



CHAIRMAN'S STATEMENT

Randgold Resources celebrates the tenth anniversary of its incorporation this year, and to mark the occasion, a review of its first decade has been included with this report. It tells the story of how an exceptional company has been built through a clear strategy, vigorously implemented, as well as steely determination in the face of great odds.

From its conception, the company was designed to offer the market a distinct alternative to conventional gold mining businesses through an intense, almost passionate, commitment to the creation of real value for all stakeholders. Driven by the objective of generating substantial returns, it has sought, found and developed world-class assets, forged productive partnerships, and built a strong investor following.

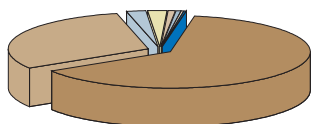
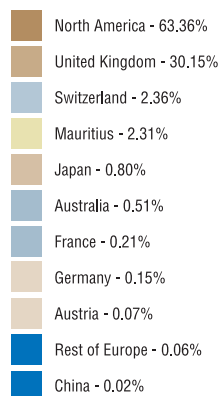
As a result of these efforts, Randgold Resources today commands an eminent position among the gold industry's mid-cap companies. It is a pan-African business with listings in London and in New York on Nasdaq. It is a fully independent group of companies with a high-quality, well-balanced investor base. It is on the brink of commissioning its second major mine and has a portfolio full of attractive prospects. It can contemplate the considerable achievements of its past with pride and look ahead with confidence to further growth in its future.

The year under review was again an active and eventful one for the group. It had to contend with two enormous challenges: the development of Loulo being fast-tracked and persistent production problems at Morila. By the year-end, the first of these was well on schedule and the second had been brought back under control. In spite of the difficulties at Morila and expenditure of US\$16 million on exploration and corporate activity, the group succeeded in improving on its forecast with a net profit of US\$20.1 million for the year. Given the group's sustained strong performance and its robust balance sheet, the board considered initiating dividend payments, but decided that shareholders' interests would be better served by continuing investment in the development of the group's growth prospects. We have, for example, allocated a further US\$7 million to the deep drilling programme at Loulo, where the resource already exceeds 8 million ounces and gives every indication of greater potential. We shall review the decision on dividends again at mid-year.

For the industry, 2004 was the year in which the gold price maintained its upward trend, touching a 16-year high of US\$450/oz from the 2003 average of US\$364. The continuing weakness of the dollar, which reached a record low against the euro, is clearly a major factor in this bull run. It appears that after the US presidential election the market has become increasingly focused on the structural problems in the American economy, notably the balance of payments and budgetary deficits.

Philippe Liétard





GEOGRAPHICAL DISTRIBUTION OF INSTITUTIONAL SHAREHOLDERS (%)

The rise in the dollar price of gold has not benefited all producers, and the South African miners in particular have suffered from the effects of a strong rand. The resulting strain on margins and cashflows is a major force driving the current round of consolidation in the industry.

The gold price rose not just in dollar terms but also in relation to other currencies. Euro gold prices increased in November from €332/oz to €344. The rupee gold price also increased but did not dampen physical demand from India, the largest single consumer market for gold. In the rapidly expanding Chinese economy, gold investment is also picking up. Central banks, a major element of supply and demand, in general appear committed to more transparent and controlled transactions.

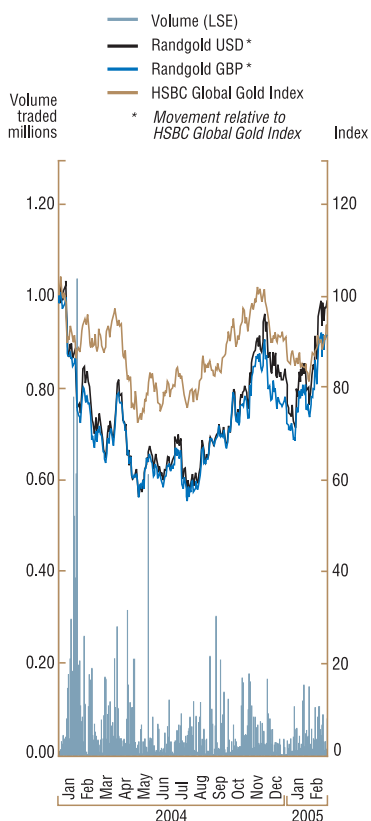
Against this background, gold's investment profile has continued its steady improvement. More generalist funds are beginning to look seriously at the sector and the launch of a new fund which enables the US retail market to invest in physical gold has generated a great deal of interest. The outlook for gold therefore remains good.

