AUGUST 2006

REPORT

RANDGOLD RESOURCES

Randgold Resources doubles profit as Loulo production gets into gear

London, 7 August 2006 - (LSE:RRS) (Nasdaq:GOLD) *London and Nasdaq listed gold miner Randgold Resources doubled its year-on-year profit from mining to US$68.8 million in the six months to June with the contribution from its new Loulo mine in Mali boosting attributable production to 224 377 ounces from 133 052 for the comparable half-year in 2005.*

These results were achieved in spite of tough operating conditions at Loulo, where management has had to complete the plant left unfinished by a defaulting contractor. With the recent commissioning of the hard-rock crushing circuit, the plant is now substantially complete but production interruptions caused by the commissioning process, the transition to the new mix of ore types and the onset of the rainy season had a restraining impact on throughput in the second quarter, when the mine produced 51 233 ounces against the previous quarter's 64 677 ounces.

Chief executive Dr Mark Bristow said with the operation now moving to a steady state, Loulo was successfully overcoming the disruption caused by the delay in the plant's completion. Cash operating costs for the second quarter were US$277/oz, which compared favourably with the first quarter's US$288.

"In the face of some considerable challenges Randgold has delivered material increases in profits and production in the first half of this year, underlining the importance of Loulo's contribution as well as the effectiveness of the organic growth strategy which brought Loulo on stream in time to benefit from the surge in the gold price," he said. He noted that Loulo had repaid the first tranche of its project finance during the past quarter.

The company also announced today that Shaft Sinkers had been appointed to develop the underground mine at Yalea, a project which will significantly enhance the value and extend the life of the Loulo complex. Site preparation for the twin decline system has already started and the boxcut and portal construction will soon commence with shaft sinking scheduled to begin in the last quarter of this year. Capital expenditure on the underground project totalled US$8 million in the six months ended June. The results of the deep drilling programme at the Loulo 0 orebody continue to add to the underground potential.

Elsewhere in Mali, Randgold's Morila joint venture delivered a solid second-quarter performance, with production of 135 387 ounces in line with the previous quarter's at a slightly lower total cash cost of US$229/oz.

In the Côte d'Ivoire, a 10-hole tactical drilling programme, which will form the basis for the final feasibility drilling, was initiated at the company's current Tongon project. The prefeasibility-stage project was put on hold at the outbreak of political unrest in that country, but Bristow said recent high-level meetings with all the parties concerned had confirmed Randgold's confidence in its ability to work there. Subject to the country's return to stability, the next drilling stage will start in 2007.

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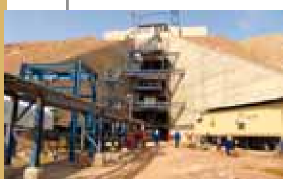



Loulo plant substantially complete

A herculean effort from the Randgold Resources team at Loulo has completed the plant, as originally designed, with only a few loose ends remaining to be tied up.

Chief executive Mark Bristow says that when the company made the difficult decision to take back the project from the defaulting contractor, it appeared that the job was some 65% complete. As the team got to grips with the task, however, it became increasingly evident that it had only been half done.

"We faced two challenges. The first was to complete the hard-rock crushing circuit as quickly as possible, while using mobile crushers as an interim measure. The second was to address various critical operational issues, such as the tailings facility and the water storage and pumping systems, which were not up to our standards. And at the same time, of course, we had to settle down a new mine and a new operating team," he said.

Unfinished or not started by the contractor, but now completed by the team are:

- the hard-rock crushing circuit, except for the stockpiling system,
- the plant fire-fighting systems,
- the Garra water storage facility and diversion canal weir,
- the lime pneumatic handling system,
- the tailings storage facility and return water pumping system,
- the steel ball handling system,
- the water pipelines to the Garra and from the Garra to the plant,
- the acid wash tank,
- the CIL expansion tank bases,
- the cyanide store, plant workshops, village shop and other buildings,
- the woodchip dewatering screens and disposal systems,
- the fencing around the plant and the tailings storage facility,
- the plant spillage pumping systems,
- the carbon regeneration system, and
- the plant dust suppression systems.

Still being buttoned up are the main fuel farms, where three out of five tanks have been finished, the installation of some of the final steelwork and supports around the stockpile and the completion of the punch list for Phase 2.

RANDGOLD RESOURCES

REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2006

- Loulo doubles group profit from mining and gold production for six months year on year
- Group gold production for the quarter sustained under challenging circumstances
- Loulo makes first capital repayment of project loan
- Morila delivers a solid performance
- Loulo hard rock crusher successfully commissioned
- Drilling extends Loulo 0 orebody at depth and progresses exploration across the lease
- First boreholes drilled in tactical drilling programme at Tongon
- Exploration programmes across Africa produce promising results

SUMMARISED FINANCIAL INFORMATION AND OPERATING RESULTS

US$000	Quarter ended 30 Jun 2006	Quarter ended 31 Mar 2006	Quarter ended 30 Jun 2005 (Restated)+	6 months ended 30 Jun 2006	6 months ended 30 Jun 2005 (Restated)+
Gold sales revenue*	63 441	67 241	27 963	130 682	59 949
Total cash costs*	28 448	33 463	11 224+	61 911	25 345+
Profit from mining activity*	34 993	33 778	16 739+	68 771	34 604+
Profit from operations*	23 093	21 127	9 049+	44 220	18 495+
Net profit	14 573	12 767	7 536+	27 340	18 812+
Net profit (as previously reported)	n/a	n/a	7 122	n/a	19 242
Net profit attributable to equity shareholders	13 754	11 545	7 536+	25 299	18 812+
Net cash generated from operations	21 418	22 529	14 105	43 947	10 891
Bank and cash	151 531	158 139	56 556	151 531	56 556
Attributable production** (ounces)	105 388	118 989	66 144	224 377	133 052
Group total cash costs per ounce** * (US$)	270	281	170+	276	190+
Group cash operating costs per ounce* (US$)	231	245	140+	238	160+

* *Refer to explanation of non-GAAP measures provided.*
** *Randgold Resources consolidates 40% of Morila and 100% of Loulo.*
\+ *Restated due to change in accounting policy relating to deferred stripping. See note on accounting policies.*
n/a *Not applicable.*

COMMENTS

- Gold sales revenue for the six months ended 30 June 2006 showed a significant increase compared with the corresponding period in 2005 which reflects the inclusion of the Loulo operation from November 2005, as well as higher received gold prices in 2006.
- With the addition of the Loulo operation and the improved gold price, profit from mining activity for the six months has doubled compared to the corresponding period in 2005.
- Total cash costs of US$61.9 million for the six months ended 30 June 2006 are up by some US$37 million which reflects the inclusion in 2006 of costs for Loulo, which commenced full production in November 2005. Apart from this, total cash costs are largely in line with the previous year.
- Cash generated from operations climbed from US$11 million to US$44 million for the six month period.
- Gold sales revenue and profits for the June 2006 quarter compared to the same period in 2005 more than doubled with the start up of Loulo and the higher gold prices.
- Cash costs per ounce are higher than the corresponding quarter in 2005 when Morila was the only operation and was producing at a relatively high grade of 5.9g/t.
- Cash generated from operations was US$21 million compared to US$14 million for the corresponding 2005 quarter.
- Comparing gold sales revenue for the current quarter with the previous quarter shows a decrease of US$3.8 million mainly as a result of lower production at the Loulo mine, partially offset by the higher gold price. The lower production is the result of the commissioning of the hard rock crushing circuit.
- Total cash costs of US$28.4 million for the quarter ended 30 June 2006 are down by approximately US$5 million compared to the March quarter. This is the result of certain costs going into inventory with the build up of stockpiles due to lower production levels at Loulo with the commissioning of the hard rock crushing circuit. It is also due to slightly lower costs per ounce at both operations.
- Despite the lower production, lower costs and higher received gold prices resulted in an increase in profit from mining. This also impacted the net profit for the quarter which was up by US$1.8 million on the previous quarter to US$14.6 million.
- Cash generated from operations was US$21.4 million in the quarter. However, bank and cash has reduced by US$6.5 million in the quarter due to capital spending of US$18.6 million on completion of the hard rock crushing circuit and underground equipment at Loulo and US$10 million in loan repayments.

