RANDGOLD RESOURCES LTD
Form F-3ASR
November 27, 2007

As filed with the Securities and Exchange Commission on November 27, 2007

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-3

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

RANDGOLD RESOURCES LIMITED

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of the Registrant's name in English)

Jersey, Channel Islands	1041	Not applicable
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

La Motte Chambers
La Motte Street
St. Helier, Jersey JE1 1BJ
Channel Islands
+44 1534 735 333

(Address and telephone number of Registrant’s principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 894-8940

(Name, address and telephone number of agent for service)

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Approximate date of commencement of proposed sale to public:
From time to time after this Registration Statement becomes effective.

If only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of
Securities to be Registered(1) Amount to be Registered/Proposed
Maximum Offering Price per Share/Proposed
Maximum Aggregate Offering Price(2) Amount of Registration fee(2) Ordinary shares, par value U.S.$0.05 per share

(1) The shares are represented by the Registrant's American Depositary Shares evidenced by American Depositary Receipts, each of which represents one ordinary share. The Registrant's ADSs issuable on deposit of the ordinary shares registered hereby have been registered under separate registration statement on Form F-6. (2) An indeterminate aggregate number of securities is being registered as may from time to time be sold at indeterminate prices, including securities that while initially sold outside of the United States, may be later resold within the United States. In accordance with Rules 456(b) and 457(r), the Registrant is deferring payment of all of the registration fee.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted or otherwise. As Randgold Resources Limited is a Jersey company, no offer to sell any interest(s) in the company shall be made until the final form of this prospectus has been approved by the registrar of companies in Jersey. This document is therefore being issued in preliminary form and for information purposes only.

SUBJECT TO COMPLETION, DATED NOVEMBER 27, 2007

PROSPECTUS

6,000,000 Ordinary Shares
in the form of ordinary shares or American Depositary Shares

RANDGOLD RESOURCES LIMITED

(organized under the laws of Jersey, Channel Islands)

We are offering ordinary shares in the form of ordinary shares or American Depositary Shares, or ADSs. Each ADS represents the right to receive one of our ordinary shares. The offering of ADSs is part of a global offering of 6,000,000 ordinary shares, including ordinary shares being offered for sale in the United States and ordinary shares being offered for sale outside of the United States. The price per ordinary share and ADS will be identical for both offerings.

Our ADSs are listed on the Nasdaq Global Select Market under the symbol ''GOLD''. Our ordinary shares are listed on the Official List of the United Kingdom Listing Authority and traded on the London Stock Exchange under the symbol ''RRS''. On November 26, 2007, the last reported price for our ADSs on the Nasdaq Global Select Market was $36.82 per share.

Investing in our ordinary shares or ADSs involves a high degree of risk. See ''Risk Factors'' beginning on page 9.

	Per Share or ADS	Total
Initial price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

We have granted the underwriters a 30-day option to purchase up to a total of 900,000 additional ordinary shares, including ordinary shares in the form of ADSs, to cover over-allotments, if any. If this option is exercised in full, the proceeds before expenses to us will be $.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

HSBC Bank plc, on behalf of the underwriters, expects to deliver the ordinary shares and ADSs to purchasers on or about , 2007.

Sole Global Coordinator

HSBC

Joint Bookrunners

HSBC Citi

, 2007

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In connection with the offering, HSBC Bank plc or its affiliates acting on its behalf (including HSBC Securities (USA) Inc.), each acting on behalf of the underwriters (the ‘‘Stabilizing Person’’) may engage in transactions that stabilize, maintain or otherwise affect the market price of our ordinary shares. These transactions may include stabilization transactions effected in accordance with Rule 104 of Regulation M under the Securities Exchange Act of 1934 (the ‘‘Securities Exchange Act’’), pursuant to which the Stabilizing Person may make a bid for, or purchase, ordinary shares for the purpose of stabilizing the market price. The Stabilizing Person also may create a short position by selling more ordinary shares in connection with the offering than the underwriters are committed to purchase from us, and in such case may purchase ordinary shares in the open market following completion of the offering to cover all or a portion of such short position. In addition, the Stabilizing Person may impose ‘‘penalty bids’’ whereby the underwriters may reclaim from a dealer participating in the offering the selling concession with respect to the ordinary shares that the underwriters distributed in the offering, but which was subsequently purchased for the accounts of the underwriters in the open market. Any of the transactions described in this paragraph may result in the maintenance of the price of the ordinary shares at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required and, if they are undertaken, they may be discontinued at any time.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the ordinary shares and ADSs offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

A copy of this document has been delivered to the registrar of companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, as amended, and the registrar has given, and has not withdrawn, consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of shares by Randgold Resources Limited. It must be distinctly understood that, in giving these consents, neither the registrar of companies in Jersey nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of Randgold Resources Limited or for the correctness of any statements made, or opinions expressed, with regard to it. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor.

Our directors have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the directors accept responsibility accordingly.

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PRESENTATION OF FINANCIAL INFORMATION

We are incorporated under the laws of Jersey, Channel Islands with the majority of our operations located in West Africa. Our books of account are maintained in U.S. dollars and our annual and interim financial statements are prepared on a historical cost basis in accordance with International Financial Reporting Standards, or IFRS. IFRS differs in significant respects from accounting principles generally accepted in the United States, or US GAAP. Our annual report on Form 20-F for the year ended December 31, 2006, or 2006 20-F, which is incorporated by reference in this prospectus, includes a discussion of the relevant differences between IFRS and US GAAP. In addition, note 27 to our audited consolidated financial statements included in the 2006 20-F, and note 12 to our unaudited condensed consolidated interim financial statements appearing in this prospectus, set forth a reconciliation from IFRS to US GAAP of net income and shareholders' equity. We have also included in the 2006 20-F the audited financial information for the years ended December 31, 2006, 2005 and 2004 of Société des Mines de Morila S.A., or Morila SA. The financial information included in the 2006 20-F has been prepared in accordance with IFRS, and except where otherwise indicated, is presented in U.S. dollars.

FORWARD-LOOKING STATEMENTS

This prospectus, including the sections herein and in our 2006 20-F, which is incorporated by reference in this prospectus, entitled ''Prospectus Summary,'' ''Risk Factors,'' ''Operating and Financial Review and Prospects'' and ''Busines contains forward-looking information. In some cases, you can identify forward-looking statements by phrases such as ''in our view,'' ''we cannot assure you,'' or ''there is no way to anticipate with certainty'' as well as by terminology such as ''may,'' ''will,'' ''should,'' ''expects,'' ''intends,'' ''plans,'' ''objectives,'' ''goals,'' ''aims,'' ''projects,'' ''forecasts,'' ''pos ''likely,'' ''enable,'' ''anticipates,'' ''believes,'' ''estimates,'' ''predicts,'' ''potential'' or ''continue,'' or the negative of these comparable terminology. These statements generally constitute statements of expectation, intent and anticipation and may be inaccurate. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined under ''Risk Factors.'' These factors may cause our actual results to differ materially from any forward-looking statement. Although we believe that the expectations reflected in the forwarding-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Except as required by law, or unless required to do so by the Listing Rules of the UK Listing Authority, we undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

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PROSPECTUS SUMMARY

This summary highlights the material information contained elsewhere in this prospectus. You should read the entire prospectus, as well as our 2006 20-F, which is incorporated by reference in this prospectus, carefully before deciding to buy our ADSs or ordinary shares, especially the discussion of risks of investing in our ADSs and ordinary shares described under ‘‘Risk Factors’’ beginning on page 9 of this prospectus. Unless otherwise indicated, all references in this prospectus to ‘‘Randgold,’’ ‘‘we,’’ ‘‘our’’ and ‘‘us’’ refer to Randgold Resources Limited, including its subsidiaries and joint ventures.

Our Business

We engage in gold mining, exploration and related activities. Our activities are focused on West and East Africa, some of the most promising areas for gold discovery in the world. In Mali, we have an 80% controlling interest in the Loulo mine through Somilo SA. The Loulo mine is currently mining from two open pits and is developing two underground mines. We also own 50% of Morila Limited, which in turn owns 80% of Morila SA, the owner of the Morila mine in Mali. In addition, we own an effective 76.5% controlling interest in the feasibility stage Tongon project located in the neighboring country of Côte d’Ivoire. We also have exploration permits and licenses covering substantial areas in Mali, Côte d’Ivoire, Burkina Faso, Ghana, Senegal and Tanzania. At December 31, 2006, we declared proven and probable reserves of 6.29 million ounces attributable to our percentage ownership interests in Morila and Loulo.

The following table summarizes our declared reserves at December 31, 2006 for Loulo and Morila:

Operation	Proven Reserves			Probable Reserves			Total Reserves			Attributable Gold*
	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
Loulo Mine	11.21	3.47	1.26	37.93	4.54	5.54	49.14	4.30	6.80	5.44
Morila Mine	15.36	2.50	1.23	11.35	2.47	0.90	26.71	2.49	2.13	0.85
									Total:	6.29

* Reflects our 80% share in Loulo and our 40% share in Morila.

Furthermore, in addition to the reserves above, at September 30, 2007, we estimated the Tongon project to have probable reserves of 1.61 million ounces.

Our strategy is to create value through the discovery, development and profitable exploitation of resource opportunities, focusing on gold. We seek to discover significant gold deposits, either from our own phased exploration programs or the acquisition of early stage to mature exploration programs. We actively manage both our portfolio of exploration and development properties and our risk exposure to any particular geographical area. We also routinely review opportunities to acquire development projects and existing mining operations and companies.

Loulo

In February 2004, we announced that we would develop a new mine at Loulo in western Mali. In 2005, we commenced open pit mining operations at the Gara and Yalea pits, as well as other smaller satellite pits. In 2006, its first full year of production, the Loulo mine produced 241,575 ounces of gold at a total cash cost of $328 per ounce (for a definition of cash costs, see ‘‘Summary Consolidated Financial and Operating Data’’ below). We estimate that the mine will produce approximately 250,000 ounces in 2007. We currently anticipate that mining at Loulo will continue through 2024.

We commenced development of the Yalea underground mine in August 2006 and we expect that the first ore will be accessed in the first quarter of 2008 with full production scheduled for 2009. Our planned production rate has been increased to 100,000 tonnes per month from 80,000 tonnes per month. Total ore reserves for the Yalea underground amounted to 3.63 million ounces at December 31, 2006.

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We anticipate that we will commence development of Loulo's second underground mine, Gara, in the first quarter of 2009 with first ore scheduled to be delivered to the plant at the end of that year. Total underground ore reserves for Gara at December 31, 2006 amounted to 1.38 million ounces. Subsequent to year-end, a redesign of the mine plan led to an increase of underground ore reserves to 13.14 million tonnes at 3.91 grams per tonne for a total of 1.65 million ounces. Further drilling carried out in the Gara South area has outlined additional mineralized material of 2.55 million tonnes at 4.89 grams per tonne for a total of 400,000 ounces. A further drilling program is presently underway to close in the drill spacing, which will allow refinement of the mine design and potentially add reserves.

The focus of exploration at Loulo is to continue to explore and discover additional orebodies within the 372 square kilometer permit. To date, we have succeeded in identifying numerous additional targets including two significant advanced stage targets, Faraba and Baboto, which are subject to further exploration and drilling.

Morila

In 1996, we discovered the Morila deposit, which we financed and developed and to date has been our major gold producing asset. Since production began in October 2000, Morila has produced more than 4.6 million ounces of gold at a total cash cost of $155 per ounce. We estimate that Morila's total production for 2007 will be approximately 475,000 ounces, with mining continuing through 2009 and processing of lower grade stockpiles continuing through 2013.

Morila focuses its exploration activities on extending the existing orebody and discovering new deposits that can be processed using the Morila plant. We continually seek to extend the life of mine at Morila, and have targeted areas within the Morila joint venture for further drilling. Outside of the Morila joint venture, we hold exploration permits covering 476 square kilometers in the Morila region, where we are engaged in early stage exploration work.

Tongon

At our Tongon project located in Côte d'Ivoire, we have completed 20,000 meters of a 30,000 meter drilling program that has been designed to allow for completion of a final feasibility study. The results of drilling to date has shown a substantial increase in mineralized material, over both the northern and southern zones, to 57.5 million tonnes at 2.38 grams per tonne for a total of 4.39 million ounces. At September 30, 2007, we declared a probable ore reserve of 21.9 million tonnes at 2.24 grams per tonne for a total of 1.61 million ounces. In addition, we estimate potentially mineable material of 16.8 million tonnes at 2.17 grams per tonne for a total of 1.17 million ounces. The reserves and mineable materials were calculated at a gold price of $525 per ounce. This increase in mineralized material and the conversion to reserves has allowed us to update the prefeasibility study, increasing the scope of the project from 200,000 tonnes per month throughput to 300,000 tonnes per month.

