For example, the Malian government holds a 20% interest in Morila SA and Somilo SA, and cannot be diluted below 10%, as a result of this type of legislation. 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.

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