OPERATIONS

LOULO

While throughput was affected by the commissioning of the hardrock crusher, which impacted negatively on the ounces produced, cash operating costs of US$277 per ounce after stockpile adjustments compare favourably to the US$288 per ounce for the previous quarter.

The higher gold price of US$577 per ounce compared to US$556 per ounce for the previous quarter contributed to sustaining the profits from mining activities. Production statistics are:

LOULO RESULTS	Quarter ended 30 Jun 2006	Quarter ended 31 Mar 2006	Quarter ended 30 Jun 2005	6 months ended 30 Jun 2006	6 months ended 30 Jun 2005
Mining					
Tonnes mined (000)	3 934	4 041	-	7 975	-
Ore tonnes mined (000)	724	379	-	1 103	-
Milling					
Tonnes processed (000)	630	722	-	1 352	-
Head grade milled (g/t)	2.8	2.9	-	2.9	-
Recovery (%)	91.9	93.2	-	92.4	-
Ounces produced	51 233	64 677	-	115 910	-
Average price received+ (US$/oz)	577	556	-	565	-
Cash operating costs* (US$/oz)	277	288	-	283	-
Total cash costs* (US$/oz)	313	323	-	319	-
Profit from mining activity* (US$000)	14 416	16 725	-	31 141	-
Gold revenue (US$000)	30 445	37 618	-	68 063	-

Randgold Resources owns 80% of Loulo with the Government of Mali owning 20%. Randgold Resources consolidates 100% of Loulo and then shows the minority interest separately.
* *Refer to explanation of non-GAAP measures provided.*
\+ *Includes the impact of 17 012 ounces hedged at US$434 per ounce.*

The second quarter has been characterised by the transition from treating the softer oxide and transition ore types to the less weathered and hard sulphide type ores, including the hard Loulo 0 oxide ore. This required mobile crushing and rehandling operations, as was the case in the first quarter, to satisfy the feed requirements, which had the effect of increasing unit operating costs. Transition ore reporting to the hard rock crushers is currently limiting throughput. The situation is envisaged to be temporary whilst the Loulo 0 mining faces are established which will result in a greater proportion of fresh rock reporting to the hard rock crushing circuit.

The hard rock crushing circuit representing Phase 2 of the project has been successfully commissioned. Whilst all critical areas are satisfactorily operational, there are still some items which require completing such as; the steelwork surrounding the stockpile, which will ensure completion of the full stockpile capacity, the CIL expansion and the Phase 2 punch list. These items have no adverse effect on the mine's production capability.

There will now be a period of consolidation as the various disciplines settle into a steady operational mode with minimal distraction from construction and commissioning activities. Looking ahead at the rest of the year, the after-effects of the Loulo plant delay will still be felt in July but we should be completely back on track by the 4th quarter.

Judgment granting a final order of liquidation of MDM Ferroman (Pty) Ltd ("MDM") was given on 2 August 2006. This opened the way for the company to proceed with additional claims against MDM for amounts advanced to MDM in excess of the lump sum contract.

MORILA

Morila delivered a solid performance producing 135 387 ounces at a total cash cost of US$229/oz, matching last quarter's output at a slightly lower cost. Higher head grades at a slightly better recovery compensated for the lower plant throughput which was caused by longer than expected mill down-time. Profit from mining was up due to better average received prices, highlighting Morila's gearing to the gold price.

MORILA RESULTS (100%)	Quarter ended 30 Jun 2006	Quarter ended 31 Mar 2006	Quarter ended 30 Jun 2005 (Restated)+	6 months ended 30 Jun 2006	6 months ended 30 Jun 2005 (Restated) +
Mining					
Tonnes mined (000)	6 006	6 059	6 964	12 065	14 779
Ore tonnes mined (000)	1 591	1 478	2 002	3 069	3 612
Milling					
Tonnes processed (000)	998	1 048	951	2 046	1 808
Head grade milled (g/t)	4.6	4.4	5.9	4.5	6.2
Recovery (%)	92.3	92.1	92.0	92.2	92.2
Ounces produced	135 387	135 779	165 359	271 166	332 631
Average price received (US$/oz)	628	560	430	594	427
Cash operating costs* (US$/oz)	187	193	140+	190	160 +
Total cash costs* (US$/oz)	229	231	170+	230	190 +
Profit from mining activity* (US$000)	51 443	42 630	41 848+	94 073	86 510 +
Attributable (40% proportionately consolidated)					
Gold revenue (US$000)	32 996	29 624	27 963	62 620	59 949
Ounces produced	54 155	54 312	66 144	108 467	133 052
Profit from mining activity (US$000)	20 577	17 052	16 739+	37 629	34 604 +

* *Refer to explanation of non-GAAP measures provided.*
\+ *Restated due to change in accounting policy related to deferred stripping. See note on accounting policies.*

Resource extension and infill drilling continued in both the southern "tonalite" area as well as the eastern margin area.

Considerable progress was made this quarter in modelling the pre- and post- mineralisation metamorphic and structural processes which could have led to the formation of the Morila orebody and any analogues. This work has drawn on both detailed mapping inside the pit as well as core logging of drillholes completed as part of the 40 000 metre regional drilling programme.

PROJECTS AND EVALUATION

LOULO GOLD MINE – UNDERGROUND DEVELOPMENT

The boxcut and portal design and development plan for the Yalea underground mine have been completed. Site clearing for the boxcut has commenced and construction is scheduled for this quarter with sinking scheduled to start next quarter.

Following a tender process, Shaft Sinkers have been appointed as the preferred contractor for the development of the Yalea underground mine. The project team is mobilising to site and the underground fleet has been ordered and first units are expected in October.

The results of a deep drilling programme currently underway at Loulo 0 continue to add to the potential of this underground mine. Of the thirteen holes drilled, nine have returned intersection grades greater than our current underground cut-off of 3.0g/t. Holes L0CP68: 7.4 metres at 8.04g/t and L0CP94: 7.2 metres at 5.25g/t confirm the south west plunging high-grade shoot to a depth of 540 metres below surface. Furthermore, five holes; L0CP79: 19.09 metres at 5.71g/t; L0CP84: 9.98 metres at 7.28g/t; L0CP83: 5.35 metres at 18.65g/t; L0CP102: 1.52 metres at 12.09g/t and L0CP109: 4.66 metres at 5.40g/t have delineated a high-grade zone between 400 and 540 metres below surface in the centre of the main orebody over a strike length of 280 metres. The orebody will be re-evaluated in light of this drilling and will form the basis of a new development plan for the mine.

