



CORPORATE GOVERNANCE

THE BOARD

The board of Randgold Resources is committed to maintaining its fiduciary responsibility of guiding the strategic and entrepreneurial development of the group. Whilst having a majority of independent, non-executive directors, the members support the principle that the board is collectively responsible for the success of the company. Notwithstanding this principle, the non-executive directors have during the past financial year continued to provide an independent assessment of the activities of the group and its management, including verification of the integrity of financial information and all forms of control and risk management.

The board maintains a regular schedule of meetings to deliberate on matters which are reserved for its specific consideration. In this regard, the board has reserved for its sole discretion the finalisation and adoption of the strategic development, major fiscal policies, finalisation of all mining developments and consideration of and approvals of any merger and acquisition. The day-to-day management of the business has however been delegated to management. However, the board acknowledges that there are instances when independent non-executive directors should meet without the presence of executive management to deliberate on issues affecting the group. During the past financial year such meetings have occurred.

In accordance with the Combined Code, the responsibilities of chairman and chief executive officer are separated. Performance of the incumbents is measured in line with guidelines laid down by the board according to set and agreed criteria. The board has acknowledged that the chairman is responsible for the leadership of the board and to ensure that effective communications exist between the executive and non-executive directors. The role of the senior independent non-executive director continues to evolve and in this regard the incumbent has been delegated as the contact for the group's "whistle-blowing" procedure. The group has not appointed a nomination committee as it is the policy for details of a candidate to be distributed to all directors for formal consideration at a full meeting of the board. A prospective candidate would be invited to attend a meeting and be interviewed before any decision was taken. The board will reconsider this position as and when it deems necessary.

The board has two other committees, the audit and remuneration committees, both consisting solely of independent non-executive directors. Details of the composition and the activities of both are contained hereafter or in the subsequent report of the remuneration committee. Discussions did take place, in conjunction with advice from the remuneration committee, which lead to the retirement from the board of our former executive chairman, Mr RAR Kebble. After careful consideration, the board approved the appointment of Mr Philippe Liétard, as the independent non-executive chairman and given the change in status a revised job description is being formulated. The structure and timing of the company's board meetings, which are scheduled over two days, allow adequate time for the chairman to interact with the non-executive directors without the presence of the executive directors. Currently the board is considering a board evaluation system which would be beneficial and cost effective for the company.

As reported in last year's annual report, Mr Ferdinand Lips retired in February 2004, while Mr Roger Kebble resigned in November 2004. There are no immediate plans to replace these directors. During the year, the board met seven times and attendance at meetings were as follows:

Name	Status	Number of meetings attended	Total number of board meetings
P Liétard	Independent non-executive chairman	6	7
DM Bristow	Chief executive officer	7	7
RA Williams	Financial director	7	7
BH Asher	Senior independent non-executive	7	7
J-A Cramer	Independent non-executive	7	7
RI Israel	Independent non-executive	7	7
RAR Kebble*	Former executive chairman	6	6
F Lips**	Independent non-executive	0	1
AL Paverd	Independent non-executive	7	7

* Mr RAR Kebble resigned from the board on 3 November 2004.

** Mr F Lips resigned from the board on 19 February 2004.

The independence of the non-executive directors complies with the relevant definitions of the United Kingdom Listing Authority's Combined Code except as follows: The board, despite his appointment as chairman, considers Mr Liétard to be independent. Notwithstanding that Dr Paverd has served as a director since 1995, the objectivity and nature of his contribution to the board and committee discussions were fully consistent with those of an independent director. All of the non-executive directors have options in terms of the company's share option scheme, but do not believe that this interferes with their independence. However, save for Mr Liétard, all non-executive directors own shares in the company, which aligns their interests with those of the shareholders. Similarly, the company's CEO has been granted a rolling three-year service contract which the board deems to be in the best interest of the company and all its shareholders.

It is the practice of the group to hold its annual general meeting in conjunction with a board meeting, thereby ensuring that members of the executive, the senior independent director and the chairmen of the board committees are available to answer any queries that shareholders might raise. When new non-executive directors are appointed, their terms and conditions of appointment will be available for inspection at the company's annual general meeting. The current terms and conditions of appointment of the executive directors will be available for inspection at the annual general meeting.

The job specifications for the chief executive officer and financial director have been formally approved by the remuneration committee and the board, and these are reviewed annually. The revised job specification for the chairman is currently being formulated.

The board operates in a field which is technically complex and directors continue to be exposed to information which enables them to fulfil their duties. Visits to the operations are made and technical presentations by management and the company's advisers to further their knowledge in various areas of specialisation, including corporate governance and the various requirements of the US regulatory authorities. At the moment, induction courses take the form of presentations made to the board and site visits. Information necessary to update the board on the company's activities and corporate governance is made available through the offices of the company secretary. Directors are regularly invited to attend company presentations to shareholders and investors to encourage interaction with the market. All directors have direct access to independent professional advice when they deem that such assistance is necessary in the furtherance of their responsibilities.

In accordance with the provisions of the Companies (Jersey) Law 1991 and the articles of association, directors are required to submit themselves to re-election. Any newly appointed director is subject to election by shareholders at the first annual general meeting after his/her appointment. Thereafter, by rotation, the entire board is subject to re-election every three years. Currently, the majority of non-executive directors have served on the board for a period of seven years, and in Dr Paverd's case since 1995.

At the present time, the articles of association do not specify any age limit for directors to retire nor is there any restriction about the period of service. However, the board will reconsider its composition for future years and the implementation of an age limit for directors if it deems this appropriate.

