



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1. NATURE OF OPERATIONS

The company, its subsidiaries and joint ventures (the "group") carry out gold mining activities and exploration. The group currently has one operating mine in Mali, West Africa, the Morila gold mine, which commenced production in October 2000, a mine in the construction phase, the Loulo mine, also in Mali, as well as a portfolio of exploration projects in West and East Africa.

The interests of the group are Morila SA ("Morila") which owns the Morila mine and Somilo SA ("Somilo") which conducts the development activities at the Loulo mine site. Randgold Resources holds an effective 40% interest in Morila, following the sale to AngloGold Ashanti Limited on July 3, 2000 of one-half of Randgold Resources' wholly-owned subsidiary, Morila Limited. Management of Morila Limited, the 80% shareholder of Morila, is effected through a joint venture committee, with Randgold Resources and AngloGold Ashanti each appointing one-half of the members of the committee. AngloGold Services Mali SA ("Anser"), a subsidiary of AngloGold Ashanti, is the operator of Morila.

Randgold Resources holds an effective 80% interest in Loulo. The remaining 20% interest is held by the Malian government. Randgold Resources is the operator of Loulo.

In May 2004, construction started on the Loulo mine which is scheduled to come into production in July 2005, initially as an open pit operation. A development study is in progress to assess the economics of mining the much larger underground resources at Loulo. A US\$60 million project finance agreement for Loulo was concluded in September 2004. The loan, which is repayable between June 2006 and September 2009, was arranged by mandated lead-arrangers N M Rothschild & Sons Limited and SG Corporate & Investment Banking, who have been joined in the facility by Absa Bank and HVB Group as lead-arrangers. Drawdown of the loan commenced in December 2004. Until then, the group funded the capital project itself.

The main focus of exploration work is on the group's advanced projects in Mali West, around Morila and in Senegal and more recently Tanzania, Burkina Faso and Ghana.

The Tongon project in Côte d'Ivoire is at an earlier stage of feasibility, where the data currently available is less accurate but of a sufficient level of detail for preliminary economic analysis to be undertaken. As a result of the political situation in Côte d'Ivoire, which started in September 2002, no further exploration activity has been possible on the project.

On April 5, 2004 Resolute Mining Limited exercised its option to buy the group's 80% interest in the Syama mine, which had been on care and maintenance since 2001. At a gold price of more than US\$350 per ounce, Randgold Resources will also receive a royalty of US\$10 per ounce on the first million ounces of production from Syama and US\$5 per ounce on the next three million ounces based on the attributable ounces acquired by Resolute.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for the accounting policy for development costs and mine plant facilities. This accounting policy has been changed to clarify the treatment of costs relating to the definition of mineralisation in existing orebodies or the expansion of the productive capacity of existing operating mines.

BASIS OF PREPARATION: The consolidated financial statements of Randgold Resources and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

GENERAL: The financial statements are measured and presented in US dollars, as it is the primary measurement currency in which transactions are undertaken. Monetary assets and liabilities in foreign currencies are translated to US dollars at rates of exchange ruling at the end of the financial period. Translation gains and losses arising at period-end, as well as those arising on the translation of settled transactions occurring in currencies other than the functional currency, are included in net income.

CONSOLIDATION: The consolidated financial information includes the financial statements of the company, its subsidiaries and company's proportionate share of the joint venture.

SUBSIDIARIES: Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired (including mineral property interests) and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

JOINT VENTURES: Joint ventures are those entities in which the group holds a long-term interest and which is jointly controlled by the group and one or more venturers under a contractual arrangement. The group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method the group includes its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the group's financial statements.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately. The results of joint ventures are included from the effective dates of acquisition and up to the effective dates of disposal. Intercompany accounts and transactions are eliminated on consolidation.

SEGMENT REPORTING: A business segment is a group of assets and operations engaged in performing mining or other services that are subject to risks and returns that are different from those of other business segments.

FOREIGN CURRENCY TRANSLATION:

(a) *Measurement and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in US dollars, which is the company's measurement and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

PROPERTY, PLANT AND EQUIPMENT:

(a) *Undeveloped properties*

Undeveloped properties upon which the group has not performed sufficient exploration work to determine whether significant mineralisation exists, are carried at original cost. Where the directors consider that there is little likelihood of the properties being exploited, or the value of the exploitable rights have diminished below cost, an impairment is recorded.

(b) *Development costs and mine plant facilities*

Development costs consist primarily of direct expenditure to develop an orebody for economic exploitation and to expand production capacity of existing operating mines. Following the completion of a feasibility study, development costs used to place a new mine into production are capitalised. Development costs and the costs of construction of mine plant facilities relating to major developments at existing mines are capitalised immediately. Development costs continue to be capitalised until commercial levels of production are achieved, at which time the costs are amortised as noted in (d) below.

(c) *Non-mining fixed assets*

Other non-mining fixed assets are shown at cost less accumulated depreciation.

(d) *Depreciation and amortisation*

Long-lived assets include mining properties, mine development costs and mine plant facilities. These assets have useful economic lives which exceed that of the life of the mine. Depreciation and amortisation are therefore charged over the life of the mine based on estimated ore tonnes contained in proven and probable reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in the future from known mineral deposits. Short-lived assets which include motor vehicles, office equipment and computer equipment, are depreciated over estimated useful lives of between two to five years.