DIAMOND DRILLING – MINERALISED INTERSECTIONS AT LOULO

	Ore intersection				Including			
Hole Id	From	To	Width	Grade	From	To	Width	Grade
L0CP69	451.50	456.20	4.70	4.84				
L0CP77	247.81	254.42	6.61	1.23				
L0CP78	452.97	458.00	5.03	1.11				
L0CP75	391.20	409.65	18.45	2.68	391.20	399.72	8.52	4.61
L0CP81	683.76	691.17	7.41	8.04	688.20	691.17	2.97	14.56
L0CP76	317.80	334.04	16.24	4.91	324.58	325.38	0.80	57.50
L0CP72	309.20	331.75	22.55	1.76				
L0CP80	184.72	187.92	3.20	7.30				
L0CP82	709.05	715.20	6.15	2.57				
L0CP74	685.30	705.98	20.68	3.11	686.30	687.90	1.60	7.70
L0CP83	122.30	139.84	17.54	4.53	136.54	139.84	3.30	6.83
L0CP83	644.30	649.65	5.35	18.64	647.90	649.65	1.75	48.84
					647.90	648.70	0.80	78.00
L0CP84	583.10	593.08	9.98	7.28	583.10	584.25	1.15	54.00
L0CP79	545.80	566.55	20.75	5.25	553.14	555.20	2.06	20.73
					562.00	566.55	4.55	7.67
L0CP73	592.00	610.90	18.90	2.65	601.35	605.00	3.65	8.46
L0CP94	735.00	742.40	7.20	5.25	735.20	737.00	1.80	18.51

TONGON PROJECT

A 10 drillhole, 2 000 metre drilling programme is currently underway and will form the basis for the design of the final feasibility drilling programme.

Recent high level meetings and a visit to the project with representatives of the government of Côte d'Ivoire and interested and affected parties have confirmed our confidence in our ability to work in this region. We are following the political progress and subject to a satisfactory outcome to the process, we expect to mobilise the next drilling programme in the new year.

EXPLORATION ACTIVITIES

The current quarter brings to an end another West African field season as the annual rains commence and field activities close. In terms of exploration, it has certainly been the busiest period in the company's history. We can now boast a portfolio of 168 targets, on 65 permits, covering just over 20 000 square kilometres, across six African countries. The exploration teams have continued to advance their programmes in line with our strategic objectives and during the quarter drilling took place on six project areas across four countries, and very shortly drilling will begin in a fifth country, Tanzania.

In the Côte d'Ivoire, following negotiations between the Government and Forces Nouvelles, we have temporarily recommenced field activities on the Tongon project in the north of the country. A 10 hole, 2 000 metre strategic drilling programme is underway and will form the basis for the design of the final feasibility study. At the time of reporting, three holes had been completed, two in the northern zone and one in the southern zone. Results have been received for the two northern holes, TND050: 1 metre at 12.70g/t (from 146 metres) and 13 metres at 1.25g/t (from 154 metres), TND051: 9 metres at 1.55g/t (from 38 metres) and 10 metres at 2.40g/t (from 124 metres) and are in line with expectations.

Elsewhere in the Côte d'Ivoire, reconnaissance mapping, stream sediment and soil geochemistry have commenced on two new permits in the south of the country. The Apouasso permit (1 000km^2) locates on the extension of the Sefwi Belt from Ghana, along strike from Newmont's Ahafo project. The Dignago permit (1 000km^2) locates in southwest Côte d'Ivoire on a major regional structure at the contact between basement gneisses and birimian volcanics.

With the successful completion of construction at Loulo, exploration turns its focus to the replacement of ounces in the known deposits and discovery of new deposits, by exploring targets both in the north and south of the permit. Anomalous gold intercepts have now been returned almost 1.5 kilometres south of the Loulo 0 pit, and although not economic, highlight the continuation of the mineralised system and the possibility of narrow high-grade payshoots.

At Loulo's Faraba target, which has a strike length of 2.6 kilometres, a four hole first pass reconnaissance diamond drilling programme was completed. One hole was previously reported FADH004: 12.6 metres at 4.03g/t. New holes to report are FADH002: 10.6 metres at 1.07g/t, 7.7 metres at 9.64g/t and 3.4 metres at 6.44g/t. The mineralised zone in FADH001 was faulted out by a late brittle fault and FADH003: drilled in the far south of the target did not intersect mineralisation. RC drilling is currently in progress, testing the continuation of mineralised structures below transported regolith.

At P64, also at Loulo, two reconnaissance diamond drill holes totalling 529 metres were completed. P64DH01 returned three mineralised zones: 28 metres at 1.72g/t, 16.2 metres at 4.41g/t and 11.8 metres at 1.44g/t. P64DH02 returned two mineralised zones: 5.8 metres at 3.43g/t and 8.2 metres at 6.51g/t, including 4.4 metres at 9.55g/t. Mineralisation in both holes is associated with chlorite and magnetite rich metasediments and is bounded by a hangingwall and footwall shear which trend north-south and dip sub-vertically.

In the north of the Loulo permit trenching at Baboto South has now defined continuity of mineralisation over a 1.3 kilometre strike at an average width of 24 metres and a grade of 1.5g/t.

At Selou, immediately south and adjacent to Loulo, reconnaissance diamond drilling has been completed at both the Boulandissou and Sinsinko targets. At Boulandissou, hole BND001 returned 6.6 metres at 1.28g/t beneath trench BNT02 (28 metres at 3.31g/t). While at Sinsinko, hole SND001 returned 5.7 metres at 1.71g/t, 4 metres at 3.11g/t, 1.8 metres at 2.77g/t and 4.2 metres at 7.10g/t all within a 21 metre mineralised envelope drilled below trench BET05 (76 metres at 0.83g/t).

At Morila, drilling continued as part of the 40 000 metre regional drilling programme, although failing to intersect further high grades, the results continue to define the low-grade footprint.

In South Mali, a 3 000 metre regional diamond drilling programme is near completion to cover the permits and test a range of targets, whilst providing essential structural information across the area. In particular, the holes have confirmed areas of shallow dipping foliated sediments with broad open folds and high-grade metamorphism. In addition, a 3 000 metre aircore drilling programme has been completed testing 11 targets on the Diamou and Seriba-Sobara permits, which are part of the OMRD Diamou joint venture agreement. The results confirm that gold anomalies are associated with narrow quartz veins and felsic intrusives, hosted by isoclinally folded pelitic schists.

In Senegal, diamond drilling has commenced on four targets, while the RAB drilling has been postponed until November due to the early onset of the annual rains. A new high-grade target, Delya has been identified initially by trenching - DLT003: 11.15 metres at 9.60g/t, DLT004: 4 metres at 1.60g/t, DLT005: 4.5 metres at 7.54g/t, DLT006: 7.45 metres at 1.98g/t and 6.2 metres at 7.59g/t, DLT008: 18 metres at 0.68g/t and DLT009: 2 metres at 5.69g/t and later confirmed by drilling - DLDDH001: 9.83 metres at 1.80g/t, DLDDH002: 12 metres at 5.07g/t including 7 metres at 8.19g/t.