Our financial evaluation of the Tongon project is underway, and based on our preliminary capital and operating expenditure estimates, which are stated in real terms, we expect the life of mine cash operating cost to be $341 per ounce and the total cash cost to be $359 per ounce (including a 3% royalty payable to the government). The key estimates and assumptions underlying this evaluation include:

- Life of mine total capital expenditure of $267 million, including the purchase of the mining fleet and ongoing sustaining capital.
- Combined stripping ratio for both zones of 3.8:1.
- Life of mine in

excess of 10 years.

- Average annual

production of approximately 245,000 ounces.

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- Contract mining cost of $2 per tonne, assuming our ownership of the mining fleet.
- Recoveries of 95% in oxide ore, 90% in transitional ore and 87.5% in sulphide ore.

We have commissioned SENET, an engineering and project management company, to undertake the design and engineering of the plant for the feasibility study, in close cooperation with our capital projects team.

We are continuing to enhance the economic potential of the Tongon project. Infill drilling is planned in both the northern and southern zones to better delineate the geological controls and the grade distributions within these zones. This is expected to allow for the inclusion of additional mineralized material in the northern zone as well as allowing for a more selective approach to mining in the southern zone. We anticipate that shallow infill drilling will allow us to better distinguish the grades in the upper portions of the ore body. The pit slope angles are considered conservative and following further geotechnical studies, we expect more realistic slopes will be designed. We are continuing to explore the potential of the two zones, which remain open along strike and at depth.

The focus of exploration at Tongon is to continue to explore and discover additional orebodies from the 671 square kilometer Nielle permit. To date, we have been successful in identifying numerous additional targets, including Tongon South.

Exploration

We have a quality portfolio of exploration projects in both West and East Africa. In 2007, we have concentrated our exploration activities on the extension of known orebodies and on the discovery of new orebodies both at producing mines and exploration sites. In addition, we continued with our strategy to expand our footprint in Africa, including newly emerging countries. We are actively exploring in six African countries with a portfolio of 177 targets on 12,976 square kilometers of groundholding. Our business strategy of organic growth through exploration has been validated by our discovery and development track record, including the Morila and Loulo mines and the Tongon project.

We develop our facilities and operations in accordance with internationally accepted good management practices on environmental and social issues, including World Bank and International Council on Metal and Mining standards.

We were incorporated under the laws of Jersey, Channel Islands in August 1995. Our principal executive offices are located at La Motte Chambers, La Motte Street, St. Helier, Jersey, JE1 1BJ, Channel Islands and our telephone number is + 44 1534 735 333.

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The Global Offering

The global offering	6,000,000 ordinary shares, in the form of ordinary shares or ADSs, consisting of the U.S. offering and the international offering.
The U.S. offering	ordinary shares, in the form of ordinary shares or ADSs.
The international offering	ordinary shares, in the form of ordinary shares or ADSs.
Offering prices	The offering prices for the U.S. offering and the international offering are $ per ordinary share and $ per ADS, respectively.
Over-allotment option	900,000 ordinary shares, in the form of ordinary shares or ADSs.
Lock-up	We have agreed with the underwriters, subject to specified exceptions, that for a period of 90 days after the date of this prospectus, we will not, without the prior written consent of HSBC Bank plc, issue or sell any of our ADSs or ordinary shares or share capital or any securities substantially similar to our ADSs or ordinary shares or share capital. Our executive directors have also agreed with the underwriters that, for a period of 90 days after the date of this prospectus, they will not, other than in specified circumstances, dispose of any ADSs or ordinary shares that they own without the prior written consent of HSBC.
The ADSs	Each ADS represents the right to receive one ordinary share. The ADSs are evidenced by American Depositary Receipts, or ADRs, executed and delivered by The Bank of New York, as depositary.
Use of proceeds	We expect to use the net proceeds from this offering for the development of the Tongon project, and other organic and corporate opportunities, including possible acquisitions.
Listing and trading	The ADSs are listed and traded on the Nasdaq Global Select Market and our ordinary shares are listed on the Official List of the United Kingdom Listing Authority and traded on the London Stock Exchange.
Symbol of the ADSs on the Nasdaq Global Select Market	‘‘GOLD’’
Symbol of the ordinary shares on the London Stock Exchange	‘‘RRS’’

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Securities outstanding after the offering 75,327,034 ordinary shares. These amounts do not include:

- outstanding options to purchase 2,567,468 ordinary shares;
- shares available for issuance under our share option scheme;
- an additional 464,017 shares available for issuance under our share option scheme after giving effect to this offering; or
- shares to be issued pursuant to our Restricted Share Plan.

Risk factors For a discussion of some factors that you should carefully consider in connection with an investment in the ordinary shares or the ADSs, see ‘‘Risk Factors.’’

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Summary Consolidated Financial and Operating Data

Our 2006 20-F, which is incorporated herein by reference, provides the summary historical consolidated financial data derived from the more detailed information and financial statements, including our audited consolidated financial statements for the years ended December 31, 2006, 2005 and 2004 and as at December 31, 2006 and 2005. The following summary unaudited historical consolidated financial data for the nine months ended September 30, 2007 and 2006 and as of September 30, 2007, have been derived from our unaudited condensed consolidated interim financial statements, including the related notes that appear elsewhere in this prospectus. The following summary of financial data is not necessarily indicative of our future results. We encourage you to read this summary in conjunction with the more detailed information contained in the financial statements that are incorporated into or appear in this prospectus, including the notes to the financial statements.

The financial data have been prepared in accordance with IFRS, unless otherwise noted. In note 27 to our audited consolidated financial statements, and note 12 of our unaudited condensed consolidated financial statements, we present the principal differences between IFRS and US GAAP and a reconciliation of our net income attributable to equity shareholders and shareholders' equity to US GAAP.

	Nine Months Ended September 30, 2007 (Unaudited)	Nine Months Ended September 30, 2006 (Unaudited)	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
	(In thousands, except per share and ounce data)				
Statement Of Operations Data:					
Amounts in accordance with IFRS					
Revenue	$ 195,227	$ 189,160	$ 258,304	$ 151,502	$ 73,330
Profit from operations#	43,289	57,205	72,414	47,823 †	7,227 †
Net profit attributable to equity shareholders	28,656	37,584	47,564	45,507 †	13,707 †
Basic earnings per share ($)	0.42	0.55	0.70	0.74 †	0.23 †
Fully diluted earnings per share ($)	0.41	0.54	0.69	0.71 †	0.23 †
Weighted average number of shares used in computation of basic earnings per share(3)	68,921,756	68,290,647	68,391,792	61,701,782	58,870,632
Weighted average number of shares used in computation of fully earnings per share(3)	69,792,693	69,375,818	69,331,035	63,828,996	59,996,257
Amounts in accordance with US GAAP(2)					
Revenue	$ 110,220	$ 94,474	$ 132,353	$ 30,688	$ —
Profit/(loss) from operations before joint venture	9,165	9,823	11,325	(11,858)ø	(9,552)ø
Equity income of Morila joint					

venture 21,971 30,263 39,551 56,262 † 18,724 † Net income 28,656 37,584 47,564 42,055 † 9,172 † Basic earnings per share ($) 0.42 0.55 0.70 0.68 † 0.16 † Fully diluted earnings per share ($) 0.41 0.54 0.69 0.66 † 0.15 † Weighted average number of shares used in computation of basic earnings per share(3) 68,921,756 68,290,647 68,391,792 61,701,782 58,870,632 * Weighted average number of shares used in computation of fully diluted earnings per share(3) 69,792,693 69,375,818 69,331,035 63,828,996 59,996,257 * Other data Total cash costs ($ per ounce)(1) 342 285 296 201 † 208 †

Profit from operations is calculated as profit before income tax under IFRS, excluding interest income, interest expense and profit on sale of Syama. * Reflects adjustments resulting from the sub-division of shares.

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(in thousands)	At September 30, 2007 (Unaudited)	At December 31, 2006	At December 31, 2005	At December 31, 2004
Balance Sheet				
AMOUNTS IN ACCORDANCE WITH IFRS				
Total assets	$ 546,143	$ 512,164	$ 462,349 †	$ 253,577 †
Long-term borrowings	44,427	25,666	49,538	40,718
Share capital	3,467	3,440	3,404	2,961
Share premium	219,400	213,653	208,582	102,342
Accumulated profit	200,182	178,400	130,836 †	85,329 †
Other reserves	(61,962)	(59,430)	(41,000)	(14,347)
Shareholders' equity	361,087	336,063	301,822 †	176,285 †
AMOUNTS IN ACCORDANCE WITH US GAAP(2)				
Total assets	515,514	486,446	432,610 †	230,142 †
Long-term borrowings	42,002	22,329	45,081	35,042
Shareholders' equity	353,992	328,968	294,727 †	172,369 †

† Restated due to change in accounting policy relating to stripping costs. Refer to notes 6 and 27 of our audited consolidated financial statements. 1. Total cash cost and total cash cost per ounce are non-GAAP measures. We have calculated total cash costs and total cash costs per ounce 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 our 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. We have calculated total cash costs and total cash costs per ounce on a consistent basis for all periods presented. Total cash costs and total cash costs per ounce should not be considered by investors as an alternative to 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, amortization 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, 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 cash costs as the company's operations mature, and a benchmark of performance to allow for comparison against other companies. Within this prospectus our discussion and analysis is focused on the ''total cash cost'' measure as defined by the Gold Institute.

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The following table lists the costs of producing gold, determined in accordance with IFRS, and reconciles this GAAP measure to total cash costs as defined by the Gold Institute's guidance, as a non-GAAP measure, for each of the periods set forth below:

Costs	Nine Months Ended September 30, 2007 (Unaudited)	Nine Months Ended September 30, 2006 (Unaudited)	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
	(In thousands, except per share and ounce data)				
Mine production costs	$ 95,391	$ 86,150	$ 115,217	$ 66,612	$ 37,468
Depreciation and amortization	17,566	16,312	22,844	11,910	8,738
General and administration expenses	9,329	7,777	13,006	7,438	6,809
Transport and refinery costs	859	458	711	360	233
Royalties	12,753	12,551	16,979	10,273	5,304
Movement in production inventory and ore stockpiles	(7,107)	(12,521)	(13,373)	(18,744)†	(7,425)†
Total cost of producing gold determined in accordance with IFRS	128,791	110,727	155,384	77,849 †	51,127 †
Less: Non-cash costs included in total cost of producing gold:					
Depreciation and amortization	(17,566)	(16,312)	(22,844)	(11,910)	(8,738)
Total cash costs using the Gold Institute's guidance	111,225	94,415	132,540	65,939 †	42,389 †
Ounces produced*	324,838	331,379	448,242	328,428	204,194
Total production cost per ounce under IFRS	396	334	347	237 †	250 †
Total cash cost per ounce	342	285	296	201 †	208 †

† Restated due to change in accounting policy relating to stripping costs. Refer to note 6 of our audited consolidated financial statements.

* 40% share of Morila and 100% share of Loulo.

2. Under IFRS, we account for our interest in Morila Limited using the proportionate consolidation method, whereby our proportionate share of Morila Limited's assets, liabilities, income, expenses and cash flows are incorporated in our consolidated financial statements under the appropriate headings. Under US GAAP, we utilize the equity accounting method for our interest in Morila Limited. This requires that we recognize our share of Morila Limited's net income as a separate line item in the statements of operations. In the balance sheet, we reflect as an investment our share of Morila Limited's net assets. While this results in significantly different financial statement presentation between IFRS and US GAAP, it has no impact on our net income or our net asset value, except for any difference between IFRS and US GAAP which relates to Morila.

3. Effective June 11, 2004, we undertook a split of our ordinary shares, which increased our issued share capital from 29,273,685 to 58,547,370 ordinary shares. In connection with this share split, our ordinary shareholders of record on June 11, 2004 received two $0.05 ordinary shares for every one $0.10 ordinary share they held.

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RISK FACTORS

In addition to the other information included or incorporated by reference in this prospectus, you should carefully consider the following factors, which individually or in combination could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Our Operations

The profitability of our operations, and the cash flows generated by our operations, are affected by changes in the market price for gold which in the past has fluctuated widely.

Substantially all of our revenues and cash flows have come from the sale of gold. Historically, the market price for gold has fluctuated widely and has been affected by numerous factors over which we have no control, including:

- the demand for gold for industrial uses and for use in jewelry;
- international or regional political and economic trends;
- the strength of the US dollar, the currency in which gold prices generally are quoted, and of other currencies;
- financial market expectations regarding the rate of inflation;
- interest rates;
- speculative activities;
- actual or expected purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;
- hedging activities by gold producers; and
- the production and cost levels for gold in major gold-producing nations.