(e) *Mining property evaluations*

The carrying amount of the long-lived assets of the group are annually compared to the recoverable amount of the assets, or whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and net selling price. In assessing the value in use, the expected future cash flows from the asset is determined by applying a discount rate to the anticipated pre-tax future cash flows. The discount rate used is the group's weighted average cost of capital. An impairment is recognised in the income statement to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are amortised in line with group accounting policies. A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. The estimates of future discounted cash flows are subject to risks and uncertainties including the future gold price.



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FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

It is therefore reasonably possible that changes could occur which may affect the recoverability of mining assets.

DEFERRED STRIPPING COSTS: The costs of waste stripping in excess of the expected pit life average stripping ratio are deferred, and charged to production when the actual ratio is below the expected average ratio. The expected pit life average stripping ratio is calculated as the ratio of future anticipated waste tonnes to be mined, to anticipated future ore tonnes to be mined. This ratio is recalculated annually in light of additional knowledge and changes in estimates. The expected pit life ratio is then compared to waste associated with ore mined during the period so as to calculate the deferred stripping costs to be deferred or released for the year.

INVENTORIES: Which include ore stockpiles, gold in process and supplies and insurance spares, are stated at the lower of cost or net realisable value. The cost of ore stockpiles and gold produced is determined principally by the weighted average cost method using related production costs. Stockpiles consist of two types of ore, high-grade and medium-grade ore, which will be processed through the processing plant. Both high- and medium-grade stockpiles are currently being processed and all ore is expected to be fully processed within the life of mine.

The processing of ore in stockpiles occurs in accordance with the life of mine processing plan that has been optimised based on the known mineral reserves, current plant capacity and mine design.

Stores and materials consist of consumable stores and are valued at average cost after appropriate provision for redundant and slow moving items.

INTEREST: Is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.

FINANCIAL INSTRUMENTS: are initially measured at cost, including transaction costs. Subsequent to initial recognition these instruments are measured as set out below. Financial instruments carried on the balance sheet include cash and cash equivalents, investments in subsidiaries and joint venture, receivables, accounts payable, borrowings and derivative financial instruments.

INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE: Are stated at cost less any provisions for impairment in the financial statements of the company. Dividends are accounted for when declared in respect of unlisted investments. On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

DERIVATIVES: Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value, unless they meet the criteria for the normal purchases normal sales exemption. On the date a derivative contract is entered into, the group designates the derivative for accounting purposes as either a hedge of the fair value of a recognised asset or liability (fair value hedge) or a hedge of a forecasted transaction (cash flow hedge). Certain derivative transactions, while providing effective economic hedges under the group's risk management policies, do not qualify for hedge accounting.

Changes in the fair value of a derivative that is highly effective, and that is designated and qualifies as a cash flow hedge, are recognised directly in equity. Amounts deferred in equity are included in the income statement in the same periods during which the hedge firm commitment or forecasted transaction affects net profit or loss.

Recognition of derivatives which meet the criteria for own use are deferred until settlement.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement. The group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives designed as hedges to specific assets and liabilities or to specific firm commitments for forecasted transactions. The group formally assesses, both at the hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value or cash flows of the hedged item.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

RECEIVABLES: Are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

CASH AND CASH EQUIVALENTS: Include all highly liquid investments with a maturity of three months or less at the date of purchase.

REHABILITATION COSTS: The net present value of estimated future rehabilitation cost estimates is recognised and provided for in the financial statements and capitalised to mining assets on initial recognition. Initial recognition is at the time of the disturbance occurring and thereafter as and when additional environmental disturbances are created. The estimates are reviewed annually to take into account the effects of inflation and changes in estimates and are discounted using rates that reflect the time value of money.

Annual increases in the provision are charged to income and consist of finance costs relating to the change in present value of the provision and inflationary increases in the provision estimate. The present value of additional environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted previously. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are expensed when they are known, probable and may be reasonably estimated.

PROVISIONS: Are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

BORROWINGS: Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

ACCOUNTS PAYABLE: Are stated at cost adjusted for payments made to reflect the value of the anticipated economic outflow of resources.

DEFERRED INCOME TAXES: Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

EMPLOYEE BENEFITS:

(a) *Pension obligations*

The group has defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the group pays contributions to publicly or privately administered provident funds on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(c) *Profit-sharing and bonus plans*

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

FINANCE LEASES: Leases of plant and equipment where the group assumes a significant portion of risks and rewards of ownership are classified as a finance lease. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and the finance charges to achieve a constant rate on the finance balance outstanding. The interest portion of the finance payment is charged to the income statement over the lease period. The plant and equipment acquired under the finance lease are depreciated over the useful lives of the assets.

REVENUE RECOGNITION:

Revenue is recognised as follows:

(a) *Gold sales*

Revenue arising from gold sales is recognised when the risks and rewards of ownership and title pass to the buyer under the terms of the applicable contract and the pricing is fixed and determinable.

(b) *Interest income*

Interest is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.

EXPLORATION COSTS: Are expensed as incurred. Costs related to property acquisitions are capitalised.

EARNINGS PER SHARE: Is computed by dividing net income by the weighted average number of ordinary shares in issue during the year.