In Burkina Faso, a 10 000 metre RAB and 1 000 metre RC drilling programme has commenced on the Kiaka permit to test three targets including the Kiaka target where previous work has defined a very broad, low-grade envelope of bedrock mineralisation over a one kilometre strike length. The first RAB results have confirmed the previous work and extend the known mineralisation by a further 200 metres.

In Ghana, exploration is well underway to complete the first level of investigation including mapping, stream sediment sampling, soil geochemistry and rock sampling. This work will lead to the identification of targets for the base of the resource triangle. On the Central Goldfields joint venture permit, a 400 metre by 100 metre soil sampling programme has been completed to follow-up anomalous stream sediment gold values. The results have returned five anomalous areas associated with three sub-parallel shears located within the volcanic/sedimentary belt.

In Tanzania, activities in general were restricted to data capture and the interpretation of results as the annual wet season restricted field work. Kiabakari is proving to be an interesting project with the mineralisation identified to date being part of a much bigger hydrothermal system and not just restricted to the old colonial mine. Currently we are modelling multiple shear zones in different rock types and designing drill programmes to further evaluate these targets. Trenching across the Mara fault has defined a three kilometre long east-west trending anomalous corridor which will be tested by RC drilling during the next quarter. Finally the company has its first entry, with the addition of four new permits, into the newly identified Singida-Dodoma greenstone belt, following an agreement with Barrick.

The board has authorised a US$1.8 million increase in the budgeted expenditure for 2006 for additional drilling at Loulo and elsewhere.

CONSOLIDATED INCOME STATEMENT

US$000	Quarter ended 30 Jun 2006	Quarter ended 31 Mar 2006	Quarter ended 30 Jun 2005 (Restated)+	6 months ended 30 Jun 2006	6 months ended 30 Jun 2005 (Restated)+
REVENUES					
Gold sales on spot	66 684	67 241	27 963	133 925	59 949
Realised loss on closing out of hedges	(3 243)	-	-	(3 243)	-
Non-cash realised loss on roll forward of hedges	(2 050)	(3 227)	-	(5 277)	-
Total	61 391	64 014	27 963	125 405	59 949
OTHER INCOME					
Interest income	1 754	2 049	364	3 803	689
Exchange gains	1 552	2 056	-	3 608	365
Other income	164	16	-	180	1 602
Total other income	3 470	4 121	364	7 591	2 656
Total revenue	64 861	68 135	28 327	132 996	62 605
COSTS AND EXPENSES					
Mine production costs	29 066	27 411	12 674	56 477	28 534
Movement in production inventory and ore stockpiles	(7 697)	(1 296)	(5 108)+	(8 993)	(10 518)+
Transfer from/(to) deferred stripping	-	-	-+	-	-+
Depreciation and amortisation	4 962	4 964	2 307	9 926	4 902
General and administration expenses	2 824	2 874	1 637	5 698	3 079
Mining and processing costs	29 155	33 953	11 510+	63 108	25 997+
Transport and refinery costs	126	153	62	279	129
Royalties	4 129	4 321	1 959	8 450	4 121
Exploration and corporate expenditure	6 938	7 687	5 383	14 625	11 207
Exchange losses	1 406	1 896	1 460	3 302	1 460
Unwind of discount on provisions for rehabilitation	84	84	117	168	234
Interest expense	1 537	1 619	300	3 156	645
Profit before income tax	21 486	18 422	7 536+	39 908	18 812+
Income tax expense	(6 913)	(5 655)	-	(12 568)	-
Net profit	14 573	12 767	7 536+	27 340	18 812+
Attributable to:					
Equity shareholders	13 754	11 545	7 536+	25 299	18 812+
Minority shareholders	819	1 222	-	2 041	-
	14 573	12 767	7 536+	27 340	18 812+
Basic earnings per share (US$)	0.20	0.17	0.13+	0.37	0.32+
Fully diluted earnings per share (US$)	0.20	0.16	0.12+	0.36	0.30+
Average shares in issue (000)	68 266	68 131	59 481	68 275	59 448

The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

\+ *Restated due to change in accounting policy relating to deferred stripping. See note on accounting policies.*

CONSOLIDATED BALANCE SHEET

US$000	At 30 Jun 2006	At 31 Mar 2006	At 31 Dec 2005 (Restated)+	At 30 Jun 2005 (Restated)+
Assets				
Non-current assets				
Property, plant and equipment	228 426	214 716	202 636	178 449
Cost	272 047	253 375	236 331	205 136
Accumulated depreciation and amortisation	(43 621)	(38 659)	(33 695)	(26 687)
Deferred stripping costs	-	-	-+	-+
Deferred taxation	2 385	2 866	2 957+	-
Long-term ore stockpiles	26 841	24 710	22 176+	21 195+
Total non-current assets	257 652	242 292	227 769+	199 644+
Current assets				
Deferred stripping costs	-	-	-+	-+
Inventories and stockpiles	39 956	30 495	34 210+	9 404+
Receivables	49 554	49 907	47 918	41 949
Cash and cash equivalents	151 531	158 139	152 452	56 556
Total current assets	241 041	238 541	234 580+	107 909+
Total assets	498 693	480 833	462 349+	307 553+
Shareholders' equity	303 123	294 049	301 822+	198 486+
Minority interest	3 436	2 617	1 395	(954)
Total equity	306 559	296 666	303 217+	197 532+
Non-current liabilities				
Long-term borrowings	37 593	48 786	49 538	68 755
Loans from minority shareholders in subsidiaries	2 633	2 533	2 483	2 441
Financial liabilities – forward gold sales	50 261	48 710	34 151	12 993
Provision for rehabilitation	9 661	9 571	9 480	8 872
Total non-current liabilities	100 148	109 600	95 652	93 061
Current liabilities				
Financial liabilities – forward gold sales	24 168	18 158	8 939	1 037
Current portion of long-term borrowings	24 779	23 504	22 991	1 692
Accounts payable and accrued liabilities	36 077	28 500	28 813	14 231
Taxation payable	6 962	4 405	2 737	-
Total current liabilities	91 986	74 567	63 480	16 960
Total equity and liabilities	498 693	480 833	462 349+	307 553+

\+ *Restated due to change in accounting policy relating to deferred stripping. See note on accounting policies.*

Main balance sheet movements for the six months ended 30 June 2006 were as follows:

- Property, plant and equipment increased due to work performed on Phase 2 at Loulo, as well as the commencement of construction of the underground mine at Yalea at Loulo.
- Inventories and stockpiles increased due to higher gold stock on hand compared to December, due to the timing of gold shipments. Warehouse inventories also increased in line with the stocking policy during the wet season.
- Receivables remained constant, however an agreement was reached with the Government of Mali on a repayment plan of fuel taxes and VAT at Morila. Judgment granting a final order for the liquidation of MDM Ferroman (Pty) Ltd ("MDM") was given on 2 August 2006. This opened the way for the company to proceed with additional claims against MDM for amounts advanced to MDM in excess of the lump sum contract.
- The decrease in long-term borrowings mainly reflects the first payment made of US$8.4 million on the Loulo project finance loan, as well as payments made on the Loulo CAT finance lease.
- The increase in financial liabilities of forward gold sales is due to an increase in the negative marked-to-market valuation of contracts held at 30 June 2006. The gold price was US$613.50 at 30 June 2006.
- The increase in accounts payable and accrued liabilities reflects increased drilling activity during the period at Loulo as well as the procurement of equipment and materials for the underground project at Loulo.
- Taxation payable relates to income taxes at Morila following the end of the five year tax holiday in November 2005.