The volatility of gold prices is illustrated in the following table, which shows the annual high, low and average of the afternoon London Bullion Market fixing price of gold in US dollars for the past ten years.

	Price per ounce ($)		
Year	High	Low	Average
1996	415	367	388
1997	367	283	331
1998	313	273	294
1999	326	253	279
2000	313	264	279
2001	293	256	271
2002	349	278	310
2003	416	320	363
2004	454	375	409
2005	537	411	444
2006	725	525	604
2007 (through October)	790	608	675

In addition, the current demand for, and supply of, gold affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Historically, gold has tended to retain its value in relative terms against basic goods in times of inflation and monetary crisis. As a result, central banks, financial institutions and individuals hold large amounts of gold as a store of value, and production in any given year constitutes a very small portion of the total potential supply of gold. Since the potential supply of gold is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or its price.

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If gold prices should fall below and remain below our cost of production for any sustained period we may experience losses, and if gold prices should fall below our cash costs of production we may be forced to curtail or suspend some or all of our mining operations. In addition, we would also have to assess the economic impact of low gold prices on our ability to recover from any losses we may incur during that period and on our ability to maintain adequate reserves. Our total cash cost of production per ounce of gold sold was $296 in the year ended December 31, 2006, $201 in the year ended December 31, 2005, and $208 in the year ended December 31, 2004. We expect that Morila's cash costs per ounce will rise as the life of the mine advances as a result of expected declining grade, which will adversely affect our profitability in the absence of any mitigating factors. In 2008, Loulo will transition from open pit mining to underground mining, during which time we expect costs to rise during this transitional period.

Our mining operations may yield less gold under actual production conditions than indicated by our gold reserve figures, which are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, production costs and the price of gold.

The ore reserve estimates contained in this prospectus are estimates of the mill delivered quantity and grade of gold in our deposits and stockpiles. They represent the amount of gold that we believe can be mined, processed and sold at prices sufficient to recover our estimated total cash costs of production, remaining investment and anticipated additional capital expenditures. Our ore reserves are estimated based upon many factors, including:

- the results of exploratory drilling and an ongoing sampling of the ore bodies;
- past experience with mining properties;
- gold price; and
- operating costs.

Because our ore reserve estimates are calculated based on current estimates of future production costs and gold prices, they should not be interpreted as assurances of the economic life of our gold deposits or the profitability of our future operations.

Reserve estimates may require revisions based on actual production experience. Further, a sustained decline in the market price of gold may render the recovery of ore reserves containing relatively lower grades of gold mineralization uneconomical and ultimately result in a restatement of reserves. The failure of the reserves to meet our recovery expectations may have a materially adverse effect on our business, financial condition and results of operations.

The profitability of operations and the cash flows generated by these operations are significantly affected by the fluctuations in the price, cost and supply of inputs.

Fuel, power and consumables, including diesel, steel, chemical reagents, explosives and tires, form a relatively large part of the operating costs of any mining company. The cost of these consumables is impacted, to a greater or lesser extent, by fluctuations in the price of oil, exchange rates and a shortage of supplies.

Such fluctuations have a significant impact upon the operating costs and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for mining projects, new and existing, and could even render certain projects non-viable. In addition, while our revenue is derived from the sale of gold in US dollars, a significant portion of our input costs are incurred in currencies other than the dollar. Accordingly, any appreciation in such other currencies could adversely affect our results of operations.

Our business may be harmed if the Government of Mali fails to repay fuel duties owing to Morila and Loulo.

Up to November 2005, Morila was responsible for paying to diesel suppliers the customs duties which are then paid to the Government of Mali. Prior to June 30, 2005 our operations at Morila and Loulo could claim reimbursement of these duties from the Government of Mali on presentation of a

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certificate from Société Générale de Surveillance. During the third quarter 2003, the Government of Mali began to reduce payments to all the mines in Mali due to irregularities involving certain small exploration companies. The Government of Mali has since given full exoneration from fuel duties to the mining industry so that fuel duties are no longer payable. However, significant amounts of previously paid fuel duties remain outstanding. Our share of the amounts owing to Morila was $5.6 million at December 31, 2006 and $4.6 million at September 30, 2007. Amounts owing to Loulo were $4.1 million at December 31, 2006 and $4.5 million at September 30, 2007.

Morila has concluded a re-imbursement protocol with the Government of Mali for all fuel duties and TVA owing to June 2005 and is in negotiation to conclude a further protocol to bring this up to date. At December 31, 2006, the fuel duties owed by the Government of Mali to Morila stood at $14.0 million, which amount has decreased by $2.5 million to $11.5 million at September 30, 2007.

If we are unable to recover these amounts, then our results of operations and financial position would be adversely affected, as would our ability to pay dividends to our shareholders. Accordingly, our business, cash flows and financial condition will be adversely affected if anticipated dividends are not paid.

We have invested in debt instruments for which the market has become substantially illiquid.

At September 30, 2007, we held as ‘‘cash equivalents’’ AAA rated short-term asset-backed securities and other corporate debt instruments in the amount of $49.0 million (December 31, 2006: $49.8 million). The trading market for these instruments has become substantially illiquid as a result of recent conditions in the credit markets. We are unable to predict how long these market constraints will continue. At the present time it is uncertain whether we would be able to dispose of such instruments and realize cash equal to the amount of their carrying value. In the event that the credit rating on these instruments deteriorated, or we require, but are unable to access the funds in the near term, we may be required to record an impairment charge in our financial statements.

Our business may be harmed if the Government of Mali fails to repay Value Added Tax, or TVA, owing to Morila.

Our mining companies operating in Mali are exonerated by their Establishment Conventions from TVA for the three years following first commercial production. After that TVA is payable and reimbursable. TVA is only reclaimable insofar as it is expended in the production of income.

A key aspect in TVA recovery is managing the completion of the Government of Mali’s audit of the taxpayer’s payments, at which time the Government of Mali recognizes a liability. Unfortunately the Government of Mali did not complete its audit of Morila in 2006.

Morila has concluded a reimbursement protocol with the Government of Mali for all TVA owing to June 2005 and is in negotiation to conclude a further protocol to bring this up to date. At December 31, 2006, the TVA owed by the Government of Mali to Morila stood at $26.5 million, which has increased by $10.7 million to $37.2 million at September 30, 2007.

If Morila is unable to recover these funds, then its results of operations and financial position would be adversely affected, as would its ability to pay dividends to its shareholders. Accordingly, our business, cash flows and financial condition will be adversely affected if anticipated dividends are not paid.

We may not be able to recover certain funds from MDM Ferroman (Pty) Limited.

In August 2004, we entered into a fixed lump sum turnkey contract, or MDM Contract, for $63 million for the design, supply, construction and commissioning of the Loulo processing plant and infrastructure with MDM Ferroman (Pty) Ltd, or MDM. At the end of 2005, after making advances and additional payments to MDM totaling $26 million in excess of the contract, we determined that MDM was unable to perform its obligations under the MDM Contract, at which time we enforced a contractual remedy which allowed us to act as our own general contractor and to complete the remaining work on the Loulo project that was required under the MDM Contract.

We believe that we are entitled to recover certain amounts from MDM, including advances of $12.1 million (December 31, 2006: $12.2 million) included in receivables. Of this latter amount, $7 million is secured by performance bonds and the remainder is secured by various personal guarantees and other assets.

As part of our efforts to recoup the monies owed to us, MDM was put into liquidation on February 1, 2006. This resulted in a South African Companies Act Section 417 investigation into the business and financial activities of MDM, its affiliated companies and their directors. The investigation was completed and summons have been issued against those MDM creditors deemed as preferential creditors. These legal proceedings are continuing.

We believe that we will be able to recover in full the $12.1 million included in receivables. However, this is dependent on the amounts which can be recovered from the performance bonds, personal guarantees and other assets provided as security. Any shortfall is expected to be recovered from any free residue accruing to the insolvent estate. The aggregate amount which will ultimately be recovered cannot presently be determined. Our financial statements do not reflect any additional provision that may be required if the $12.1 million cannot be recovered in full. Our results of operations may be adversely affected if we are unable to recover the amounts advanced by us to MDM. Any part of the $12.1 million included in accounts receivable which cannot in fact be recovered will need to be charged as an expense.

Recovery of any amounts in excess of our claim for recovery of the $12.1 million is dependent on the extent to which our claim is accepted by the liquidators and the amount in the free residue. The ultimate outcome of this claim cannot presently be determined and there is significant uncertainty surrounding the amount that will ultimately be recovered.

We may incur losses or lose opportunities for gains as a result of our use of our derivative instruments to protect us against low gold prices.

We use derivative instruments to protect the selling price of some of our anticipated gold production at Loulo. The intended effect of our derivative transactions is to lock in a fixed sale price for some of our future gold production to provide some protection against a subsequent fall in gold prices. No such protection is in place for our production at Morila.

Derivative transactions can result in a reduction in revenue if the instrument price is less than the market price at the time the hedged sales are recognized. Moreover, our decision to enter into a given instrument is based upon market assumptions. If these assumptions are not met, significant losses or lost opportunities for significant gains may result. In all, the use of these instruments may result in significant losses which will prevent us from realizing the positive impact of any subsequent increase in the price of gold on the portion of production covered by the instrument.

Our underground project at Loulo, developing two mines at Yalea and Gara, is subject to all of the risks associated with underground mining.

We have determined to develop, construct and operate underground mines at Yalea and Gara. At Yalea, first ore is expected at the end of the first quarter of 2008, with full production scheduled for the beginning of 2009. At Gara, production is expected at the end of 2009. These planned mines represent our entry into the business of underground mining. In connection with the development of the underground mines, we must build the necessary infrastructure, the costs of which are substantial. The underground mines may experience unexpected problems and delays during their development and construction. Delays in the commencement of gold production could occur and the development costs could be larger than expected, which could affect our results of operations and profitability.

The business of underground mining by its nature involves significant risks and hazards. In particular, as the development commences the operation could be subject to:

- Falls of ground and cave-ins;
- Seismic events;
- Underground fires;

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- Discharges of gases or toxic chemicals;
- Flooding;
- Accidents; and
- Other conditions resulting from drilling, blasting and the removal of material from an underground mine.

We are at risk of experiencing any and all of these hazards. The occurrence of any of these hazards could delay the development of the mine, production, increase cash operating costs and result in additional financial liability for us.

Actual cash costs of production, production results and economic returns may differ significantly from those anticipated by our feasibility studies for new development projects, including Tongon.

It can take a number of years from initial feasibility studies until development is completed and, during that time, the economic feasibility of production may change. In addition, there are a number of uncertainties inherent in the development and construction of any new mine, including:

- the availability and timing of necessary environmental and governmental permits;
- the timing and cost necessary to construct mining and processing facilities, which can be considerable;
- the availability and cost of skilled labor, power, water and other materials;
- the accessibility of transportation and other infrastructure, particularly in remote locations; and
- the availability of funds to finance construction and development activities.

We have determined to proceed with the development of our Tongon project in Côte d'Ivoire, and are progressing with a drilling program that will form the basis of a final feasibility study for the development of a mine. The completion of the feasibility study is dependent in large part on the political situation in that country. Accordingly, the success of any mining operation at our Tongon project is subject to the uncertainties stated above, as well as the risks presented by the political situation in that country. We cannot provide any assurance that we will complete a final feasibility study at Tongon, that the Government of Côte d'Ivoire will approve our final feasibility study or, that the project will ultimately result in a new commercial mining operation.

We conduct mining, development and exploration activities in countries with developing economies and are subject to the risks of political and economic instability associated with these countries.

We currently conduct mining, development and exploration activities in countries with developing economies. These countries and other emerging markets in which we may conduct operations have, from time to time, experienced economic or political instability. It is difficult to predict the future political, social and economic direction of the countries in which we operate, and the impact government decisions may have on our business. Any political or economic instability in the countries in which we currently operate could have a material and adverse effect on our business and results of operations.

The countries of Mali, Senegal, Burkina Faso and Côte d'Ivoire have, since independence, experienced some form of political upheaval with varying forms of changes of government taking place. Côte d'Ivoire has experienced several years of political chaos, including an attempted coup d'etat. The conflict in Côte d'Ivoire resulted in us suspending work in the country pending a peaceful solution. As a result, the progress of the Tongon feasibility study has been delayed.