FULLY DILUTED EARNINGS PER SHARE: Is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

3. INCOME AND MINING TAXES

The company is not subject to income tax in Jersey. Morila SA, benefits from a five year tax holiday in Mali. The tax holiday of Morila SA expires on 14 November 2005. The benefit of the tax holiday to the group was to increase its net income by US\$11.7 million and US\$22.5 million, due to not recording its share of Morila's tax expense for the years ended 31 December 2004 and 2003, respectively. Accordingly, had the group not benefited from the tax holiday in Mali, earnings per share would have been reduced by US\$0.20 and US\$0.39 for the years ended 31 December 2004 and 2003 respectively. Under Malian tax law, income tax is based on the greater of 35 per cent of taxable income or 0.75 per cent of gross revenue. Somilo SA also benefits from a five year tax holiday in Mali commencing from the date of first commercial production.

	Income (numerator) US\$000	Share (denominator)	Per share amount US\$
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4. EARNINGS PER SHARE

FOR THE YEAR ENDED 31 DECEMBER 2004

BASIC EARNINGS PER SHARE

Shares outstanding 1 January 2004	-	58 520 770*	-
Weighted number of shares issued	-	349 862	-
Income available to shareholders	20 114	58 870 632	0.34
<i>EFFECT OF DILUTIVE SECURITIES</i>			
Stock options issued to employees	-	1 125 625	-
Fully diluted earnings per share	20 114	59 996 257	0.34

FOR THE YEAR ENDED 31 DECEMBER 2003

BASIC EARNINGS PER SHARE

Shares outstanding 1 January 2003	-	55 327 480*	-
Weighted number of shares issued	-	2 113 880*	-
Income available to shareholders	47 526	57 441 360*	0.83
<i>EFFECT OF DILUTIVE SECURITIES</i>			
Stock options issued to employees	-	162 004*	-
Fully diluted earnings per share	47 526	57 603 364*	0.83

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

5. CHANGE IN ACCOUNTING POLICY

The accounting policy for development costs and mine plant facilities has been changed to clarify the treatment of costs relating to the definition of mineralisation in existing orebodies or the expansion of the production capacity of existing operating mines. Previously, these costs were expensed.

The effect of the change is the capitalisation in 2004 of US\$3.9 million of drilling costs relating to the underground development study at Loulo. This change has no impact on the prior financial years. In the opinion of the directors, this treatment of the costs better reflects industry practice.

US\$000	Group		Company	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
6. RESTRICTED CASH				
Debt service reserve	-	3 882	-	--

The debt service reserve account relates to the N M Rothschild & Sons Limited debt service reserve account. This amount was held in escrow for partial repayment of the Morila project loan. The loan was repaid in 2004. Refer to note 14.1.

US\$000	Group		Company	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
7. RECEIVABLES				
Trade	4 950	4 944	38	161
Taxation debtor	12 356	5 851	-	-
Other	6 361	4 401	2 212	3 230
	23 667	15 196	2 250	3 391

The taxation debtor relates to indirect taxes owing to Morila by the State of Mali.

US\$000	Group		Company	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
8. INVENTORIES AND ORE STOCKPILES				
Consumable stores	6 091	8 385	-	-
Short-term portion of ore stockpiles	803	2 373	-	-
Gold in process	2 868	525	-	-
	9 762	11 283	-	-
Long-term portion of ore stockpiles	12 054	5 882	-	-
	21 816	17 165	-	-

Included in ore stockpiles is an amount of US\$nil (2003: US\$1.7 million) attributable for the high-grade tailings stock at Morila, which is stated at its net realisable value. The attributable carrying value of this stock pile is US\$0.5 million (2003: US\$1.7 million) but has been stated at zero value in 2004, due to uncertainty as to whether the material will be used in production.

Ore stockpiles have been split between long and short term based on current life of mine plan estimates.

US\$000	Notes	Group		Company	
		31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
9. PROPERTY, PLANT AND EQUIPMENT					
Mine properties, mine development costs and mine plant facilities and equipment.					
<i>Cost</i>					
At beginning of year		174 304	168 540	321	321
Disposal of Syama	24	(92 994)	-	-	-
Additions		70 329	5 764	-	-
		151 639	174 304	321	321
<i>Accumulated depreciation and amortisation</i>					
At beginning of year		102 373	92 104	321	321
Disposal of Syama	24	(89 326)	-	-	-
Charge for the year		8 738	10 269	-	-
		21 785	102 373	321	321
NET BOOK VALUE		129 854	71 931	-	-

LONG-LIFE ASSETS

Included in property, plant and equipment are long-life assets which are amortised over the life of the mine and comprise the metallurgical plant, tailings and raw water dams, power plant and mine infrastructure. The net book value of these assets was US\$111.1 million as at 31 December 2004 (2003: US\$53.2 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

SHORT-LIFE ASSETS

Included in property, plant and equipment are short-life assets which are amortised over their useful lives and are comprised of motor vehicles and other equipment. The net book value of these assets was US\$9.1 million as at 31 December 2004 (2003: US\$9.0 million).

UNDEVELOPED PROPERTY

Included in property, plant and equipment are undeveloped property costs of US\$9.7 million (2003: US\$9.7 million).