CONSOLIDATED CASHFLOW STATEMENT

US$000	6 months ended 30 Jun 2006	6 months ended 30 Jun 2005 (Restated)+
Profit before income tax	39 908	18 812+
Adjustment for non-cash items	16 699	9 573+
Working capital changes	(12 660)	(17 494)
Net cash generated from operations	43 947	10 891
Additions to property, plant and equipment	(35 716)	(48 580)
Financing of contractors	105	(13 071)
Net cash utilised in investing activities	(35 611)	(61 651)
Ordinary shares issued	751	637
(Decrease)/increase in long-term borrowings	(10 008)	28 439
Net cash generated by financing activities	(9 257)	29 076
Net decrease in cash and cash equivalents	(921)	(21 684)
Cash and cash equivalents at beginning of period	152 452	78 240
Cash and cash equivalents at end of period	151 531	56 556

\+ *Restated due to change in accounting policy relating to deferred stripping. See note on accounting policies.*

NON-GAAP MEASURES

Total cash costs and cash cost per ounce are non-GAAP measures. Total cash costs and total cash costs per ounce are calculated 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 has now been 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. Under the company's revised accounting policies, there are no transfers to and from deferred stripping.

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. Total cash costs and total cash costs per ounce are calculated on a consistent basis for the periods presented. Total cash costs and 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 or US GAAP measures or an indicator of our performance. The data does not have a meaning prescribed by IFRS or US GAAP and 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, amortisation and share-based payments would be included in a measure of total costs of producing gold under IFRS and US GAAP, 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, Randgold Resources believes that total cash costs per ounce are useful indicators 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.

Cash operating costs and cash operating cost per ounce are calculated by deducting royalties from total cash costs. Cash operating costs per ounce are calculated by dividing cash operating costs by gold ounces produced for the periods presented.

Profit from mining activity is calculated by subtracting total cash costs from gold sales revenue for all periods presented.

Profit from operations is calculated by subtracting depreciation and amortisation charges and exploration and corporate expenditure, as well as share-based payment from profit from mining activity.

The following table reconciles total cash costs, profit from mining activity and profit from operations as non-GAAP measures, to the information provided in the income statement, determined in accordance with IFRS, for each of the periods set out on the following page:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Number of ordinary shares	Share capital US$000	Share premium US$000	Other reserves US$000	Accumulated profits US$000	Total attributable to equity shareholders	Minority Interest US$000	Total equity US$000
31 Dec 2004 (as previously reported)	59 226 694	2 961	102 342	(14 347)§	100 213§	191 169	(954)	190 215
Change in accounting policy	-	-	-	-	(14 884)+	(14 884)+	-	(14 884)+
Balance – 31 Dec 2004	59 226 694	2 961	102 342	(14 347)	85 329+	176 285+	(954)	175 331+
Mar 2005 Quarter Net income	-	-	-	-	11 276+	11 276+	-	11 276+
Movement on cash flow hedges	-	-	-	1 690	-	1 690	-	1 690
Total recognised income	-	-	-	1 690	11 276+	12 966+	-	12 966+
Share-based payments	-	-	-	288	-	288	-	288
Share options exercised	176 800	9	538	-	-	547	-	547
Jun 2005 Quarter Net income	-	-	-	-	7 536+	7 536+	-	7 536+
Movement on cash flow hedges	-	-	-	(52)	-	(52)	-	(52)
Total recognised income/(loss)	-	-	-	(52)	7 536+	7 484+	-	7 484+
Share-based payments	-	-	-	823	-	823	-	823
Share options exercised	35 400	2	88	-	-	90	-	90
Restricted shares issued as remuneration#	161 735	8	-	-	-	8	-	8
Treasury shares held by company#	(107 825)	(5)	-	-	-	(5)	-	(5)
Shares vested#	-	-	735	(735)	-	-	-	-
Balance – 30 Jun 2005	59 492 804	2 975	103 703	(12 333)	104 141+	198 486+	(954)	197 532+
Balance – 31 Dec 2005 (as previously reported)	68 072 864	3 404	208 582	(41 000)	138 751	309 737	1 395	311 132
Change in accounting policy – deferred stripping cost	-	-	-	-	(7 915)+	(7 915)+	-	(7 915)+
Balance – 31 Dec 2005	68 072 864	3 404	208 582	(41 000)	130 836+	301 822+	1 395	303 217+
Mar 2006 Net income	-	-	-	-	11 545	11 545	1 222	12 767
Movement on cash flow hedges - realised	-	-	-	3 227	-	3 227	-	3 227
Movement on cash flow hedges - unrealised	-	-	-	(23 778)	-	(23 778)	-	(23 778)
Total recognised income/(loss)	-	-	-	(20 551)	11 545	(9 006)	1 222	(7 784)
Share-based payments	-	-	-	685	-	685	-	685
Share options exercised	168 700	8	540	-	-	548	-	548
Shares vested#	6 830	-	108	(108)	-	-	-	-
Jun 2006 Net income	-	-	-	-	13 754	13 754	819	14 573
Movement on cash flow hedges - realised (non-cash)	-	-	-	2 050	-	2 050	-	2 050
Movement on cash flow hedges - unrealised	-	-	-	(7 561)	-	(7 561)	-	(7 561)
Total recognised income/(loss)	-	-	-	(5 511)	13 754	8 243	819	9 062
Share-based payments	-	-	-	628	-	628	-	628
Share options exercised	54 000	3	200	-	-	203	-	203
Balance – 30 Jun 2006	68 302 394	3 415	209 430	(65 857)	156 135	303 123	3 436	306 559

\# *Restricted shares were issued to directors as remuneration. The transfer between "other reserves" and "share premium" in respect of the shares vested represents the cost calculated in accordance with IFRS 2.*
§ *Reflects adoption of IFRS 2: Share-based payment.*
\+ *Restated due to change in accounting policy relating to deferred stripping. See note on accounting policies.*

US$000	Quarter ended 30 Jun 2006	Quarter ended 31 Mar 2006	Quarter ended 30 Jun 2005 (Restated)+	6 months ended 30 Jun 2006	6 months ended 30 Jun 2005 (Restated)+
Gold sales on spot	66 684	67 241	27 963	133 925	59 949
Realised loss on closing out of hedges	(3 243)	-	-	(3 243)	-
Gold sales revenue	63 441	67 241	27 963	130 682	59 949
Mine production costs	29 066	27 411	12 674	56 477	28 534
Movement in production inventory and ore stock piles	(7 697)	(1 296)	(5 108)+	(8 993)	(10 518)+
Transfer from deferred stripping	-	-	-+	-	-+
Transport and refinery costs	126	153	62	279	129
Royalties	4 129	4 321	1 959	8 450	4 121
General and administration expenses	2 824	2 874	1 637	5 698	3 079
Total cash costs	28 448	33 463	11 224+	61 911	25 345+
Profit from mining activity	34 993	33 778	16 739+	68 771	34 604+
Depreciation and amortisation	4 962	4 964	2 307	9 926	4 902
Exploration and corporate expenditure	6 938	7 687	5 383	14 625	11 207
Profit from operations	23 093	21 127	9 049+	44 220	18 495+

\+ *Restated due to change in accounting policy relating to deferred stripping. See note on accounting policies.*

ACCOUNTING POLICIES

The financial information in this report has been prepared in accordance with the group's accounting policies, which comply with IFRS and are consistent with the prior period, except as noted below.