Goods are supplied to our operations in Mali through Ghana, Burkina Faso and Senegal, which routings have to date functioned satisfactorily. Our operations at Morila have been adversely affected by the higher transportation costs for diesel that now has to be delivered via Togo or Senegal. Any present or future policy changes in the countries in which we operate may in some way have a significant effect on our operations and interests.

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The mining laws of Mali, Côte d'Ivoire, Senegal, Burkina Faso, Ghana and Tanzania stipulate that should an economic ore body be discovered on a property subject to an exploration permit, a permit that allows processing operations to be undertaken must be issued to the holder. Except for Tanzania, legislation in these countries currently provides for the relevant government to acquire a free ownership interest, normally of at least 10%, in any mining project. For example, the Malian government holds a 20% interest in Morila SA and Somilo SA, and cannot be diluted below 10%, as a result of this type of legislation. The requirements of the various governments as to the foreign ownership and control of mining companies may change in a manner which adversely affects us.

Under our joint venture agreement with AngloGold Ashanti Limited, or AngloGold Ashanti, we jointly manage Morila Limited, and any disputes with AngloGold Ashanti over the management of Morila Limited could adversely affect our business.

We jointly control Morila Limited with AngloGold Ashanti under a joint venture agreement. Under the joint venture agreement, AngloGold Ashanti is responsible for the day-to-day operations of Morila, subject to the overall management control of the Morila Limited board. Substantially all major management decisions, including approval of a budget for Morila, must be approved by the Morila Limited board. We and AngloGold Ashanti retain equal control over the board, with neither party holding a deciding vote. If a dispute arises between us and AngloGold Ashanti with respect to the management of Morila Limited and we are unable to amicably resolve the dispute, we may have to participate in arbitration or other proceeding to resolve the dispute, which could materially and adversely affect our business.

The use of mining contractors at certain of our operations may expose it to delays or suspensions in mining activities.

Mining contractors are used at Loulo and Morila to mine and deliver ore to processing plants. Consequently, at these mines, we do not own all of the mining equipment and may face disruption of operations and incur costs and liabilities in the event that any of the mining contractors at these mines has financial difficulties, or should there be a dispute in renegotiating a mining contract, or a delay in replacing an existing contractor.

We may be required to seek funding from third parties or enter into joint development arrangements to finance the development of our properties and the timely exploration of our mineral rights, which funding or development arrangements may not be available on acceptable terms, or at all.

In some countries, if we do not conduct any mineral exploration on our mineral holdings or make the required payments in lieu of completing mineral exploration, these mineral holdings will lapse and we will lose all interest that we have in these mineral rights.

We may be required to seek funding from third parties to finance these activities. Our ability to obtain outside financing will depend upon the price of gold and the industry's perception of its future price, and other factors outside of our control. We may not be able to obtain funding on acceptable terms when required, or at all. Cash constraints and strategic considerations may also lead us to dispose of all or part of our interests in some of our projects or mineral rights or to seek out third parties to jointly develop one or more projects.

We may not pay dividends to shareholders in the near future.

We paid our first dividend to ordinary shareholders in March 2007. It is our policy to pay dividends if profits and funds are available for that purpose. Whether or not funds are available depends on a variety of factors. We cannot guarantee that dividends will be paid in the future.

If we are unable to attract and retain key personnel our business may be harmed.

Our ability to bring additional mineral properties into production and explore our extensive portfolio of mineral rights will depend, in large part, upon the skills and efforts of a small group of management and technical personnel, including D. Mark Bristow, our Chief Executive Officer. If we are not successful in retaining or attracting highly qualified individuals in key management positions, our business may be harmed. The loss of any of our key personnel could adversely impact our ability to execute our business plan.

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Our insurance coverage may prove inadequate to satisfy future claims against us.

We may become subject to liabilities, including liabilities for pollution or other hazards, against which we have not insured adequately or at all or cannot insure. Our insurance policies contain exclusions and limitations on coverage. Our current insurance policies provide worldwide indemnity of £50 million in relation to legal liability incurred as a result of death, injury, disease of persons and/or loss of or damage to property. Main exclusions under this insurance policy, which relates to our industry, include war, nuclear risks, silicosis, asbestosis or other fibrosis of the lungs or diseases of the respiratory system with regard to employees and gradual pollution. In addition, our insurance policies may not continue to be available at economically acceptable premiums. As a result, in the future our insurance coverage may not cover the extent of claims against us.

It may be difficult for you to affect service of process and enforce legal judgments against us or our affiliates.

We are incorporated in Jersey, Channel Islands and a majority of our directors and senior executives are not residents of the United States. Virtually all of our assets and the assets of those persons are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon those persons or us. Furthermore, the United States and Jersey currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, it may not be possible for you to enforce a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon United States Federal securities laws against those persons or us.

In order to enforce any judgment rendered by any Federal or state court in the United States in Jersey, proceedings must be initiated by way of common law action before a court of competent jurisdiction in Jersey. The entry of an enforcement order by a court in Jersey is conditional upon the following:

- the court which pronounced the judgment has jurisdiction to entertain the case according to the principles recognized by Jersey law with reference to the jurisdiction of the foreign courts;
- the judgment is final and conclusive – it cannot be altered by the courts which pronounced it;
- there is payable pursuant to a judgment a sum of money, not being a sum payable in respect of tax or other charges of a like nature or in respect of a fine or other penalty;
- the judgment has not been prescribed;
- the courts of the foreign country have jurisdiction in the circumstances of the case;
- the judgment was not obtained by fraud; and
- the recognition and enforcement of the judgment is not contrary to public policy in Jersey, including observance of the rules of natural justice which require that documents in the United States proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal.

Furthermore, it is doubtful whether you could bring an original action based on United States Federal securities laws in a Jersey court.

We are subject to significant corporate regulation as a public company and failure to comply with all applicable regulations could subject us to liability or negatively affect our share price.

As a publicly traded company, we are subject to a significant body of regulation, including the US Sarbanes-Oxley Act of 2002. While we have developed and instituted a corporate compliance program based on what we believe are the current best practices in corporate governance and continue to update this program in response to newly implemented or changing regulatory requirements, we cannot provide assurance that we are or will be in compliance with all potentially applicable corporate regulations. For example, we cannot provide assurance that in the future our management will not find a material weakness in connection with its annual review of our internal control over financial reporting pursuant to Section 404 of the US Sarbanes-Oxley Act. If we fail to comply with any of these regulations, we could be subject to a range of regulatory actions, fines or other sanctions or litigation. If we must disclose any material weakness in our internal control over financial reporting, our share price could decline.

Risks Relating to Our Industry

The exploration of mineral properties is highly speculative in nature, involves substantial expenditures, and is frequently unproductive.

Exploration for gold is highly speculative in nature. Our future growth and profitability will depend, in part, on our ability to identify and acquire additional mineral rights, and on the costs and results of our continued exploration and development programs. Many exploration programs, including some of ours, do not result in the discovery of mineralization and any mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Our mineral exploration rights may not contain commercially exploitable reserves of gold. Uncertainties as to the metallurgical recovery of any gold discovered may not warrant mining on the basis of available technology. Our operations are subject to all of the operating hazards and risks normally incident to exploring for and developing mineral properties, such as:

- encountering unusual or unexpected formations;
- environmental pollution;
- personal injury and flooding; and
- decrease in reserves due to a lower gold price.

If we discover a viable deposit, it usually takes several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change.

Moreover, we will use the evaluation work of professional geologists, geophysicists, and engineers for estimates in determining whether to commence or continue mining. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization. As a result of these uncertainties, we may not successfully acquire additional mineral rights, or identify new proven and probable reserves in sufficient quantities to justify commercial operations in any of our properties.

If management determines that capitalized costs associated with any of our gold interests are not likely to be recovered, we would recognize an impairment provision against the amounts capitalized for that interest. All of these factors may result in losses in relation to amounts spent which are found not to be recoverable.

Title to our mineral properties may be challenged which may prevent or severely curtail our use of the affected properties.

Title to our properties may be challenged or impugned, and title insurance is generally not available. Each sovereign state is the sole authority able to grant mineral property rights, and our ability to ensure that we have obtained secure title to individual mineral properties or mining concessions may be severely constrained. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, we may be unable to operate our properties as permitted or to enforce our rights with respect to our properties.

Our ability to obtain desirable mineral exploration projects in the future may be adversely affected by competition from other exploration companies.

In conducting our exploration activities, we compete with other mining companies in connection with the search for and acquisition of properties producing or possessing the potential to produce

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gold. Existing or future competition in the mining industry could materially and adversely affect our prospects for mineral exploration and success in the future.

Our operations are subject to extensive governmental and environmental regulations, which could cause us to incur costs that adversely affect our results of operations.

Our mining facilities and operations are subject to substantial government laws and regulations, concerning mine safety, land use and environmental protection. We must comply with requirements regarding exploration operations, public safety, employee health and safety, use of explosives, air quality, water pollution, noxious odor, noise and dust controls, reclamation, solid waste, hazardous waste and wildlife as well as laws protecting the rights of other property owners and the public.

Any failure on our part to be in compliance with these laws, regulations, and requirements with respect to our properties could result in us being subject to substantial penalties, fees and expenses, significant delays in our operations or even the complete shutdown of our operations. We provide for estimated environmental rehabilitation costs when the related environmental disturbance takes place. Estimates of rehabilitation costs are subject to revision as a result of future changes in regulations and cost estimates. The costs associated with compliance with government regulations may ultimately be material and adversely affect our results of operations and financial condition.

If our environmental and other governmental permits are not renewed or additional conditions are imposed on our permits, our financial condition and results of operations may be adversely affected.

Generally, compliance with environmental and other government regulations requires us to obtain permits issued by governmental agencies. Some permits require periodic renewal or review of their conditions. We cannot predict whether we will be able to renew these permits or whether material changes in permit conditions will be imposed. Non-renewal of a permit may cause us to discontinue the operations requiring the permit, and the imposition of additional conditions on a permit may cause us to incur additional compliance costs, either of which could have a material adverse effect on our financial condition and results of operations.

Labor disruptions could have an adverse effect on our operating results and financial condition.

Our operations in West and East Africa are highly unionized, and strikes are legal in the countries in which we operate. Therefore, our operations are at risk of having work interrupted for indefinite periods due to industrial action by employee collectives, such as strikes. Should long disruptions take place on our operations, the results from our operations and their financial condition could be materially and adversely affected.

AIDS poses risks to us in terms of productivity and costs.

The incidence of AIDS in Mali, which has been forecasted to increase over the next decade, poses risks to us in terms of potentially reduced productivity and increased medical and insurance costs. The exact extent to which our workforce is infected is not known at present. The prevalence of AIDS could become significant. Significant increases in the incidence of AIDS infection and AIDS-related diseases among members of our workforce in the future could adversely impact our operations and financial condition.

Risks Relating to this Offering

The market value of our ADSs may fluctuate due to the volatility of the securities markets.

The securities markets in the United States and other countries have experienced significant price and volume fluctuations. Volatility in the price of our ADSs may be caused by factors beyond our control and may be unrelated to, or disproportionate to changes in, our results of operations. In the past, following periods of volatility in the market price of a public company's securities, securities class action litigation has often been instituted against that company. Litigation of this kind could result in substantial costs and a diversion of our management's attention and resources.

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Holders of ADRs have fewer rights than shareholders and have to act through the depositary to exercise those rights.

Holders of ADRs do not have the same rights as shareholders and accordingly cannot exercise rights of shareholders against us. The Bank of New York, as depositary, or the custodian, is the registered shareholder of the deposited shares underlying the ADSs, and therefore you will generally have to exercise your shareholder rights through The Bank of New York. In certain cases, we may not ask The Bank of New York to ask you for instructions as to how you wish the shares underlying the ADSs evidenced by your ADRs voted. The Bank of New York will not ask you for voting instructions in the absence of written instructions from us to do so. In the event that we did not so instruct The Bank of New York, you could still instruct The Bank of New York how to vote if you otherwise learn of our upcoming shareholders' meeting or vote by surrendering your ADSs, withdrawing your underlying shares, and then voting as ordinary shareholders. Even if we ask The Bank of New York to ask you for such instructions, it may not be possible for The Bank of New York to obtain these instructions from you in time for The Bank of New York to vote in accordance with such instructions. If The Bank of New York does not receive instructions from you, it may give a proxy to vote your underlying ordinary shares or other deposited securities to our designated representative. This means you may not be able to exercise your right to vote and there may be nothing you can do if your underlying ordinary shares or other deposited securities are not voted as you instructed.

In some cases, The Bank of New York may not make rights or other distributions available to ADR holders.

If we make a rights offer to holders of securities, The Bank of New York may make these rights available to you after we instruct it to do so and provide it with evidence that it is legal to do so. If we fail to do this and The Bank of New York determines that it is impractical to sell the rights, it may allow these rights to lapse. In that case, you will receive no value for them.