US\$000	Group		Company	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
10. DEFERRED STRIPPING COSTS				
Opening balance	10 885	7 402	-	-
Additions during the period	3 999	3 483	-	-
Short-term portion	(6 370)	-	-	-
Total	8 514	10 885	-	-

The deferred stripping balances at the end of 2004 and 2003 pertain to the Morila mine. In terms of the life of mine plan, pre-stripping is performed in the earlier years. This results in the cost associated with waste stripped at a rate higher than the expected pit life average stripping ratio, being deferred to those years. These costs will be released in the period where the actual stripping ratio decreases to below such expected pit life ratio. The expected pit life average stripping ratios used to calculate the deferred stripping were 4.36 in 2004 and 3.68 in 2003. The change in the average stripping ratio was due to higher grades being accessed during the current financial year. As a result of the change in life-of-mine estimated stripping ratio in December 2004 compared to December 2003, US\$0.7 million less mining costs were deferred. These stripping ratios were calculated taking into account the actual strip ratios achieved of 3.98 and 4.77 for 2004 and 2003 respectively.

US\$000	Group		Company	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
11. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES				
Investment in Somilo	-	-	5 745	5 745
Investment in Morila	-	-	271	271
Loan - Somisy	-	-	-	8 033
Loan - Morila	-	-	64	7 899
Loan - Somilo	-	-	42 780	10 401
Loan - Seven Bridges	-	-	478	-
	-	-	49 338	32 349

During 2004, the group sold its share in Somisy to Resolute Mining. The company received net proceeds of US\$8.6 million which included the repayment of amounts previously advanced to Somisy. Refer to note 24.

US\$000	Group		Company	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES				
Trade	10 540	4 162	23	1 925
Payroll and other compensation	532	3 129	532	3 129
Other	3 356	4 699	757	210
	14 428	11 990	1 312	5 264
Short-term portion of long-term loans	1 156	11 567	-	1 943
	15 584	23 557	1 312	7 207

US\$000	Notes	Group		Company	
		31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
13. PROVISION FOR ENVIRONMENTAL REHABILITATION					
Opening balance		5 962	4 972	-	-
Disposal of Syama	24	(2 438)	-	-	-
Additions		177	990	-	-
		3 701	5 962	-	-

The provisions for close down and restoration costs include estimates for the effect of future inflation and have been discounted to their present value at 6% per annum, being an estimate of the cost of borrowing.

Syama was sold during the year to Resolute Mining who have assumed the rehabilitation liability of Syama.

Although limited environmental rehabilitation regulations currently exist in Mali to govern the mines, management has based the environmental rehabilitation accrual using the standards as set by the World Bank, which require an environmental management plan, an annual environmental report, a closure plan, an up-to-date register of plans of the facility, preservation of public safety on closure, carrying out rehabilitation works and ensuring sufficient funds exist for the closure works. However, it is reasonably possible that the group's estimate of its ultimate rehabilitation liabilities could change as a result of changes in regulations or cost estimates.

The group is committed to rehabilitation of its properties. To ensure that it is adequately provided to do so, it makes use of independent environmental consultants for advice and it also uses past experience in similar situations to ensure that the provisions for rehabilitation are adequate.

There are no unasserted claims reflected in the provision for Morila.

While the ultimate clean-up costs may be uncertain, there are no uncertainties with respect to joint and several liability that may affect the magnitude of the contingency at Morila as the extent of these obligations are clearly defined in their respective mining conventions.

The total undiscounted cost of rehabilitation is estimated at US\$12.3 million of which the majority will only be spent after seven years.

There are no other potentially responsible parties to consider for cost sharing arrangements.

The company carries insurance against pollution including cost of cleanup. At present, there are no losses and or claims outstanding.

As at the end of 2004, no rehabilitation liability was provided for by Somilo as the environmental disturbances were minimal, being earthworks and civils limited to a very small area.

US\$000	Notes	Group		Company	
		31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
14. LONG-TERM LIABILITIES					
Morila project loan	14.1	-	7 200	-	-
Morila finance lease	14.2	5 787	6 730	-	-
Morila Air Liquide finance lease	14.3	1 045	1 201	-	1 943
N M Rothschild loan	14.4	-	1 943	-	-
Rolls-Royce Power Ventures	14.5	-	1 325	-	-
Somilo project finance loan	14.6	35 042	-	-	1 943
		41 874	18 399	-	1 943
Less: current portion disclosed under current liabilities		(1 156)	(11 567)	-	(1 943)
		40 718	6 832	-	-

All loans are secured and have variable interest rates.

14.1 Morila project loan

The loan was the original project finance loan with a consortium of commercial banks and was fully repaid in June 2004. The loan carried interest at US three month LIBOR plus 2% per annum. The weighted average interest rate for the year ended 31 December 2004 was 3.44% (2003: 3.29%).

14.2 Morila finance lease

Morila finance lease relates to five generators leased from Rolls-Royce for Morila. The lease is repayable over ten years commencing 1 April 2001 and bears interest at a variable rate of interest which as at 31 December 2004 was approximately 20% per annum. The lease is collateralised by plant and equipment whose net book value at 31 December 2004 amounted to US\$5.8 million (2003: US\$6.8 million). Average lease payments of US\$1.5 million are payable in instalments over the term of the lease. The company has together with AngloGold Ashanti jointly guaranteed the repayment of this lease.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

14. LONG-TERM LIABILITIES (CONTINUED)

14.3 *Morila Air Liquide finance lease*

Morila Air Liquide finance lease relates to three oxygen generating units leased from Air Liquide for Morila. The lease is payable over 10 years commencing 1 December 2000 and bears interest at a variable rate which as at 31 December 2004 was approximately 3.09% per annum. The lease is collateralised by the production units whose net book value at 31 December 2004 amounted to US\$1.0 million (2003: US\$1.1 million).