Joint ventures are those investments in which the group has joint control and are accounted for under the proportional consolidation method. Under this method, the proportion of assets, liabilities, income and expenses and cash flows of each joint venture attributable to the group are incorporated in the consolidated financial statements under appropriate headings. Inter-company accounts and transactions are eliminated on consolidation.

The directors have changed the group's accounting policy on deferred stripping costs, under both IFRS and US GAAP in the current period. Previously, costs of production stage waste stripping in excess of the expected pit life average stripping ratio were deferred and then charged to production when the actual stripping ratio was below the expected pit life average stripping ratio. Under the revised accounting policy, all stripping costs incurred during the production phase of a mine are treated as variable production costs and as a result are included in the cost of the inventory produced during the period that the stripping costs are incurred.

Under US GAAP, EITF 04-06 "Accounting for Stripping Costs Incurred during Production in the Mining Industry" is effective for reporting periods beginning after 15 December 2005. The consensus does not permit the deferral of any waste stripping costs during the production phase of a mine, but requires instead that they should be treated as variable production costs. The directors have decided to adopt the same treatment under IFRS, which will ensure that the accounting policies applied under IFRS and US GAAP remain in line. With regard to the conclusions reached by the EITF, the directors believe the revised policy will mean that the financial statements provide reliable and more relevant information about the group's financial position and its financial performance. In accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the change in the IFRS policy has been applied retrospectively and hence the 2004 comparatives have been restated.

The change in the IFRS accounting policy has resulted in the following adjustments to the amounts reported under IFRS:

US$000	30 Jun 2006	31 Mar 2006	31 Dec 2005	30 Jun 2005
Decrease in deferred stripping costs	3	2 300	3 687	12 011
Decrease in ore stockpiles	9 971	8 625	8 342	2 792
Decrease in gold in process	56	29	51	511
Decrease in deferred taxation liability	-	-	1 227	-
(Decrease)/increase in deferred taxation asset	(481)	(91)	2 938	-
Decrease in opening retained earnings	-	7 915	14 884	15 728

US$000	Quarter ended 30 Jun 2006	Quarter ended 31 Mar 2006	Quarter ended 30 Jun 2005	6 months ended 30 Jun 2006	6 months ended 30 Jun 2005
Increase/(decrease) in net profit	1 405	1 034	414	2 439	(430)
Increase/(decrease) in basic earnings per share (cents per share)	2	2	1	4	-
Increase in fully diluted earnings per share (cents per share)	2	1	1	3	1

FORWARD COMMODITY CONTRACTS

The group's hedging position which all relates to the Loulo project financing, was as follows at 30 June 2006:

Maturity date	Forward sales ounces	Forward sales average US$/oz
Year ended 2006	66 486	435
Year ended 2007	116 004	438
Year ended 2008	80 498	431
Year ended 2009	85 000	437
Total	347 988	435

The remaining portion of the hedge book represents approximately 37% of planned open pit production at Loulo for the period that the project finance is in place and 22% of the group's attributable production. In the current gold price environment, it is the company's intention to take advantage of current spot prices and roll out longer dated forward sales contracts at the appropriate times.

Morila's production is completely exposed to spot gold prices.

During the quarter, the company delivered into 17 012 ounces of its hedge book at an average price of US$434 per ounce.

GENERAL

The company continues to evaluate value creating opportunities through exploration, discovery and development, as well as the leverage from acquisition opportunities.

Shareholders are reminded of the appointment of two eminent international business leaders, Norborne P Cole Jr and Karl Voltaire, as non-executive directors during May this year.

D M Bristow
Chief executive

R A Williams
Financial director

7 August 2006

Mark Bristow shows off the Tongon core to Soro Guillaume, leader of the Forces Nouvelles and Minister of State in the transitional cabinet, while the community gives the party a colourful welcome.

Tactical drilling under way in Côte d'Ivoire

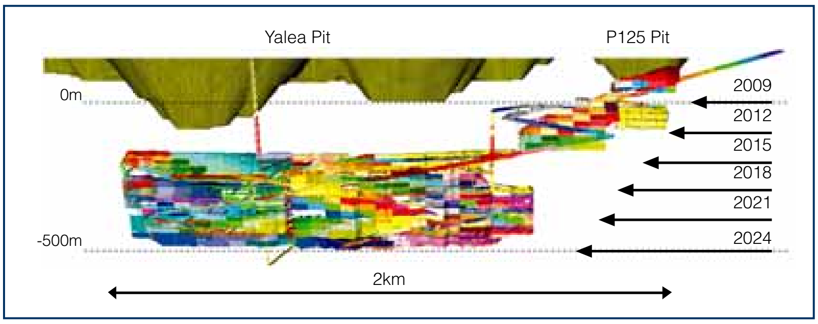
CEO Mark Bristow, GM:Mali Mahamadou Samaké and exploration manager Paul Harbidge recently completed a very successful trip to the Côte d'Ivoire. Productive meetings were held in Abidjan, prior to a field visit to Randgold Resources' 75% owned Nielle permit, which accommodates the Tongon project. They were accompanied by Soro Guillaume, the leader of the Forces Nouvelles and Minister of State; representatives from the ministries of mines and defence; N'golo Coulibaly, the president of the general council for the Korhogo region; and Sidiki Konate, the director of the cabinet, together with the media.

The government and the Forces Nouvelles both approved Randgold Resources' plan to resume exploration activities and granted a temporary lifting of the 'Force Majeure' which has been in place since the start of the conflict in September 2002. A 10-hole, 2 000 metre tactical drilling programme is underway to provide a broad framework for the final feasibility drilling programme, due to start after a return to stability. The next detailed drilling programme will form part of the final feasibility study which should take about 24 months to complete.

Resources at Tongon currently fall within the inferred category: 35.96Mt at 2.68g/t for 3.11Mozs.

"Randgold Resources believes in the gold prospectivity of the Côte d'Ivoire and the resolve of its people and leaders to find a lasting solution for the country. When compared with other countries that are emerging from political and military conflict and are prospective for new gold discoveries, Côte d'Ivoire stands out as one of the better ones and we will continue to support the peace process as a business partner to the country," Bristow said.

Yalea underground contract awarded



Loulo: Yalea underground development

The contract for the development of the Yalea underground mine at the Loulo complex has been awarded to Shaft Sinkers, a mining contractor with a proven track record in Africa. Site preparation for the twin decline system has already started and the boxcut and portal construction will soon commence with shaft sinking scheduled to begin in the last quarter of this year. The office and workshop complex has been prefabricated in South Africa and is expected to arrive in Mali in August.