Additionally, The Bank of New York is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holder and we have no obligation to take any other action to permit a distribution. This means that you may not receive the distribution we make on ordinary shares or any value for them if it is illegal or impractical for us to make them available to you.

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USE OF PROCEEDS

We expect to use the net proceeds from this offering for the development of the Tongon project, and other organic and corporate opportunities, including possible acquisitions.

DIVIDENDS

We paid our first dividend to ordinary shareholders in March 2007. It is our policy to pay dividends if profits and funds are available for that purpose. Whether or not funds are available depends on a variety of factors. We cannot guarantee that dividends will be paid in the future.

Subject to the provisions of the 1991 Law and of the Articles of Association, we may, by ordinary resolution, declare dividends to be paid to shareholders according to their respective rights and interests in our profits. However, no dividend shall exceed the amount recommended by us. Subject to the provisions of the 1991 Law, we may declare and pay an interim dividend, including a dividend payable at a fixed rate, if an interim dividend appears to us to be justified by our profits available for distribution.

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CAPITALIZATION

The following table sets forth our actual short-term and long-term indebtedness, shareholders' equity and total capitalization on a consolidated basis at September 30, 2007, and as adjusted to give effect to this offering and the application of the net proceeds of this offering at an assumed offering price of $36.82 per ordinary share, or $36.82 per ADS, as described in ''Use of Proceeds.'' The following table should be read in conjunction with ''Use of Proceeds'' and our consolidated financial statements, including the notes, appearing elsewhere in this prospectus and incorporated by reference in this prospectus.

	At September 30, 2007 (Unaudited)	
	Actual	As Adjusted
	(in thousands)	
Total short-term indebtedness	$ 3,616	$ 3,616
Guaranteed, secured	1,124	1,124
Unguaranteed, secured	—	—
Guaranteed, unsecured	2,492	2,492
Unguaranteed, unsecured	—	—
Total long-term indebtedness	$ 44,427	$ 44,427
Guaranteed, secured	2,425	2,425
Unguaranteed, secured	40,800	40,800
Guaranteed, unsecured	1,202	1,202
Unguaranteed, unsecured	—	—
Shareholders' equity		
Share capital	3,467	3,767
Share premium	219,400	432,592
Accumulated profits	200,182	200,182
Other reserves	(61,962)	(61,962)
Total shareholders' equity	361,087	574,579
Total capitalization (shareholders' equity plus total debt)	$ 409,130	$ 622,622

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion provides information that our management believes is relevant to an assessment and understanding of our consolidated financial condition and results of operations.

This discussion should be read in conjunction with the more detailed information contained in ‘‘Operating and Financial Review and Prospects’’ included in our 2006 20-F incorporated by reference in this prospectus, and the audited consolidated financial statements that are incorporated into and the unaudited condensed interim financial statements that appear in this prospectus, including the notes hereto. The following unaudited information for the nine month period ended September 30, 2007 and 2006 and as of September 30, 2007, have been derived from our unaudited condensed consolidated interim financial statements, including the related notes that appear elsewhere in this prospectus.

Revenues

Substantially all of our revenues are derived from the sale of gold. As a result, our operating results are directly related to the price of gold. Historically, the price of gold has fluctuated widely. The gold price is affected by numerous factors over which we have no control.

Our financing arrangements for the development of Loulo include provisions for gold price protection. At September 30, 2007, 226,493 ounces had been sold forward at an average price of $445 per ounce (December 31, 2006: 298,075 ounces at $436 per ounce). The remaining portion of the hedge book represents approximately 21% of planned open pit production at Loulo for the period ending December 31, 2010.

Significant changes in the price of gold over a sustained period of time may lead us to increase or decrease our production, which could have a material impact on our revenues.

Our Realized Gold Price

The following table sets out the average, the high and the low afternoon London Bullion Market fixing price of gold and our average U.S. dollar realized gold price during the nine months ended September 30, 2007 and 2006.

	Nine months ended September 30, 2007	Nine months ended September 30, 2006
Average	$ 666	$ 601
High	743	725
Low	608	525
Average realized gold price*	604	567

* Our average realized gold price differs from the average gold price as a result of the timing of our gold deliveries and different realized prices achieved on the hedge book.

Costs and Expenses

Our operations currently comprise two open pit operations mined by contractors. Milling operations are undertaken by the group’s own employees. Total cash costs in the nine months ended September 30, 2007 as defined by guidance issued by the Gold Institute made up approximately 71% of total costs and expenses and comprised mainly of mining and milling costs, including labor and consumable stores costs. Consumable stores costs include diesel and reagent costs. Contractor costs represented 41% of total cash costs, with diesel and reagent costs making up 35% of total cash costs. Direct labor costs accounted for approximately 7% of total cash costs. For a definition of total cash costs, please refer to ''Summary Consolidated Financial and Operating Data.''

The price of diesel acquired for the Morila and Loulo operations continued to increase during the nine months ended September 30, 2007, which had a negative impact on total cash costs. Should these prices increase further, this could impact significantly the total cash costs mainly as a result of the high

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volume of diesel consumed to generate power and to run the mining fleet. Mining contractor costs, which are Euro denominated at Morila, also increased as a result of the weakening of the US dollar during the nine months ended September 30, 2007.

The remainder of our total costs and expenses consists primarily of amortization and depreciation, exploration costs, exchange losses, interest expense and general administration or corporate charges.

Loulo currently benefits from a three-year duty exemption period, which ends on November 8, 2008. Duties will become payable in accordance with the Malian duty regime on all imported goods. On average, it is anticipated that this has the effect of increasing the costs of imported goods by 7%, which equals to an overall increase of 1% on total costs.

Operating Results for Nine months ended September 30, 2007 and 2006

Prepared in accordance with IFRS	Nine months ended Sept. 30, 2007 (Unaudited)	Nine months ended Sept. 30, 2006 (Unaudited)
(In thousands, except per share data)		
REVENUE		
Gold sales on spot	216,713	201,130
Loss on matured hedges	(16,727)	(7,270)
Non-cash loss on roll forward of hedges	(4,759)	(4,700)
Total revenues	195,227	189,160
OTHER INCOME		
Interest income	5,437	5,692
Other income	632	730
Total other income	6069	6,422
Total income	201,296	195,582
COSTS AND EXPENSES		
Mine production costs	95,391	86,150
Movement in production inventory and ore stockpiles	(7,107)	(12,521)
Depreciation and amortization	17,566	16,312
General and administration expenses	9,329	7,777
Mining and processing costs	115,179	97,718
Transport and refinery costs	859	458
Royalties	12,753	12,551
Exploration and corporate expenditure	22,987	21,393
Other losses – net	—	323
Exchange losses/(gains) – net	504	(10)
Unwind of discount on provisions for environmental rehabilitation	288	252
Interest expense	4,148	4,687
PROFIT BEFORE INCOME TAX	44,578	58,210
Income tax expense	(13,442)	(18,124)
NET PROFIT	31,136	40,086
Attributable to:		
Equity shareholders	28,656	37,584
Minority shareholders	2,480	2,502
	31,136	40,086
Basic earnings per share (US$)	0.42	0.55
Fully diluted earnings per share (US$)	0.41	0.54

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Product Sales

Total revenue increased by 3% from $189.2 million for the nine months ended September 30, 2006 to $195.2 million for the nine months ended September 30, 2007. Gold sales on spot increased by 8% from the nine months ended September 30, 2006 compared to the nine months ended September 30, 2007. This is mainly due to the increase in the average spot gold price received. The average spot gold price received increased from $603 per ounce for the nine months ended September 30, 2006 to $673 per ounce for the corresponding period in 2007.

The loss incurred on matured hedges increased by 130% from $7.3 million for the nine months ended September 30, 2006 to $16.7 million for the nine months ended September 30, 2007. This is due to more ounces of the hedge book being delivered into during the nine months ended September 30, 2007 (71,582 ounces), compared to the nine months ended September 30, 2006 period (39,764), as well as an increase in the average spot gold price.

Interest Income

Interest income amounts consist primarily of interest received on cash held at banks. Interest income of $5.4 million for the nine months ended September 30, 2007 is consistent with the interest income of $5.7 million for the nine months ended September 30, 2006.

Other Income

Other income consists mainly of cost recoveries, which are fees recovered from exploration joint ventures. Other income of $0.6 million for the nine months ended September 30, 2007 is consistent with the other income of $0.7 million for the nine months ended September 30, 2006.

Cost and Expenses

Total Cash Costs

The following table sets out our total ounces produced and total cash cost and production cost per ounce for the nine months ended September 30, 2007 and 2006 (for a definition of cash costs, please see ‘‘Summary Consolidated Financial and Operating Data’’):

Nine months ended September 30,	2007		2006	
	Ounces	$ Per Ounce	Ounces	$ Per Ounce
Morila (40% share) cash costs	128,250	330	158,346	237
Loulo (100% share) cash costs	196,588	350	173,033	329
Total ounces (attributable production)	324,838		331,379	
Group total cash cost		342		285
Total production cost per ounce under IFRS*		396		334

* Total production cost includes total cash costs and also the depreciation and amortization cost which is discussed below.

From the nine months ended September 30, 2006 to the nine months ended September 30, 2007, our group total cash cost per ounce increased $57 per ounce, or 20%, from $285 per ounce to $342 per ounce. This is primarily due to a decrease in the average grade at the Morila operation from 4.4 grams per tonne to 3.5 grams per tonne. It was furthermore impacted by increases in mining contractor costs at Loulo with the introduction of blasting from

July 2006 and the processing of harder ore from the Gara pit at Loulo, taken together with the overall inflationary increases in the mining industry, specifically relating to oil, steel and plant consumables. The total ounces (attributable to production) decreased 2% from 331,379 ounces for the nine months ended September 30, 2006 to 324,838 ounces for the nine months ended September 30, 2007 further contributed to the increase in the total cash cost.

Royalties increased by $0.2 million, or 2%, from $12.6 million for the nine months ended September 30, 2006 to $12.8 million for the nine months ended September 30, 2007. The increased royalties reflect increased gold sales and a higher gold price received.

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General and administrative costs comprise of various expenses associated with providing on mine administration support services to the Morila and Loulo mines. These charges increased to $9.3 million for the nine months ended September 30, 2007 from $7.8 million for the nine months ended September 30, 2006. The increase relates to costs incurred as part of the group's efforts to recoup the monies owed by MDM, the contractor which was responsible for the construction of the Loulo mine until the main construction contract was taken back on December 30, 2005.

Depreciation and Amortization

Depreciation and amortization charges increased by $1.3 million or 8% from $16.3 million for the nine months ended September 30, 2006 to $17.6 million for the nine months ended September 30, 2007. The increase relates to the continued capital expenditure incurred on the plant and open pit operations at both Loulo and Morila.

Interest Expense

Interest expense for the nine months ended September 30, 2007 was $4.1 million and comprised mainly of the interest on the Loulo project loan, as well as interest on the Loulo Caterpillar finance lease. The interest expense for the nine months ended September 30, 2006 was $4.7 million and the decrease is mainly the result of a decrease in the weighted average Loulo project loan balance outstanding, due to repayments made at June 30, 2006 ($8.4 million) and December 30, 2006 ($10.8 million).

Other Losses – Net

The loss of $0.3 million for the nine months ended September 30, 2006 relates to the ineffective loss portion of hedging contracts previously recognized. The mark-to-market valuation of the Loulo hedge book is treated as a cash flow hedge and the hedge effective component of changes in fair value are accounted for through equity until the hedged items are sold.

Exploration and Corporate Expenditure

Exploration and corporate expenditure was $23 million for the nine months ended September 30, 2007, and $21.4 million for the nine months ended September 30, 2006. The increase of $1.6 million from the previous nine months is a reflection of increased expenditure on the Tongon project in Côte d'Ivoire, where we are in the process of completing a final feasibility study.

Exchange Losses/(Gains) – Net

The exchange loss for the nine months ended September 30, 2007 of $0.5 million and the exchange gain of $0.01 million for the nine months ended September 30, 2006 relate primarily to Morila and Loulo and the movement results from the weakening of the US dollar against other currencies, especially the Euro, in which goods and services are denominated. Exchange gains and losses are also driven by movements in the US dollar against other currencies in respect of those cash balances which are denominated in currencies other than the US dollar.

Income Tax Expense

The income tax expense amounted to $13.4 million for the nine months ended September 30, 2007 (nine months ended September 30, 2006: $18.1 million). The decrease in the tax expense is due to lower gold sales and profit before tax at Morila for the nine months ended September 30, 2006 compared to the nine months ended September 30, 2007.