14.4 *N M Rothschild loan*

On 28 August 2002 the Syama hedge transactions were closed through a cancellation agreement with N M Rothschild & Sons Limited. On that date the company agreed to buy sold call options to offset existing positions with N M Rothschild & Sons Limited comprising gold call options of 148 500 oz at US\$353/oz totalling US\$1 805 760. In lieu of the existing premium due, N M Rothschild & Sons Limited agreed to lend the company the sum of US\$1 805 760 on a pre-agreed repayment schedule to repay the loan monthly through the 2004 financial year. The loan interest was accrued and fixed at the prevailing LIBOR rate plus 3% per annum.

14.5 *Rolls-Royce Power Ventures*

The Rolls-Royce Power Ventures loan related to a settlement reached in respect of the Syama Power Supply Contract. The liability was taken over by Resolute Mining as part of the sale of Syama.

14.6 *Somilo Project finance loan*

The US\$60 million Loulo project loan was arranged by N M Rothschild & Sons Limited and SG Corporate & Investment Banking, who have been joined in the facility by Absa Bank and HVB Group, and is repayable between June 2006 and September 2009.

A first instalment of US\$35 million was drawn against the loan in December 2004. The loan is collateralised over the assets of the Loulo Project. Additionally, the company has pledged its interest in Randgold Resources (Somilo) Limited and related assets, and Randgold Resources (Somilo) Limited has pledged its interest in Somilo and related assets to secure Somilo's obligations under this loan. The loan is guaranteed by Randgold Resources until economic completion of the project has been achieved, which is expected before 31 December 2007. The loan bears interest at LIBOR plus 1.75% pre-completion of the Loulo capital programme, or at any time when Randgold Resources continues to be a guarantor of the facility. Post completion until the fourth anniversary of signing facility documentation, the interest rate is LIBOR plus 2.10% and thereafter 2.25%. The weighted average interest rate for the year amounted to 4.17%.

Under the term of this loan, the company is required to enter into certain gold price forward sales. 365 000 ounces of gold have been sold forward over the financial years 2005 to 2009, at an average forward price of US\$432 per ounce. The facilities are margin free.

Various debt covenants apply to the loan, including:

- Hedging arrangements reasonably acceptable to N M Rothschild & Sons Limited will remain in place. The company will continue to provide evidence to the effect that Somilo SA or Randgold Resources Limited has entered into committed hedging agreements and that the proceeds of sale of gold are sufficient to ensure that, as at all calculation dates scheduled, it is and will continue to be in compliance with required financial ratios;
- Limitations on material asset disposals and acquisitions;
- Restrictions with regards to the repayment of intercompany debt or dividend payments by Somilo;
- Maintain insurance with reputable insurance companies;
- Establish a Debt Service Reserve Account with the minimum credit balance on all dates equal to the aggregate principal amount of and interest accruing on the loan and the aggregate amount of premium accruing in connection with the Political Risk Insurance during the six month period commencing on such date;
- Limitations on additional indebtedness by any group company;
- Certain financial ratios need to be adhered to throughout the loan agreement.

US\$000	Group	
	31 Dec 2004	31 Dec 2003
<i>14.7 Maturities</i>		
The long-term liabilities mature over the following periods:		
Not later than 1 year	1 156	11 567
Later than 1 year and not later than 5 years	39 434	4 434
Later than 5 years	1 284	2 398
	41 874	18 399

US\$000	Notes	Group		Company	
		31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
15. LOANS FROM MINORITY SHAREHOLDERS IN SUBSIDIARIES					
SOMISY					
	15.1				
Government of Mali - principal amount		-	4 345	-	-
		-	4 345	-	-
Government of Mali - deferred interest		-	3 221	-	-
		-	3 221	-	-
Loans		-	7 566	-	-
Accumulated losses		-	(7 566)	-	-
SOMILO					
	15.2				
Government of Mali - principal amount		632	454	-	-
Deferred interest		1 943	1 458	-	-
Loans		2 575	1 912	-	-
Accumulated losses		(954)	(954)	-	-
Total loans		2 575	9 478	-	-
Total losses		(954)	(8 520)	-	-

15.1 Somisy

The group sold its share in Somisy to Resolute Mining in 2004. The group received net proceeds of US\$8.6 million and the loans were taken over by Resolute Mining.

15.2 Somilo

The government of Mali loan to Somilo is uncollateralised and bears interest at the base rate of the Central Bank of West African States plus 2%. The loan is repayable from cash flows of the Loulo mine after repayment of all other loans.

Losses of Somilo have been attributed to the minority shareholders as their loans are not repayable until there is "net available cash". In the event of a liquidation of Somilo the shareholders loans and deferred interest are not guaranteed.

US\$000	Notes	Group		Company	
		31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
16. DEFERRED FINANCIAL LIABILITIES					
Mark-to-market of speculative financial instruments	16.1	-	1 085	-	2 232
Mark-to-market of hedge financial instruments	16.2	15 668	7 403	-	-
		15 668	8 488	-	2 232

16.1 This reflects the mark-to-market adjustment on those derivative instruments which do not, under the group's accounting policy, qualify for hedge accounting. These derivative instruments are further detailed in note 21.

