LOOKING BACK 20 YEARS…
CAN WE LEARN FROM THE PAST?
How do we use our experience to shape our future?

Boom and Bust on the back of the Chinese Dragon…

- SA mining houses shake up
- Rand at 4:1
- Coming out of recession
- SA hosted and won world cup
- Mandela one year into presidency
- Death penalty abolished by SA Constitutional Court
- Dial-up internet became mainstream in SA
- Dow Jones and NASDAQ reach all time highs
- Randgold Resources incorporated
- Mali emerges as hotspot for gold
- End of cold war

Gold price at year end… $387/oz
SA share of global gold production… 23.6%

2005 SATURDAY
2005 to 2011

- Zuma president
- Gold price averages $1177/oz in first 6 months
- Catastrophic collapse of mining industry
- China stalls
- Commodity prices fall – mining companies fight to stay afloat
- Equity bubble after 7 year of almost free money
- Emerging markets locked in bear market

Gold price ave for year… $1177/oz
SA share of global gold production… 5.2%

1995

- London bombing
- Barrick buys Placer Dome for $9.2Bn
- Copper prices reach 16 year high
- Oil prices soar
- Goldcorp and Glamis merge
- Strong dollar and low interest rates

2015

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The mining sector cycle...

Over the past 3 years the gold sector has been largely in a broad bear market. Significant underperformance across all gold equities due to cost cutting, project delays, write-downs, management turnover, layoffs, asset sales, and investor focus on free cashflow, not growth.

Dow and FTSE over 20 years...

Events include:
- Asian financial and currency crisis
- Dotcom crash
- Start of financial crisis
- Dotcom crash
- Property market crash
- Low interest rates
- Low interest rates

1995 to 2015
Gold and commodity prices...the past 20 years

Commodity prices indexed to 100

- London Gold (PM Fixing ($/ozt)
- Brent Crude Oil (ICE $/bbl)
- Copper (LME Cash $/t)
- Iron Ore 62% Fe, FOB

China GDP...grew by plus 10% from 2003 to 2010

GDP growth %

- China
- Sub-Saharan Africa
- USA
The mining sector experienced a ~50% contraction from its peak of ~$2.3T in 2011 to just over $1.1T in mid-2013 and has retreated further to well below ~$1.0T today \(\rightarrow\) approaching bottom of Global Financial Crisis.

US$ billion

Coal, Oil, Gas, Iron ore

Source: Scotiabank

All industries sit on quality undeveloped resources except the gold industry.

Mining industry
...pipelines after the super boom
Gold price boom did not result in increased production...

Why no growth in gold production? ...decline in ore grade

- Reserve grade vs Mining head grade
- Reserve design price vs Gold price

Source: Scotiabank October 2015
Maintaining gold production at lower grades results in additional capital and increased debt...

Gold mining companies have raised significant amounts of capital to little avail over the past decade.

Cumulative Equity Raised
Cumulative Debt Raised
Total Sector Gold Production

Randgold Resources...driven by creating value for all stakeholders

Moz Grade g/t

1995 Randgold Resources incorporated
1997 Listed on LSE
1997 Morila and Yalea discovered
1995 Listed on NASDAQ
2002 Morila and Loulo development starts
2002 Tongon construction starts
2003 Loulo first gold
2004 Loulo LOM extended
2005 Gounkoto Kibali first gold
2005 Massawa development starts
2005 Loulo UG construction starts
2006 Randgold Resources acquired Moto
2006 Loulo LOM extended
2007 RSGM construction starts
2007 Loulo LOM extended
2008 Loulo LOM extended
2008 Tongon first gold
2009 Gounkoto Soturi gold
2009 Tongon construction starts
2010 Loulo LOM extended
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2014 Group production exceeds 1.1 Moz

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Poor margins and growing debt = value destruction…

Shareholder value has decreased with valuations being supported by debt.

Takeaways and lessons learned…

**Do’s**
- A practicable long term strategy
- A filter for investment with clearly defined criteria
- Hands on management
- Focus on profitability
- Clear separation between board and management
- Plan against scenarios
- A valid social licence

**Don’ts**
- Rely on the gold price to get you out of trouble
- Take an investment banker’s advice on how to run your business
Future prospects for the gold industry...

Shareholders now face a more uncertain future over the long term view of the gold industry…a positive implication for the gold price

- Reserves per share slowly decreasing

To sustain our industry, we need to work in partnership to deliver long term value...
Disclaimer...