Morila SA benefited from a five year tax holiday until November 14, 2005. Loulo SA also benefits from a five year tax holiday in Mali. The tax holiday commenced on November 8, 2005. Under the Malian tax law, income tax is based on the greater of 35% taxable income or 0.75% of gross revenue.

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Minority Interests

The minority interests for the nine months ended September 30, 2007 and September 30, 2006 represent the 20% minority share of the profits at Loulo since production commenced in November 2005.

Liquidity and Capital Resources for Nine months ended September 30, 2007 and 2006

An analysis of the cash flows for the nine month periods ended September 30, 2007 and September 30, 2006 is set out below:

Prepared in accordance with IFRS	Nine months ended Sept. 30, 2007 (Unaudited) (In thousands)	Nine months ended Sept. 30, 2006 (Unaudited) (In thousands)
Profit before income tax	$ 44,578	$ 58,210
Adjustment for non-cash items	24,218	23,425
Working capital changes	(29,126)	(10,817)
Income tax paid	(9,178)	(9,053)
Net cash generated by operations	30,492	61,765
Net cash utilized in investing activities	(37,998)	(50,739)
Additions to property, plant and equipment	(37,998)	(50,844)
Financing of contractors	—	105
Net cash generated by financing activities	(4,764)	(8,158)
Ordinary shares issued	4,324	2,685
Decrease in long-term borrowings	(2,214)	(10,843)
Dividends paid to company's shareholders	(6,874)	—
Net (decrease) increase in cash and cash equivalents	(12,270)	2,868
Cash and cash equivalents at beginning of period	143,356	152,452
Cash and cash equivalents at end of period	131,086	155,320

We generate cash from our mining activities and have raised funding for the construction of our operations under project finance and financial lease arrangements. As of September 30, 2007, we had cash and cash equivalents of $131.1 million available. Included in these cash and cash equivalents were AAA rated short-term asset-backed securities and other corporate debt instruments in the amount of $49 million. The trading market for these instruments has become substantially illiquid as a result of recent conditions in the credit markets. We continue to receive interest payable on these securities. Subsequent to September 30, 2007, these securities have been reclassified from cash and cash equivalents to investments following the instruments not trading for more than 90 days.

Operations

Net cash generated by operations was $30.5 million for the nine months ended September 30, 2007 compared to $61.8 million for the nine months ended September 30, 2006. Profit before income tax decreased by $13.6 million from $58.2 million for the nine months ended September 30, 2006 to $44.6 million for the nine months ended September 30, 2007. The non-cash items consist primarily of depreciation charges of $17.6 million and the non-cash loss on the roll forward of hedges of $4.8 million. In 2006, the main non-cash items are depreciation charges of $16.3 million and the non-cash loss on the roll forward of hedges of $4.7 million.

Working capital in the nine months ended September 30, 2007 showed a substantial increase of $29.1 million, to a large extent, resulting from the timing of gold shipments and funds received on gold sales at both mines at the end of the third quarter. This has resulted in a $16.8 million increase in receivables. The remainder is mainly due to an increase in inventory and stockpile balances following a build up of gold in process at Morila at September 30, 2007 and an increase in ore stockpiles at Morila in line with the life of mine plan.

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Receivables include $23.0 million net of a provision to reflect the time value of money (December 31, 2006: $18.4 million) relating to indirect taxes owing to Morila SA and Loulo SA by the State of Mali. Receivables also include advances made to a contractor at Loulo totaling $11.8 million net of a provision to reflect the time value of money (December 31, 2006: $11.8 million). Significant uncertainties exist relating to the recoverability of the advances to the contractor.

Investing

Investing activities for the nine months ended September 30, 2007 utilized $38.0 million compared to $50.7 million utilized for the nine months ended September 30, 2006. The investing activities for both periods relate to the expenditure incurred on the underground development at Loulo. Capital expenditure for the nine months ended September 30, 2007 include the development of the twin declines, acquisition of the underground fleet, the completion of four CIL tanks, expenditure on the thickener, as well as the tailings dam at Loulo. Capital expenditure for nine months ended September 30, 2006 consist of expenditure to complete phase 2 of the Loulo plant as well as the commencement of construction and purchase of equipment for the Loulo underground mine at Yalea.

Financing

Financing activities for the nine months ended September 30, 2007 utilized net cash of $4.8 million compared to net cash utilized of $8.2 million for the nine months ended September 30, 2006. The net cash utilized in the nine months ended September 30, 2007 relates mainly to the dividend payment made of $6.9 million, partially offset by cash generated through ordinary shares issued of $4.3 million.

The net cash utilized in the nine months ended September 30, 2006 related mainly to the repayment of $8.4 million on the Loulo project finance loan.

Credit and Loan Facilities

As of September 30, 2006, our significant loan facilities were the corporate revolving credit facility, the Loulo Caterpillar finance facility and the Morila power plant finance lease as described below.

The Loulo project finance facility was replaced in early May 2007 with a $60 million corporate revolving credit facility to us. The facility is with NM Rothschild, Société Générale, Fortis and Barclays. It carries interest at rates of between LIBOR + 1.4% and LIBOR + 1.6%. The final repayment date is May 1, 2011. Only $40.8 million of the $60 million facility has been drawn. Provided that no further draw down on the outstanding facility is required, the new corporate facility allows for repayments to be scheduled as follows: 2007 to 2009 – nil; 2010-$16.8 million and 2011 – $24.0 million. The maximum amounts outstanding under the facility are: prior to November 1, 2009 – $60.0 million; up to May 1, 2010 – $48.0 million; up to November 1, 2010 – $36.0 million; up to May 1, 2011 – $24.0 million.

The Caterpillar Finance Facility relates to fifteen 3512B HD generator sets and ancillary equipment purchased from JA Delmas and financed by a loan from Caterpillar Finance for Loulo. The loan is repayable quarterly over 42 months commencing on August 1, 2005 and bears interest at a fixed rate of 6.03% per annum. Together with Randgold Resources (Somilo) Limited, we jointly guaranteed the repayment of this loan. The average loan repayments of $0.5 million are payable in installments over the term of the loan.

The Morila power plant finance lease relates to five generators purchased from Rolls-Royce for Morila. The lease is repayable over ten years commencing April 1, 2001 and bears interest at a variable rate of interest which at December 31, 2006 was approximately 21% per annum. Our attributable share of this finance lease obligation amounted to $3.0 million at September 30, 2007 and $3.8 million at September 30, 2006. We have guaranteed the repayment of the lease.

The maturity terms of our long-term liabilities are set out in more detail in note 8.2 of the unaudited consolidated interim financial statements. We are currently not in breach of, and do not

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expect to breach, any of the covenants of our credit and loan facilities. We are comfortable with our debt-to-equity levels and believe that we will be able to service the debt repayments as they fall due.

Shareholders' Equity and Gross Indebtedness as of September 30, 2007

The following table sets out our shareholders' equity and gross indebtedness. The figures for September 30, 2007 have been derived from our unaudited consolidated interim financial statements.

	Sept. 30, 2007
	(in thousands) (Unaudited)
Total current debt	
Guaranteed	$ 2,492
Secured	1,124
	3,616
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	1,202
Secured	43,225
	44,427
Total gross indebtedness	48,043
Shareholders' equity (excluding accumulated profit)	
Share capital	3,467
Share premium	219,400
Other reserves	(61,962)
	160,905
Total	$ 208,948

(1) Guaranteed debt in the table above includes $3.7 million relating to the Caterpillar Finance Facility as at September 30, 2007.

(2) Secured debt in the table above includes $40.8 million relating to the Corporate Facility and $3.5 million relating to the Morila Power Plant Finance lease.

(3) There is no material contingent indebtedness as of September 30, 2007.

The following schedule sets out our net indebtedness. The figures for September 30, 2007 have been derived from our unaudited consolidated interim financial statements at that date.

	Sept. 30, 2007
	(in thousands) (Unaudited)
Cash and cash equivalents	$ (131,086)
Liquidity	(131,086)
Current portion of non-current debt	3,616
Current Financial Debt	3,616
Net Current Financial Indebtedness	(127,470)
Non-current bank loans	40,800
Other non-current loans	3,627
Non-current Financial Indebtedness	44,427
Net cash	$ (83,043)

Included in cash and cash equivalents are AAA rated short-term asset backed securities and other corporate debt instruments in the amount of $49.0 million. The trading market for these instruments has become substantially illiquid as a result of recent conditions in the credit markets. We continue to receive interest payable on these securities. Subsequent to the September quarter end these securities have been reclassified from cash and cash equivalents to investments following the instruments not trading for more than 90 days.

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Risk Management and Treasury Policy

Although, in general, it is not our policy to hedge our gold sales, we believe it is prudent to hedge during times of capital expansion and we are required to do so under debt financing arrangements. We use hedging instruments to protect the selling price of some of our anticipated gold production. These hedging instruments were required in terms of the Loulo project loan facility, which has been now replaced by the corporate revolving credit facility. Loulo's hedging is administered by our finance department which acts upon the recommendations of a hedging committee within the guidelines of a policy set by our board. The largest portion of our cash resources are held in US dollars. In addition we also hold some Euro and Sterling balances, mainly to cover expenditure in these currencies. In the normal course of business, we enter into transactions denominated in foreign currencies, primarily Euro and Communaute Financiere Africaine Francs. We do not currently hedge our exposure to foreign currency exchange rates. We generally do not undertake any specific actions to cover our exposure to interest rate risk and as at September 30, 2007, we were not party to any interest rate risk management transactions.

Corporate, Exploration, Development and New Business Expenditures

Our expenditures on corporate, exploration, development and new business activities for the nine months ended September 30, 2007 and the nine months ended September 30, 2006 are as follows:

Nine months ended September 30,	2007	2006
	(Unaudited)	
	(In thousands)	
Area		
Rest of Africa	149	52
Burkina Faso	1,337	893
Mali	3,611	5,835
Tanzania	1,135	1,322
Côte d'Ivoire	3,832	932
Senegal	1,527	1,184
Ghana	588	589
Total exploration expenditure	12,179	10,807
Corporate expenditure	10,808	10,586
Total exploration and corporate expenditure	22,987	21,393

The main focus of exploration work is on our advanced projects in Mali West, around Morila, and in Senegal, Tanzania, Burkina Faso, Côte d'Ivoire and Ghana.

Following an extensive drilling programme an updated prefeasibility study has been completed for the Tongon project at Côte d'Ivoire. Further drilling and the final feasibility study are currently underway.

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Tabular Disclosure of Contractual Obligations

Our contractual obligations and commercial commitments consist primarily of credit facilities, as described above. The related obligations as of September 30, 2007 are set out below:

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(dollars in thousands)				
Long-term debt obligations(1)	$ 50,438	$ 2,854	$ 5,707	$ 41,877	$ —
Capital lease obligations(2)	9,118	4,410	3,993	715	—
Operating lease obligations	2,436	348	696	696	696
Financial liabilities – forward gold sales	74,647	25,120	49,527	—	—
Environmental rehabilitation	9,120	—	—	—	9,120
Loans from minority shareholders in subsidiaries	3,000	—	—	3,000	—
Total contractual cash obligations	148,759	32,732	59,923	46,288	9,816
Contracts for capital expenditure	4,906	4,906	—	—	—

(1) Includes total interest of $9.6 million calculated at the interest rate existing at September 30, 2007.
(2) Includes total interest of $1.9 million calculated at the interest rates existing at September 30, 2007.

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PRINCIPAL SHAREHOLDERS

Major Shareholders

As of October 31, 2007, our issued share capital consisted of 69,320,034 ordinary shares with a par value of $0.05 per share. To our knowledge we are not, directly or indirectly, owned or controlled by another corporation, any foreign government or other person.

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of October 31, 2007, by:

- Any person of whom the directors are aware that is interested directly or indirectly in 3% or more of our ordinary shares;
- Each of our directors; and
- All of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Ordinary shares issuable pursuant to options, to the extent the options are currently exercisable or convertible within 60 days of October 31, 2007, are treated as outstanding for computing the percentage of the person holding these securities but are not treated as outstanding for computing the percentage of any other person. Unless otherwise noted, each person or group identified possesses sole voting and investment power with respect to the shares, subject to community property laws where applicable. Unless indicated otherwise, the business address of the beneficial owners is: Randgold Resources Limited, La Motte Chambers, La Motte Street, St Helier, Jersey, JE1 1BJ, Channel Islands.