16.2 The financial instrument liability relates to the Loulo derivative instruments which qualify for hedge accounting. These derivative instruments are further detailed in note 21.

17. PENSION AND PROVIDENT FUNDS

The company contributes to several defined contribution provident funds. The provident funds are funded on the "money accumulative basis" with the members' and company contributions having been fixed in the constitutions of the funds.

All the company's employees other than those directly employed by West African subsidiary companies, are entitled to be covered by the abovementioned retirement benefit plans. Retirement benefits for employees employed by West African subsidiary companies, are provided by the state social security system to which the company and employees contribute a fixed percentage of payroll costs each month. Fund contributions by the company for the years ended 31 December 2004 and 31 December 2003 amounted to US\$0.2 million and US\$0.3 million respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

18. SEGMENT INFORMATION

The group's mining and exploration activities are conducted in West and East Africa. An analysis of the group's business segments, excluding intergroup transactions, is set out below.

Syama was on care and maintenance from December 2001, until its sale to Resolute in April 2004.

The group undertakes exploration activities in East and West Africa which are included in the corporate and exploration segment.

US\$000	Group's 40% share of Morila			Corporate and exploration	Total
	Mine	Syama	Loulo		
A) YEAR ENDED 31 DECEMBER 2004					
PROFIT AND LOSS					
Gold sales	73 330	-	-	-	73 330
Mine production costs*	(32 176)	-	-	-	(32 176)
Mining operating profit	41 154	-	-	-	41 154
Royalties	(5 304)	-	-	-	(5 304)
Interest expense	(1 569)	-	-	(54)	(1 623)
Interest received	17	-	-	1 016	1 033
Depreciation and amortisation	(7 386)	-	-	(1 352)	(8 738)
Gain on financial instruments	-	-	-	2 232	2 232
Other (expenses)/income	(1 179)	(658)	-	1 656	(181)
Profit on sale of Syama	-	-	-	7 070	7 070
Exploration and corporate expenditure	(571)	-	-	(14 958)	(15 529)
Income/(loss) before tax and minority interest	25 162	(658)	-	(4 390)	20 114
Tax and minority interest	-	-	-	-	-
Net income/(loss)	25 162	(658)	-	(4 390)	20 114
CAPITAL EXPENDITURE	(1 766)	-	(67 552)	(120)	(69 438)
TOTAL ASSETS	104 861	-	77 117	86 483	268 461
TOTAL EXTERNAL LIABILITIES	19 227	-	55 015	1 429	75 671
DIVIDENDS (PAID)/RECEIVED	(2 800)	-	-	2 800	-
NET CASH FLOWS GENERATED BY/(UTILISED IN) OPERATIONS	16 270	(658)	-	(11 321)	4 291
NET CASH FLOWS GENERATED BY/(UTILISED IN) INVESTING ACTIVITIES	2 116	-	(67 552)	8 451	(56 985)
NET CASH (UTILISED IN)/GENERATED FROM FINANCING ACTIVITIES	(20 805)	-	35 000	11 264	25 459
NET (DECREASE)/INCREASE IN CASH AND EQUIVALENTS	(2 419)	(658)	(32 552)	8 394	(27 235)
NUMBERS OF EMPLOYEES	-	-	150	150	300

* This includes mine production costs, movement in production inventory and ore stockpiles, transfer to deferred stripping costs, transport and refinery costs, general and administration expenses and provision for environmental rehabilitation as shown on the Statement of Operations.

US\$000	Group's 40% share of Morila			Corporate and exploration	Total
	Mine	Syama	Loulo		

18. SEGMENT INFORMATION (CONTINUED)

B) YEAR ENDED 31 DECEMBER 2003

PROFIT AND LOSS

Gold sales	109 573	-	-	-	109 573
Mine production costs *	(23 989)	-	-	-	(23 989)
Mining operating profit/(loss)	85 584	-	-	-	85 584
Royalties	(7 648)	-	-	-	(7 648)
Interest expense	(1 793)	-	-	(102)	(1 895)
Interest received	117	-	-	882	999
Depreciation and amortisation	(10 269)	-	-	-	(10 269)
Gain/(loss) on financial instruments	499	-	-	(2 232)	(1 733)
Other income/(expenses)	(1 387)	(2 069)	-	2 600	(856)
Exploration and corporate expenditure	(752)	-	(1 757)	(14 498)	(17 007)
Income/(loss) before tax and minority interest	64 351	(2 069)	(1 757)	(13 350)	47 175
Tax and minority interest	-	-	-	351	351
Net income/(loss)	64 351	(2 069)	(1 757)	(12 999)	47 526
CAPITAL EXPENDITURE	4 568	-	-	2 087	6 655
TOTAL ASSETS	92 657	7 465	7 587	117 716	225 425
TOTAL EXTERNAL LIABILITIES	31 619	6 095	2 736	5 939	46 389
DIVIDENDS (PAID)/RECEIVED	(69 600)	-	-	69 600	-
NET CASH FLOWS GENERATED BY/(UTILISED IN) OPERATIONS	68 531	(1 003)	-	(16 190)	51 338
NET CASH FLOWS GENERATED BY/(UTILISED IN) INVESTING ACTIVITIES	(7 755)	-	-	1 744	(6 011)
NET CASH (UTILISED IN)/GENERATED FROM FINANCING ACTIVITIES	(8 059)	595	-	7 981	517
NET (DECREASE)/INCREASE IN CASH AND EQUIVALENTS	(16 883)	(408)	-	63 135	45 844
NUMBERS OF EMPLOYEES	-	18	-	92	110

19. ADDITIONAL CASH FLOW INFORMATION

Income and mining taxes paid in the consolidated statements of cash flows reflects actual cash paid.