Much of the industry is, however, facing cost pressures generated by strong local currencies and high oil prices. The high dollar oil price is largely an exchange rate issue as well. As long as we expect dollar weakness, we'll have high gold prices and high oil prices. But we're more exposed on the revenue side than the cost side. Investment in new production is being constrained by sharp cost increases, notably for construction materials such as steel, for which Chinese demand has created a worldwide shortage. The challenge for the large producers is to sustain production levels by replenishing the ounces they mine each year, and indications are that they will continue to seek to do so through mergers and acquisitions.

This state of flux obviously creates growth opportunities at the corporate level, and Randgold Resources continues to evaluate the prospects for strategic leverage through mergers, acquisitions and joint ventures. Its priority, however, remains organic growth.

In line with this, the group currently has active exploration and drilling programmes in five African countries, as detailed elsewhere in this report. With cash resources of almost US\$80 million, it is securely positioned to fund these programmes and our equity portion of the Loulou development, as well as to pursue corporate opportunities. In fact, one of the defining characteristics of Randgold Resources is its capacity to continue investing substantially in its future growth.

The group has maintained its emphasis on high corporate governance standards during the year. It is currently working towards its compliance with section 404 of the US Sarbanes-Oxley Act (SOX).



TOTAL SHAREHOLDER RETURN vs HSBC GLOBAL GOLD INDEX

In terms of this act, Randgold Resources, like other US-listed companies, is required from the end of 2006 to report on management's evaluation of controls over financial reporting. The intention is to make management fully accountable for internal controls over financial reporting: its assessment of the effectiveness of these controls must be externally audited and stated in the annual report.

The group has also recently completed an external review of its share register. The key findings of this exercise are that at the end of 2004, Randgold Resources had 121 institutional investors who held almost 60% of its shares. Of the top 20 institutions, 12 are based in the USA, five in the UK, two in Canada and one in Switzerland. The US retail, ADR and brokerage market accounts for just over 30% of the investor base. Overall US ownership, institutional and retail, amounts to 57% of the total of some 6 000 shareholders and ADR participants.

These statistics show how successful the company has been in attracting quality investors and building a broad and diversified shareholder base. The attainment of this goal - one of the company's principal strategic objectives - is a tribute to Randgold Resources' record of value creation, but also to the effective brand differentiation created by its corporate marketing and investor relations programmes. These are personally led by the tireless Mark Bristow, who in 2004 held more than 200 investor meetings in 15 cities in eight countries on three continents.

The separation between Randgold Resources and Randgold & Exploration has caused the group to establish a new subsidiary, Seven Bridges, to take over the mainly administrative services that were previously provided by Randgold & Exploration. It has also led to Roger Kebble's retirement as chairman and from the board. We thank him for the support he provided and the opportunities he created in his seven years as chairman, and we wish him every success in the pursuit of his other interests.

I have assumed the chair at a time when Randgold Resources is gearing up for even greater things. Mark Bristow and his team have matured into a formidable force, with an imposing arsenal of skills and assets. I look forward to working with them and my colleagues on the board in guiding the company into its next growth phase.

On behalf of the board, I would like to use this opportunity to reiterate our gratitude for the support of our shareholders and our other stakeholders, particularly the governments and people of the countries in which we operate. I would also like to thank my fellow board members for their wise counsel and all the staff at Randgold Resources and its subsidiaries for their continued effort and commitment.



Philippe Liétard
Chairman