ACCOUNTABILITY AND AUDIT

The Companies (Jersey) Law, 1991, and the Combined Code confirm, and the board acknowledges, that it is responsible for presenting a balanced and understandable assessment of the company's position and prospects. This extends to the preparation and publication of the annual report and any other release of information, price sensitive or otherwise.

The financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards and are based on accounting policies that the board considers appropriate and supported by reasonable and prudent judgments and estimates.

The directors are of the opinion that the financial statements fairly present the financial position of the company and group as at 31 December 2004, and the consolidated results of operations and the cash flow information of the group for the year then ended. The directors have continued to adopt the going concern basis in preparing the financial statements because the directors are satisfied that the group and company have adequate financial resources available to ensure their continued operational existence for the foreseeable future.



CORPORATE GOVERNANCE

(CONTINUED)

The group has operated a code of ethics since its United Kingdom listing in July 1997 and subsequently, as applicable, with the Sarbanes-Oxley Act of 2002. The code has been updated to have specific reference to the company's financial managers and the chief executive officer. A copy of the code is available on the company's website: www.randgoldresources.com.

INTERNAL CONTROL

The group maintains a Business Control Framework that documents the key business risks, operational, financial, compliance and related controls. The Business Control Framework is regularly reviewed and updated by management, who report quarterly to the board on any issues which might affect the risks and controls. The board acknowledges that it has responsibility for the overall and ongoing review and update of the Business Control Framework and that it has complied with Provision C.2.1 through the procedures noted above.

The board continues to receive copies of all the internal audit reports in respect of the Morila gold mine which are reviewed by the audit committee. Executive management undertake regular audits of various parts of the Morila mine and details of these reports are submitted to the audit committee and board for comment. Financial and technical audits of the company's branch offices and major assets are regularly conducted. The board notes that no cost effective control system will preclude all errors and irregularities.

Details of the key risk factors which might affect the activities of the company are contained in the Form 20-F annual report filing for the period to 31 December 2003 and can be obtained from the company's website.

AUDIT COMMITTEE

For the period under review, the audit committee comprised four independent non-executive directors:

Name	Appointed
BH Asher (Committee chairman)	15 July 1997
J-A Cramer	15 July 1997
P Liétard	20 April 1998
AL Paverd	1 May 2000

The committee comprised four members, three with considerable years' experience in the financial services sector. The board believes that this level of expertise is sufficient to meet the standards imposed by the Combined Code. If issues arose which were deemed outside the areas of expertise of the audit committee, which required deliberation, independent professional advice would be sought by the committee. However, from his appointment as chairman of the company on 3 November 2004, Mr Liétard stood down as a member of the audit committee.

During the year, the committee met six times and attendance at the meetings was as follows:

Name	Status	Number of meetings attended
BH Asher	Chairman	6
J-A Cramer	Member	6
P Liétard	Member	5
AL Paverd	Member	6

For the period under review, and purely as payment for their services as members of the audit committee, Mr Asher received US\$30 000 as chairman, and Dr Paverd and Messrs Liétard and Cramer US\$40 000, US\$37 084 and US\$40 000 respectively.

The committee makes recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor as well as the remuneration and terms of engagement of the external auditor. It is noted that the actual appointment of the external auditors is subject to the approval of shareholders at the annual general meeting.

The committee reviews and monitors the external auditor's independence and the objectivity and effectiveness of the audit process. This is undertaken within the framework of a detailed audit charter which has been adopted by the board. A copy of the audit charter is available on the company's website.

The purpose of the committee is to review the group's published results, the effectiveness of its systems of internal control, internal audit procedures, legal and regulatory compliance including for the United States that is required in terms of the Sarbanes-Oxley Act, and the cost effectiveness of the services provided by the internal and external auditors. The audit committee has implemented a policy regarding the provision, and pre-approval thereof, of non-audit services by the external auditors and this mandate is reviewed annually.

The committee meets regularly and this includes meetings which are used to consider and approve the company's quarterly results. The external auditors are regularly invited to attend meetings to report on their activities. The committee also meets with the external auditors, independent of the executive directors or management, where this is deemed necessary.

The Sarbanes-Oxley Act of 2002 also required companies to establish "whistle-blower" systems. The geographical spread of the group's activities, particularly in remote West African locations, makes the establishment of such systems complex. It was felt appropriate for the senior independent director to be the first point of contact in the company's "whistle-blowing" procedure. In the event of an issue being raised, independent consultants would then be employed by the senior independent director to investigate any alleged irregularity.

The audit committee has, during the past financial year, overseen the appointment of KPMG to assist the company to ensure compliance with the requirements of Section 404 of the United States Sarbanes-Oxley Act. Management has set up a steering committee chaired by the finance director. Both KPMG and the company's external auditors PricewaterhouseCoopers attend meetings of the steering committee.

COMMUNICATION WITH SHAREHOLDERS

The board acknowledges responsibility for maintaining effective communications with all shareholders. The CEO, the company's internal investor relations function and the company's investor relations consultants prepare a quarterly report for the board detailing the activities and presentations given to shareholders. Besides attendances at various industry conferences, a minimum of two roadshows during the year are undertaken to enable company representatives to interact directly with shareholders and other interested parties.

The board believes that the annual general meeting is an appropriate forum for contact with share-owners and encourages their attendance and participation.

In order to reflect the sentiment of share-owners at the annual general meeting, it has been an unwritten policy that all resolutions should be considered by way of a ballot poll and the number of proxies received disclosed to the members in attendance.