20. FAIR VALUE AND RISKS OF FINANCIAL INSTRUMENTS

The group's financial instruments are set out in note 21.

In the normal course of its operations, the group is exposed to commodity price, currency, interest, liquidity and credit risk. In order to manage these risks, the group enters into derivative financial instruments. All derivative financial instruments are initially recognised at cost and subsequently measured at their fair value on the balance sheet.

20.1 Concentration of credit risk

The group's financial instruments do not represent a concentration of credit risk because the group sells its gold to and deals with a variety of major financial institutions. Its receivables and loans are regularly monitored and assessed and an adequate level of provision for doubtful debt is maintained.

Gold bullion, the group's principal product, is produced in Mali. The gold produced is sold to reputable gold refineries. Because of the international market for gold the group believes that no concentration of credit risk exists with respect to the selected refineries to which the gold is sold.

Included in receivables is US\$12.4 million (2003: US\$5.9 million) relating to indirect taxes owing to Morila by the State of Mali, which is denominated in FCFA.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

20. FAIR VALUE AND RISKS OF FINANCIAL INSTRUMENTS (CONTINUED)

20.2 Foreign currency and commodity price risk

In the normal course of business, the group enters into transactions denominated in foreign currencies (primarily Euro and Communauté Financière Africaine Franc). As a result, the group is subject to transaction exposure from fluctuations in foreign currency exchange rates.

Generally the group does not hedge its exposure to gold price fluctuation risk and sells at market spot prices. These prices are in US dollars and do not expose the group to any currency fluctuation risk. However, during periods of capital expenditure or loan finance, the company secures a floor price through simple forward contracts and options whilst maintaining significant exposure to spot prices.

20.3 Interest rates and liquidity risk

Fluctuation in interest rates impact on the value of short-term cash investments and financing activities (including long-term loans), giving rise to interest rate risk.

In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. The group has in the past been able to actively source financing through public offerings, shareholder loans and third party loans.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values of the group's financial instruments outstanding at 31 December 2004 and 2003. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

US\$000	Notes	31 December 2004		31 December 2003	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and equivalents		78 240	78 240	105 475	105 475
Restricted cash		-	-	3 882	3 882
Receivables		23 667	23 667	15 196	15 196
Financial liabilities					
Accounts payable		15 584	15 584	23 557	23 557
Bank overdraft		-	-	1 550	1 550
Long-term debt (excluding loans from outside shareholders)		40 718	40 718	6 832	6 832
Liabilities on financial instruments	15	15 668	15 668	8 488	8 488
Hedging instruments					
Forward sales					
Ounces US\$/oz					

FINANCIAL INSTRUMENTS

Details of the group's on balance sheet gold derivative contracts as at 31 December 2004:

Maturity dates

Loulo

31 December 2005	12 504	430
31 December 2006	93 498	431
31 December 2007	103 500	435
31 December 2008	80 498	431
31 December 2009	75 000	430
Total	365 000	432

The total fair value (mark-to-market) of the above financial instruments as at 31 December 2004 was US\$15 668 million negative. The figures shown above are the financial instruments taken out as part of the Loulo project financing.

The Loulo price protection was initially done on a short dated spot deferred basis. With the completion of the final mining schedules and feasibility study, as well as credit approval of the project financing, the hedged ounces were rolled out and matched to future production. Prior to this, the Loulo instruments were deemed speculative for accounting purposes.

The Morila hedge book was fully utilised in 2004.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Details of the group's on balance sheet gold derivative contracts as at 31 December 2003:

	Hedging instruments		Unmatched instruments					
	Forward sales		Purchased calls		Forwards sales		Fixed 4 year gold lease rate agreements	
	Ounces	US\$/oz	Ounces	US\$/oz	Ounces	US\$/oz	Ounces	Fixed rate
MATURITY DATES								
MORILA (attributable portion)								
31 December 2004	51 941	275	18 384	360	-	-	-	-
CORPORATE (for Loulo)								
30 June 2004	-	-	-	-	150 000	402	-	-
30 June 2004	-	-	-	-	50 000	410	-	-
30 June 2004	-	-	-	-	-	-	200 000	1.64%

Estimation of fair values

Receivables, restricted cash, accounts payable, bank overdrafts and cash and equivalents.

The carrying amounts are a reasonable estimate of the fair values because of the short maturity of such instruments.

Long-term debt

The fair value of market-based floating rate long-term debt is estimated using the expected future payments discounted at market interest rates.

No fair value is determinable for the loans from minority shareholders as repayment is contingent on net available cash from the projects.

Gold price contracts

The fair value of gold price forward and option contracts has been determined by reference to quoted market rates at year-end balance sheet dates.

Group

	31 Dec 2004	31 Dec 2003
US\$000		

22. COMMITMENTS AND CONTINGENT LIABILITIES

22.1 Capital expenditure

Contracts for capital expenditure
Authorised but not contracted for

17 119	320
8 011	148
25 130	468

23. RELATED PARTY TRANSACTIONS

The service agreement between the company and Randgold & Exploration Company Limited was terminated by mutual agreement effective from the first of April 2004.