	Shares Beneficially Owned	
Holder	Number	%
D.M. Bristow	657,584	0.95
B.H. Asher	45,783	0.07
N.P. Cole	447	0.00
R.I. Israel	41,828	0.06
P. Liétard	29,362	0.01
A.L. Paverd	41,828	0.06
K. Voltaire	447	0.00
BNY (Nominees) Limited(1) 30 Cannon Street London EC4M XH	58,267,067	84.06
Wells Fargo & Company(2) 420 Montgomery Street San Francisco, CA 94104	5,968,261	8.69
Directors and executive officers(3)	1,153,654	1.66

(1) Shares held by BNY (Nominees) Ltd are held for, and on behalf of, our ADS holders. (2) Wells Fargo & Company reported in its Schedule 13G filed with the Securities and Exchange Commission that as at December 31, 2006 its beneficial ownership in us amounted to 5,968,261 ordinary shares (8.69%) on a consolidated basis. These shares are included in the shares held by BNY (Nominees) Limited. (3) No executive officer beneficially owns in excess of 1% of the outstanding ordinary shares.

To the knowledge of management, none of the above shareholders hold voting rights which are different from those held by our other shareholders.

As of October 31, 2007, there were 4 record holders of our ordinary shares in the United States, holding an aggregate of 52,829 ordinary shares or 0.08%.

As of October 31, 2007, there were 10 record holders of our ADSs in the United States, holding an aggregate of 58,267,067 ADSs or 84.06%.

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MARKET INFORMATION

Our ordinary shares are listed on the London Stock Exchange, which currently constitutes the principal non-United States trading market for those shares, under the symbol RRS and our ADSs trade in the United States on the Nasdaq Global Select Market under the trading symbol GOLD, in the form of American Depositary Receipts. The American Depositary Receipts are issued by The Bank of New York, as Depositary. Each American Depositary Receipt represents one American Depositary Share. Each American Depositary Share represents one of our ordinary shares.

The following table sets forth, for the periods indicated, the high and low sales prices of our ordinary shares, as reported by the London Stock Exchange, and of our ADSs, as reported by the Nasdaq Global Select Market. Effective March 10, 2003, we changed the ratio of ordinary shares to ADSs from two ordinary shares per ADS to one ordinary share per ADS, so that each ADS now represents one ordinary share. In March 2003, we changed the currency in which the price of our ordinary shares that are traded on the London Stock Exchange are quoted. The ordinary shares are now quoted in pound sterling and not in US dollars. The ADSs continue to be quoted on the London Stock Exchange and the Nasdaq Global Select Market in US dollars.

	Price Per Ordinary Share		Price Per ADS	
Financial Period Ended	High (£)	Low (£)	High ($)	Low ($)
December 31, 2006	14.08	9.09	26.32	15.88
December 31, 2005	9.67	5.31	18.69	10.13
December 31, 2004	7.82	4.29	14.26	7.77
December 31, 2003	8.33	3.10	4.26	5.07
			High ($)	Low ($)
December 31, 2002	7.25	2.83	7.64	2.92

	Price Per Ordinary Share		Price Per ADS	
Calendar Period	High (£)	Low (£)	High ($)	Low ($)
2007				
Third Quarter	16.60	10.60	34.13	20.83
Second Quarter	13.00	10.53	26.24	20.90
First Quarter	12.47	10.79	24.68	21.04
2006				
Fourth Quarter	12.13	10.24	23.53	19.41
Third Quarter	13.40	10.00	24.75	19.41
Second Quarter	14.08	9.09	26.32	17.08
First Quarter	10.63	9.18	18.61	15.88
2005				
Fourth Quarter	9.67	7.62	16.91	13.30
Third Quarter	9.27	7.28	16.70	12.70
Second Quarter	8.00	5.96	15.08	11.05
First Quarter	7.24	5.31	14.07	10.13

	Price Per Ordinary Share		Price Per ADS	
Calendar Month	High (£)	Low (£)	High ($)	Low ($)
2007				
October	17.19	16.46	38.05	30.50
September	16.60	12.15	34.13	24.39
August	12.26	10.60	25.23	20.93
July	11.71	10.86	24.45	21.85
June	12.04	10.53	24.30	20.90
May	12.76	11.55	24.86	22.58

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DESCRIPTION Of OUR MEMORANDUM AND ARTICLES OF ASSOCIATION AND ORDINARY SHARES

General

We are a company organized with limited liability under the laws of Jersey, Channel Islands. Our registered number is 62686.

The authorized share capital is $4,000,000 divided into 80,000,000 ordinary shares of $0.05 each, of which 69,320,034 were issued as of October 31, 2007 and 7,648,481 were available for issue. At the annual general meeting held on April 26, 2004, shareholders approved a resolution which authorized a share split which amended our authorized share capital from $4,000,000 divided into 40,000,000 ordinary shares of $0.10 each to $4,000,000 divided into 80,000,000 ordinary shares of $0.05 each. The issued share capital therefore increased from 29,263,385 to 58,526,770 ordinary shares with effect from June 11, 2004. None of our shares have any redemption rights.

Memorandum of Association

Clause 2 of our Memorandum of Association provides that we shall have all the powers of a natural person including but not limited to the power to carry on mining, exploration or prospecting.

Changes in Capital or Objects and Powers

Subject to the 1991 Law and our Articles of Association, we may by special resolution at a general meeting:

- increase our authorized or paid up share capital;
- consolidate and divide all or any part of our shares into shares of a larger amount;
- sub-divide all or any part of our shares having a par value;
- convert any of our issued or unissued shares into shares of another class;
- convert any of our paid-up shares into stock, and reconvert any stock into any number of paid-up shares of any denomination;
- convert any of our issued shares into redeemable shares which can be redeemed;
- cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of the authorized share capital by the amount of the shares so cancelled;
- reduce the authorized share capital;
- reduce our issued share capital; or
- alter our Memorandum or Articles of Association.

Articles of Association

We adopted our Articles of Association by special resolution passed on June 24, 1997. Our Articles of Association include provisions to the following effect:

General Meeting of Shareholders

We may at any time convene general meetings of shareholders. We hold an annual general meeting for each fiscal year within nine months of the end of each fiscal year. No more than eighteen months may elapse between the date of one annual general meeting and the next.

Annual general meetings and meetings calling for the passing of a special resolution require twenty-one days' notice of the place, day and time of the meeting in writing to our shareholders. Any

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other general meeting requires no less than fourteen days' notice in writing. Our business may be transacted at a general meeting only when a quorum of shareholders is present. Two persons entitled to attend and to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorized representative of a corporation which is a member, constitute a quorum. Nasdaq's marketplace rules, which apply to all companies listed on the Nasdaq Global Select Market, state in Rule 4350(f) that the minimum quorum for any meeting of holders of a company's common stock is 331/3% of the outstanding shares. As a result, we requested, and Nasdaq granted to us, an exemption from compliance with the Rule 4350(f) requirement.

The annual general meetings deal with and dispose of all matters prescribed by our Articles of Association and by the 1991 Law including:

- the consideration of our annual financial statements and report of our independent accountants;
- the election of directors; and
- the appointment of independent auditors.

Voting Rights

Subject to any special terms as to voting on which any shares may have been issued or may from time to time be held, at a general meeting, every shareholder who is present in person (including any corporation present by its duly authorized representative) shall on a show of hands have one vote and every shareholder present in person or by proxy shall on a poll have one vote for each share of which he is a holder. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

Unless we otherwise determine, no shareholder is entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a shareholder in respect of any share held by him unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses, if any, have been paid to us.

Dividends

Subject to the provisions of the 1991 Law and of the Articles of Association, we may, by ordinary resolution, declare dividends to be paid to shareholders according to their respective rights and interests in our profits. However, no dividend shall exceed the amount recommended by us. Subject to the provisions of the 1991 Law, we may declare and pay an interim dividend, including a dividend payable at a fixed rate, if an interim dividend appears to us to be justified by our profits available for distribution.

Except as otherwise provided by the rights attached to any shares, all dividends shall be declared and paid according to the amounts paid up, otherwise than in advance of calls, on the shares on which the dividend is paid. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall, if we so resolve, be forfeited and shall cease to remain owing by us.

We may, with the authority of an ordinary resolution, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of those ways.

We may also with the prior authority of an ordinary resolution, and subject to such conditions as we may determine, offer to holders of shares the right to elect to receive shares, credited as fully paid, instead of the whole, or some part, to be determined by us, of any dividend specified by the ordinary resolution.

Ownership Limitations

Our Articles of Association and the 1991 Law do not contain limits on the number of shares that a shareholder may own.

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Distribution of Assets on a Winding-Up

If we are wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the shareholders in specie the whole or any part of our assets and may, for that purpose, value any assets and determine how the dividend shall be carried out as between the shareholders or vest the whole or any part of the assets in trustees on such trusts for the benefit of the shareholders as he with the like sanction shall determine but no shareholder shall be compelled to accept any assets on which there is a liability.

Transfer of Shares

Every shareholder may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by us. The instrument must be executed by or on behalf of the transferor and, in the case of a transfer of a share which is not fully paid up, by or on behalf of the transferee. The transferor is deemed to remain the holder until the transferee's name is entered in the register of shareholders.

We may, in our absolute discretion and without giving any reason, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:

- it is in respect of a share which is fully paid up;
- it is in respect of only one class of shares;
- it is in favor of a single transferee or not more than four joint transferees;
- it is duly stamped, if so required; and
- it is delivered for registration to our registered office for the time being or another place that we may from time to time determine accompanied by the certificate for the shares to which it relates and any other evidence as we may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so; provided that we shall not refuse to register any transfer of partly paid shares which are listed on the grounds they are partly paid shares in circumstances where our refusal would prevent dealings in those shares from taking place on an open and proper basis.

Variation of Rights

If at any time our share capital is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares may be varied or abrogated in the manner, if any, that is provided by the rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of a resolution passed by the holders of not less than three-quarters in nominal value of the issued shares of that class at a separate general meeting of the holders of shares of the class. The quorum at that meeting shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class in question and at an adjourned meeting not less than one person holding shares of the class in question or his proxy.

Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking equally in all respects, except as to the date from which those new shares shall rank for dividend, with or subsequent to those already issued or by the reduction of the capital paid up on those shares or by the purchase or redemption by us of our own shares in accordance with the provisions of the 1991 Law and the Articles.

Capital Calls

Subject to the terms of allotment of shares, we may from time to time make calls on the members in respect of any monies unpaid on the shares, whether in respect of nominal value or premium, and

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not payable on a fixed date. A member must receive fourteen days' notice of any call and any call is deemed to be made when the resolution of the board authorizing such call was passed.

If any call is not paid on or before the date appointed for payment, the person liable to pay that call shall pay all costs, charges and expenses of ours in connection with the non-payment, including interest on the unpaid amount, if requested by us.

Unless we otherwise determine, no member shall be entitled to receive any dividend or to be present and vote at any general meeting, or be included in a quorum, or to exercise any other right or privilege as a shareholder unless and until any outstanding calls in respect of his shares are paid.

Borrowing Powers

We may exercise all of our powers to borrow money and to mortgage or charge all or any part of our undertaking, property and assets, present and future, and uncalled capital and, subject to the provisions of the 1991 Law, to create and issue debenture and other loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of ours or of any third party.

Issue of Shares and Preemptive Rights

Subject to the provisions of the 1991 Law and to any special rights attached to any shares, we may allot or issue shares with those preferred, deferred or other special rights or restrictions regarding dividends, voting, transfer, return of capital or other matters as we may from time to time determine by ordinary resolution, or if no ordinary resolution has been passed or an ordinary resolution does not make specific provision, as we may determine. We may issue shares that are redeemable or are liable to be redeemed at our option or the option of the holder in accordance with our Articles of Association. Subject to the provisions of the 1991 Law the unissued shares at the date of adoption of the Articles of Association and shares created thereafter shall be at our disposal. We cannot issue shares at a discount.

There are no pre-emptive rights for the transfer of our shares either within the 1991 Law or our Articles of Association.

Meetings of the Board of Directors

Any director may, and the secretary at the request of a director shall, call a board meeting at any time on reasonable notice. A director may waive this notice requirement.

Subject to our Articles of Association our board of directors may meet for the conducting of business, adjourn and otherwise regulate its proceedings as it sees fit. The quorum necessary for the transaction of business may be determined by the board of directors and unless otherwise determined shall be two persons, each being a director or an alternate director. A duly convened meeting of the board of directors at which a quorum is present is necessary to exercise all or any of the board's authorities, powers and discretions.

Our board of directors may delegate or entrust to and confer on any director holding an executive office any of its powers, authorities and discretions for such time, on such terms and subject to such conditions as it sees fit. Our board of directors may also delegate any of its powers, authorities and discretions for such time and on such terms and subject to such conditions as it sees fit to any committee consisting of one or more directors and one or more other persons, provided that a majority of the members of the committee should be directors.