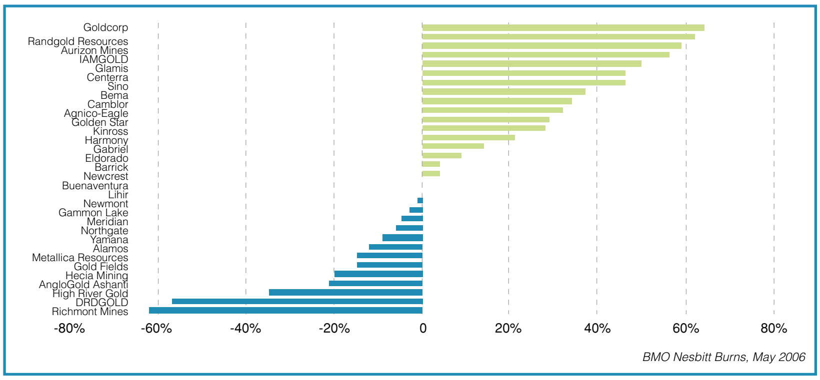
Meanwhile, the supply contract for the underground heavy vehicle fleet - consisting of Atlas Copco drill rigs backed by Elphinstone/CAT loaders and trucks - has been awarded to JA Delmas, the principal Caterpillar dealer in West Africa.

Underground manager Thinus Strydom says the Loulo 0 underground plan is currently being updated and integrated with the open pit plan. Additional areas of synergy between the open pit and underground operations are also being investigated. These include the introduction of an overland conveyor system which will transport both underground and open pit ore from Yalea to the plant instead of trucking it.

EXPLORATION:

Are the juniors getting distracted?

Changes in resources per share: 2005 vs 2004



With the junior companies increasingly opting for development over exploration, the gold industry is in danger of losing its traditional trail blazers and entrepreneurs, says Randgold Resources chief executive Mark Bristow.

Speaking at the African Junior Mining Conference in Johannesburg, Bristow said juniors should be the industry's replacement engines, driving reserve and production growth. They were supported in this historical role by relative ease of access to equity risk capital, a generally flexible and entrepreneurial approach, and a higher capacity for risk, which allowed them early entry into new regions.

"It's the speculative junior sector and those companies which offer the potential for bonanza discoveries that have always attracted the risk capital at times like these. The problem at this point in the cycle is that many of the speculative investors don't understand the industry and its risks. Is exploration a value proposition? Definitely - but you can't just switch it on to coincide with a move in the market. It's a business which requires constant planning and investment ahead of the curve," Bristow said.

One of the underlying causes of the shift away from exploration, said Bristow, was the fact that many of the juniors were listed on the Aim market of the London Stock Exchange.

"This market's hunger for instant rewards has focused them on trying to become producers by developing those smaller projects that didn't make it through the last cycle. History shows that unless one can add substantially to marginal projects, they remain marginal in the long run," he said.

"New discoveries are the only way to replace production and create value. If the industry is to maintain, let alone raise, its production profile, the majors need to re-establish their exploration businesses. Even more important, the juniors need to invest their venture capital in making discoveries. Juniors, like seniors, need business strategies that focus on sustainable profitability, and that recognise that building an integrated gold business requires a solid exploration base."

Nurturing our intellectual capital

Since the start it has been Randgold Resources' policy to build a strong intellectual capital base by attracting, developing, retaining and motivating the best people, with a particular emphasis on the citizens of the countries in which it operates. The immense intellectual capital it has amassed has provided it with a keen competitive edge and a potent operational engine, as the company's performance record shows. Equally importantly, its decision to employ and empower locals has considerably enhanced its productive partnerships with its host countries.

These are some of the people who make up our intellectual capital base:

EXECUTIVE MANAGEMENT

- *Mahamadou Samaké* - executive manager of the Randgold Resources Mali operational centre; resident member of the Randgold Resources executive in Mali and a director of Morila SA and SOMILO.

EXPLORATION

- *Felix Kiemde* - manages all exploration projects in Burkina Faso; was closely involved in the delineation of the Tongon and Yalea orebodies.
- *Fousseyni Diakite* - exploration administration manager Mali exploration; involved in company exploration activities in Mali since Randgold Resources first entered the country; has the distinction of being its first employee in West Africa.
- *Emmanuel Badini* - currently exploration manager at Loulo; has worked for Randgold Resources in Burkina Faso, at Syama and Morila.
- *Aziz Sy* - manages all exploration projects in Senegal; as a senior geologist was closely involved in the delineation of the Morila orebody; recently completed an MBA.
- *Babacar Diouf* - responsible for the evaluation of orebodies and currently working at Tongon; has worked for the company in Senegal, Loulo, and at exploration sites throughout West Africa and Tanzania; currently studying for a graduate diploma at Wits University.
- *Mamadou Diallo* - heads the company's generative geological function in Mali; has the reputation as the geologist involved in an exercise that indicated the presence of gold at Sadiola Hill, Syama, Morila and Loulo.
- *Sounkalo Kone* - a Randgold Resources employee since 1996 and currently working in Mali West; was one of four senior geologists on the team which discovered the Morila orebody; played a pivotal role in preparing the local villages surrounding Morila for the change from an exploration site to a mine site.
- *Mamadou Bathily* - a Randgold Resources employee since 1996 and currently in charge of exploration at Mali South; one of four senior geologists on the team which discovered the Morila orebody.
- *David Mbaye* - manages some exploration projects in Senegal; was closely involved in the delineation of the Yalea orebody.
- *Kezia Aaron* - administrative manager in Tanzania and has worked with the company throughout its time in Tanzania; in charge of all administrative aspects related to exploration projects, including government liaison.
- *Bodiel N'Diaye* - administration manager in Côte d'Ivoire and in charge of all administrative aspects related to exploration projects, including government liaison.

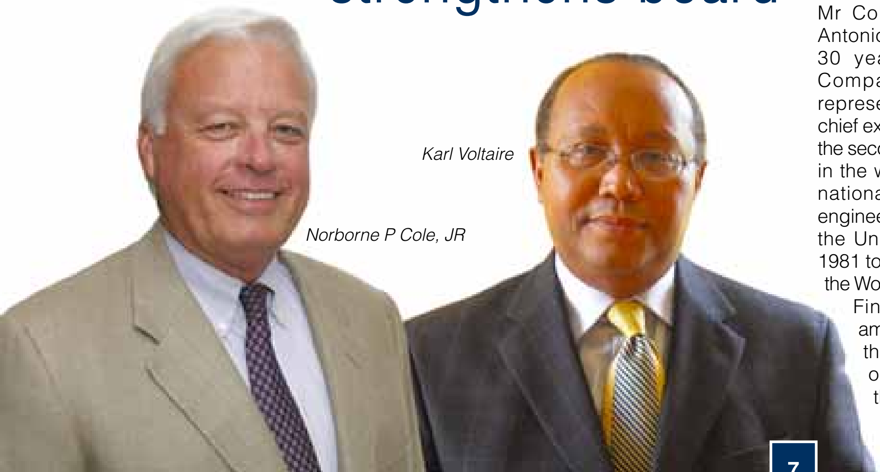
LOULO GOLD MINE

- *Amadou Konta* - the first Malian national to be appointed general manager of a large gold mine in Mali; was previously manager mining of the Syama mine in Mali, and has been with the company since it took over Syama in 1996.
- *Tahiro Ballo* - manager mining designate at Loulo; in charge of openpit mining; was the mining production superintendent at Syama.
- *Mamadou Kanoute* - manager engineering designate at Loulo; currently responsible for engineering maintenance in the metallurgical processing plant; joined Randgold Resources at Syama and worked at Morila before taking up his current post.
- *Abdoulaye Cisse* - plant superintendent at the metallurgical processing plant; developed his managerial skills at Syama; recently attended a management course at the University of Cape Town.
- *Amadou Maiga* - head of management accounts department at Loulo; been at the mine since construction started.
- *Ibrahima Diane* - manager human resources; joined the company after completing a long and distinguished career in the Department of Labour.
- *Chiaka Berthe* - currently responsible for grade control at one of the open pits; as an exploration geologist was part of the team that discovered Yalea; recently attended a management course at the University of Cape Town's Business School.
- *Amadou Famanta* - currently responsible for grade control at one of the open pits; as an exploration geologist was part of the team that discovered Yalea; in 2006 completed an MBA through the University of Quebec; played an important role in preparing the communities in the Loulo area for the change of the Loulo exploration project to an operating mine.