In order to continue to source certain services from South Africa, Seven Bridges Trading 14 (Proprietary) Limited ("Seven Bridges"), a 100 per cent subsidiary of the company, was incorporated.

A service agreement has been entered into between the company and Seven Bridges whereby Seven Bridges will provide certain administrative services to the company who wish to prevail on the cost effective services, expertise and materials available in South Africa.

Seven Bridges derives its income from the services it provides to the company for which it charges a monthly fee based on the total employment cost to company plus 50 per cent.

In terms of the Operator Agreement between Morila SA and AngloGold Services Mali SA, a management fee, calculated as 1% of the total sales of Morila, is payable to AngloGold Services Mali SA quarterly in arrears. The attributable management fees for the year ended December 31, 2004 amounted to US\$0.8 million (2003:US\$1.1 million).

Purchasing and consultancy services are also provided by AngloGold Ashanti to the mine on a reimbursable basis. The attributable purchases and consultancy services for the year ended December 31, 2004 amounted to US\$0.5 million (2003: US\$0.4 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

24. SALE OF SYAMA

In April 2003, the company entered into an option agreement with the Australian company Resolute Mining Limited, over its interest in the Syama mine in Mali. In terms of the agreement, Resolute was given a 12 month period in which to conduct a full due diligence over Syama.

On 5 April 2004, Resolute Mining exercised its option to buy the company's 80% interest in the Syama mine. Resolute paid the group US\$9.9 million and transaction fees of US\$1.2 million were incurred. Furthermore, at a gold price of more than US\$350 per ounce, the company would receive a royalty of US\$10 per ounce on the first million ounces of production from Syama and US\$5 per ounce on the next three million ounces based on the attributable ounces acquired by Resolute. This has not been included in the profit attributable to the sale of Syama, as it is linked to a gold price of US\$350 and the Syama mine is still on care and maintenance.

The assets and liabilities of Syama disposed of were as follows:

US\$000	31 Dec 2004
Property, plant and equipment	3 668
Current assets	3 797
Total assets	7 465
Total liabilities	(5 901)
Net assets	1 564
Proceeds from sale	(8 634)
Profit on disposal of Syama	(7 070)
Proceeds from sale	8 634
Cash disposed	(63)
Net cash on sale	8 571

25. PRO FORMA INFORMATION

Total cash costs per ounce are calculated by dividing total cash costs, as determined using the Gold Institute industry Standard, by gold ounces produced for all periods presented. The Gold Institute is a non-profit international association of miners, refiners, bullion suppliers and manufacturers of gold products, which has developed a uniform format for reporting production costs on a per ounce basis. The standard was first adopted in 1996 and revised in November 1999.

Total cash costs, as defined in the Gold Institute Standard, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, transfers to and from deferred stripping and royalties. The transfer to and from deferred stripping is calculated based on the actual historical waste stripping costs, as applied to a life of mine estimated stripping ratio.

The costs of waste stripping in excess of the life of mine estimated stripping ratio, are deferred and charged to production, at the average historical cost of mining the deferred waste, when the actual stripping ratio is below the life of mine stripping ratio. The net effect is to include a proportional share of total estimated stripping costs for the life of the mine, based on the current period ore mined. We have calculated total cash costs on a consistent basis for all periods presented.

Total cash costs per ounce should not be considered by investors as an alternative to operating profit or net profit attributable to shareholders, as an alternative to other IFRS measures or an indicator of our performance. While the Gold Institute has provided a definition from the calculation of total cash costs per ounce, the calculation of total cash costs per ounce 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 costs as the company's operation mature, a measure of a company's gross margin per ounce, by comparison of total cash costs per ounce to the spot price of gold, and a benchmark of performance to allow for comparison against other companies.

US\$000	Year		Year	
	ended 31 Dec 2004	Cost per ounce US\$	ended 31 Dec 2003	Cost per ounce US\$
25. PRO FORMA INFORMATION (CONTINUED)				
Gold produced – ounces	204 194	-	317 597	-
Gold sales revenue	73 330	-	109 573	-
Cost of sales				
Production costs	35 942	-	27 064	-
Transport and refinery costs	233	-	408	-
Transfer to deferred stripping costs	(3 999)	-	(3 483)	-
Cash operating costs	32 176	158	23 989	76
Royalties	5 304	-	7 648	-
Total cash costs	37 480	184	31 637	100
Profit from mining activity	35 850	-	77 936	-
Depreciation and amortisation	8 738	-	10 269	-
Exploration and corporate expenditure	15 529	-	17 007	-
Profit from operations	11 583	-	50 660	-
Interest received	1 033	-	999	-
Interest expense	(1 623)	-	(1 895)	-
Profit/(loss) on financial instruments	2 232	-	(1 733)	-
Other income and (expenses)	477	-	1 213	-
Profit on ordinary activities from operations	13 702	-	49 244	-
Profit on sale of Syama	7 070	-	-	-
Care and maintenance expenditure	(658)	-	(2 069)	-
Profit before taxes and minority interests	20 114	-	47 175	-
Income tax	-	-	-	-
Minority shareholders' interest	-	-	351	-
Net profit	20 114	-	47 526	-