BAMAKO OFFICE

- *N'golo Sanogo* - operational centre financial manager responsible for financial accounting on all company Malian operations; has worked for Randgold Resources since it took over Syama; was a stores accounts and a cost control manager at Syama before moving to the Bamako office.
- *Mamadou Djire* - head of financial accountants at Bamako office.
- *Seydio Dagnon* - group payroll controller in Mali, responsible for exploration, Bamako office and SOMILO payrolls; recently attained a management accounting and economics diploma.

Randgold Resources strengthens board



Karl Voltaire

Norborne P Cole, JR

Randgold Resources has appointed two eminent international business leaders, Norborne P Cole, Jr and Karl Voltaire, as non-executive directors.

Mr Cole, who is based in San Antonio, Texas, spent more than 30 years with the Coca-Cola Company, starting as a field representative and advancing to chief executive of Coca-Cola Amatil, the second-largest Coca-Cola bottler in the world. Dr Voltaire, a French national, is a mineral resources engineer with a PhD in finance from the University of Chicago. From 1981 to 2003, he was employed by the World Bank and the International Finance Corporation, where among other things he oversaw the development of a number of major mining projects throughout Africa.

Chairman Philippe Liétard said the new directors were exceptionally qualified to broaden the board's international dimensions and enhance its capacity to deal with an increasingly complex legal and commercial environment.

"We believe in investing in our future growth, not just through the expansion of our physical assets but also of our intellectual base. Mr Cole and Dr Voltaire join us as we prepare for our next growth phase and will, we believe, add considerable impetus to our efforts," he said.

Randgold Resources in two top indices

Randgold Resources has been included in the Nasdaq Global Select Market, the premier listing tier launched by Nasdaq in July as part of its new three-tier system. According to Nasdaq, the premier tier has the highest initial financial and liquidity standards of any market in the world.

The company has also been readmitted to the FTSE Gold Index, which requires sustainable gold production of at least 300 000 ounces per year. Randgold Resources produced 314 831 attributable ounces in 2005, with the new Loulo mine starting to contribute in the last quarter, and is forecasting a significant improvement on that figure for 2006. (The company had a brief spell in the FTSE Gold Index in 2003 on the back of a bumper year at its Morila joint venture.)

Mark Bristow rings the opening bell at Nasdaq on the first day of the New York Hard Asset Investment Conference.

(continued from page 01)

Profit doubles as Loulo production gets into gear

Bristow said in terms of exploration the latest field season had been the busiest in the company's history. Drilling took place at six project areas in four countries and will shortly start in a fifth, Tanzania. Randgold now has a portfolio of 168 targets on 65 permits covering 20 000km^2 in six countries.

"Looking ahead at the rest of the year, the after-effects of the Loulo plant delay will still be felt in July but we should be completely back on track by the fourth quarter. Whichever way you look at it, the business is in good shape, with strong cash generators, great exploration prospects and a robust balance sheet, and we continue to pursue opportunities for creating value organically, through discovery and development, as well as through corporate activity," he said.

"Costs are a concern, however. The depreciating dollar, rising oil prices and inflation concerns have driven the gold price upward - but for the mining industry these same factors also have a steep downside: their impact on capital and operating costs."

"Under the current cost regime we like to see our mines produce at a cash cost of below US$350 per ounce. In the longer run, therefore, our fundamental response to the cost challenges we face is to invest aggressively in the hunt for more high-quality lower-cost ounces," he said.

Inflation pressures increase breakeven costs

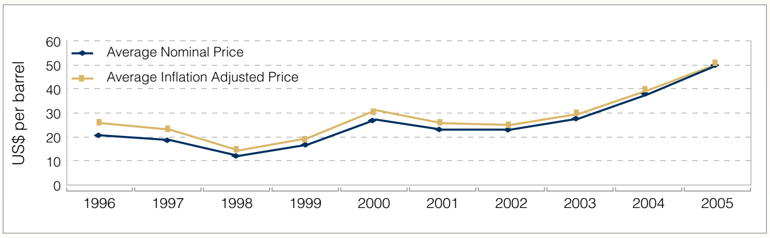
The depreciating dollar, rising oil prices and inflation concerns have driven the gold price upward - but for the mining industry these same factors also have a steep downside: their impact on capital and operating costs.

Rising inflation has caused industry analysts to increase their cost projections sharply. Nesbitt Burns, for example, has increased its senior producer average total cash cost forecasts of US$220/oz and US$223/oz for 2007 and 2008, made in 2004, to US$276 and US$286. For intermediate producers, the forecast has moved up from US$191 and US$183 to US$235 and US$231. Senior producer breakeven costs have also risen significantly, from an actual US$310/oz in 2003 to an actual US$381/oz in 2005. Current expectations for 2006 and 2007 are US$426/oz and US$415/oz. For intermediate producers, breakeven costs have increased from US$281/oz in 2003 to US$394/oz in 2005 and forecasts for 2006 and 2007 are US$384/oz and US$358/oz respectively. Breakeven costs measure total cash costs plus depreciation, exploration and interest expenses.

In its third annual review of global mining trends, published in June, PriceWaterhouseCoopers notes that mining company CEOs are increasingly concerned about cost pressures, notably of energy, more aggressive pricing by contractors and the additional strain imposed by governments reviewing royalties, taxes and the level of foreign ownership.

Energy costs are a particularly big issue for those companies, such as Randgold Resources, which operate in remote regions and therefore have to generate their own power as well as to transport all their requirements over long distances. Diesel fuel for power generation typically accounts for some 20% of the total operating costs of such mines. Driven by the fear of shortages due to geopolitical instability, and increasing demand from China, the oil price increased by 36% in 2004 and 33% in 2005.

Average annual crude oil price



For producers in areas where costs are not primarily denominated in dollars, inflationary pressures have been exacerbated by the decline in the US currency, which has weakened by some 20% in the protracted bear market which started in 2002.

US$/Euro exchange rate

Randgold Resources chief financial officer Roger Williams says the company has risen to the challenge of increased input costs by continuously striving to improve its own efficiency as well as that of its suppliers. It has been able to mitigate some of the inflationary and currency cost pressures by sourcing cheaper input materials and embedding a culture of cost-consciousness.

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