Remuneration of Directors

Our directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors any sum that we may from time to time determine, not exceeding in aggregate $300,000 per annum or any other sum as we, by ordinary resolution in a general meeting, shall from

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time to time determine. That sum, unless otherwise directed by ordinary resolution of us by which it is voted, shall be divided among the directors in the proportions and in the manner that the board determines or, if the board has not made a determination, equally. The directors are entitled to be repaid all traveling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors.

The salary or remuneration of any director appointed to hold any employment or executive office may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by us, and may be in addition to or in lieu of any fee payable to him for his services as director.

Pensions and Gratuities for Directors

We may exercise all of our powers to provide and maintain pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of any company in our group and their relatives or dependants.

Directors' Interests in Contracts

Subject to the provisions of the 1991 Law and provided that his interest is disclosed as soon as practicable after a director becomes aware of the circumstances which gave rise to his duty to disclose in accordance with the Articles of Association, a director, notwithstanding his office, may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with us, or in which we are otherwise interested, may hold any other office or place of profit under us (except that of auditor of, or of a subsidiary of ours) in conjunction with the office of director and may act by himself or through his firm in a professional capacity for us, and in any such case on such terms as to remuneration and otherwise as we may arrange, and may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by us or in which we are otherwise interested and shall not be liable to account to us for any profit, remuneration or other benefit realized by any such office, employment, contract, arrangement, transaction or proposal.

No such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

Restrictions on Directors' Voting

Except as provided in our Articles of Association, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the board or of a committee of the board concerning any contract, arrangement, transaction or any other proposal whatsoever to which we are or will be a party and in which he has an interest which (together with an interest of any person connected with him) is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through us, unless the resolution concerns any of the following matters:

- the giving of any guarantee, security, or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of us or any of our subsidiary undertakings;
- the giving of any guarantee, security or indemnity in respect of a debt or obligation of ours or any of our subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- any proposal concerning an offer of shares or debentures or other securities of or by us or any of our subsidiary

undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

- any proposal concerning any other body corporate in which he (together with persons connected with him) does not to his knowledge have an interest in 1% or more of the issued equity share capital of any class of that body corporate or of the voting rights available to shareholders of that body corporate;

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- any proposal relating to an arrangement for the benefit of our employees or the employees of any of our subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- any proposal concerning insurance which we propose to maintain or purchase for the benefit of directors or for the benefit of persons who include directors.

A director shall not vote or be counted in the quorum for any resolution of the board or committee of the board concerning his own appointment (including fixing or varying the terms of his appointment or termination) as the holder of any office or place of profit with us or any company in which we are interested.

Number of Directors

Unless and until otherwise determined by a special resolution, the number of directors shall be not less than two or more than 20.

Directors' Appointment and Retirement by Rotation

Directors may be appointed by ordinary shareholder resolution or by the board. If appointed by ordinary resolution, a director holds office only until the next annual general meeting and shall not be taken into account in determining the number of directors who are to retire by rotation. A director shall not be required to hold any of our shares.

At each annual general meeting, one-third of the directors who are subject to retirement by rotation will retire by rotation and be eligible for re-election. Subject to the provisions of the 1991 Law and to the Articles, the directors to retire will, first, be any director who wishes to retire and not offer himself for re-election and secondly, will be those who have been longest in office since their last appointment or re-appointment, but as between those who have been in office an equal length of time, those to retire shall (unless they otherwise agree) be determined by lot. There is no age limit imposed upon directors.

Untraced Shareholders

Subject to the Articles, we may sell any of our shares registered in the name of a shareholder remaining untraced for 12 years who fails to communicate with us following advertisement of an intention to make such a disposal. Until we can account to the shareholder, the net proceeds of sale will be available for use in our business or for investment, in either case at our discretion. The proceeds will not carry interest.

CREST

The Companies (Amendment No. 4) (Jersey) Law 1998 and the Companies (Uncertificated Securities) (Jersey) Order 1999 allow the holding and transfer of shares under CREST, the electronic system for settlement of securities in the United Kingdom. Our Articles of Association already provide for our shares to be held in uncertificated form under the CREST system.

Purchase of Shares

Subject to the provisions of the 1991 Law, we may purchase any of our own shares of any class. The 1991 Law provides that we may, by special resolution approve the acquisition of our own shares provided that the source of funds used to finance any repurchase is in accordance with the 1991 Law. The 1991 Law limits the type of funds available to govern the repurchase of the nominal value and the share premium attributed to any share.

Non-Jersey Shareholders

There are no limitations imposed by Jersey law or by our Articles of Association on the rights of non-Jersey shareholders to hold or vote on our ordinary shares or securities convertible into our ordinary shares.

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Rights of Minority Shareholders and Fiduciary Duties

Majority shareholders of Jersey companies have no fiduciary obligations under Jersey law to minority shareholders. However, under the 1991 Law, a shareholder may, under some circumstances, seek relief from the court if he has been unfairly prejudiced by us. The provisions of the 1991 Law are designed to provide relief from oppressed shareholders without necessarily overriding the majority's decision. There may also be common law personal actions available to our shareholders.

Jersey Law and Our Memorandum and Articles of Association

The content of our Memorandum and Articles of Association is largely derived from an established body of corporate law and therefore they mirror the 1991 Law. Jersey company law draws very heavily from company law in England and there are various similarities between the 1991 Law and the English Companies Act 1985 (as amended). However, the 1991 Law is considerably shorter in content than the English Companies Act 1985 and there are some notable differences between English and Jersey company law. There are, for example, no provisions under Jersey law (as there are under English law):

- controlling possible conflicts of interests between us and our directors, such as loans by us or directors, and contracts between us and our directors other than a duty on directors to disclose an interest in any transaction to be entered into by us or any of our subsidiaries which to a material extent conflicts with our interest;
- specifically requiring particulars to be shown in our accounts of the amount of loans to officers or directors' emoluments and pensions, although these would probably be required to be shown in our accounts in conformity to the requirement that accounts must be prepared in accordance with generally accepted accounting principles;
- requiring us to file details of charges other than charges of Jersey realty; or
- as regards statutory preemption provisions in relation to further issues of shares.

Under Article 143 of the 1991 Law, the court may make an order giving relief, including regulation of our affairs requiring us to refrain from doing or continuing to do an act complained of, authorizing civil proceedings and providing for the purchase of shares by any of our other shareholders.

The court has wide powers within its inherent jurisdiction and a shareholder could successfully bring an action in a variety of circumstances. Although there is no statutory definition of unfairly prejudicial conduct, authority suggests that it includes oppression and discrimination and that the test is objective.

There are no provisions in our Memorandum or Articles of Association concerning changes of capital where these provisions would be considered more restrictive than that required by the 1991 Law.

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DESCRIPTION OF AMERICAN DEPOSITARY RECEIPTS

This section summarizes the material provisions of the Deposit Agreement, dated as of July 1, 1997, and amended and restated as of June 26, 2002, and further amended and restated as of July 10, 2002, among us, The Bank of New York, as depositary, and all registered owners and holders from time to time of ADRs issued under the Deposit Agreement. All references in this section to The Bank of New York refer to The Bank of New York or its successor in the capacity of depositary under the Deposit Agreement.

A copy of the Deposit Agreement, including the form of ADR, has been filed as an exhibit to the registration statement of which this prospectus forms a part. A copy of the Deposit Agreement will be available for inspection at the Corporate Trust Office of The Bank of New York, currently located at 101 Barclay Street, New York, New York 10286. The Bank of New York's principal executive office is located at One Wall Street, New York, New York 10286.

The Bank of New York is incorporated and operates under the laws of the State of New York. The Bank of New York is a state-chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Banking Department. The Bank of New York was constituted in 1784 in the State of New York. It does not have a registration number. It is a wholly owned subsidiary of The Bank of New York Company, Inc., a New York corporation.

American Depositary Receipts

The ADRs evidence our ADSs, which in turn represent ownership interests in:

- ordinary shares deposited with the custodian, currently the London, England office of The Bank of New York, and the rights attributable to those ordinary shares; and
- securities, cash or other property received by The Bank of New York or by the custodian in respect of the ordinary shares deposited with the custodian, but not distributed to ADS owners.

As an ADR holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Jersey law governs shareholder rights. The Bank of New York will be the holder of the ordinary shares underlying your ADSs. As a holder of ADRs, you will have ADR holder rights. The deposit agreement sets out ADR holder rights as well as the rights and obligations of The Bank of New York as depositary. New York law governs the deposit agreement and the ADRs.

You may hold ADRs either directly or indirectly through your broker or financial institution. If you hold ADRs directly, you are an ADR holder. This description assumes you hold your ADRs directly. If you hold the ADRs indirectly, you must rely on the procedures of your broker or financial institution to assert the rights of ADR holders described in this section. We encourage you to consult with your broker or financial institution to find out what those procedures are.

Share Dividends and Other Distributions

How will you Receive Dividends and other Distributions on Shares?

The Bank of New York will pay to you the cash dividends or other distributions it or the custodian receives on the ordinary shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares the ADSs evidenced by your ADRs represent.

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Cash

The Bank of New York will convert any cash dividend or distribution that we pay on the ordinary shares, if in a foreign currency, into U.S. dollars. If any government approval of the conversion is needed and cannot be obtained or is not obtained within a reasonable amount of time, or if the conversion is otherwise not possible on a reasonable basis, The Bank of New York may distribute the foreign currency only to those ADR holders to whom it is possible to do so or may hold the foreign currency it cannot convert for the account of the ADR holders who have not been paid. The Bank of New York may hold the foreign currency without investing it, and will not be required to pay you any interest if it does so.

Before making a distribution, The Bank of New York will deduct any withholding taxes that must be paid under applicable laws. It will distribute only whole U.S. dollars and cents and will round any fractional amounts to the nearest whole cent. If the exchange rates fluctuate during a time when The Bank of New York cannot convert the foreign currency, you may lose some or all of the value of the distribution.

Shares

The Bank of New York will distribute new ADRs representing any ordinary shares that we distribute as a dividend or free distribution, if we request that The Bank of New York make this distribution and if we furnish The Bank of New York promptly with satisfactory evidence that it is legal to do so. The Bank of New York will only distribute whole ADSs. It will sell ordinary shares which would require it to issue an ADR evidencing a fractional ADS and distribute the net proceeds to the holders entitled to those shares. If The Bank of New York does not distribute additional cash or ADRs, the outstanding ADSs will also represent the new ordinary shares. Each ADS currently represents one ordinary share.

Rights

If we offer holders of securities any rights, including rights to subscribe for additional ordinary shares, The Bank of New York may make these rights available to you and has the authority to set the procedures for any offer to you. We must first instruct The Bank of New York to do so and furnish it with satisfactory evidence that it is legal to do so. If we do not furnish this evidence and/or give these instructions, and The Bank of New York determines that it is practical to sell the rights, The Bank of New York may sell the rights and allocate the net proceeds to holders' accounts. The Bank of New York may allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If The Bank of New York makes rights available to you, upon instruction from you it will exercise the rights and purchase the ordinary shares on your behalf. The Bank of New York will then deposit the ordinary shares and issue ADRs to you. It will only exercise rights if you pay The Bank of New York the exercise price and any charges the rights require you to pay.

The Bank of New York will not offer you rights unless those rights and the securities to which the rights relate are either exempt from registration or have been registered under the Securities Act with respect to a distribution to you.

Other Distributions

The Bank of New York will send to you any other property that we distribute on deposited securities by any means The Bank of New York thinks is legal, fair and practical. If it cannot make the distribution in that way, The Bank of

New York may decide to sell what we distributed; for example by public or private sale, and distribute the net proceeds, in the same way as it does with cash, or it may decide to hold what we distributed, in which case the outstanding ADSs will also represent the newly distributed property.

The Bank of New York is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holder. For example, The Bank of New York may decide that a

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distribution of cash to ADR holders is illegal where any applicable foreign currency control would prohibit it, or that a share or rights distribution to ADR holders is illegal if the underlying securities have not been registered or are not being offered under an available exemption from registration requirements. A distribution to ADR holders may be impractical if we do not give timely or sufficient notice of the proposed distribution to The Bank of New York or if the costs of the distribution exceed the value the holders would receive from the distribution. We will have no obligation to take any other action to permit the distribution of ADRs, ordinary shares, rights or anything else to ADR holders. This means that you may not receive the distribution we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you.

Deposit, Withdrawal and Cancellation

How does The Bank of New York issue ADSs?

The Bank of New York will deliver the ADSs that you are entitled to receive against deposit of the underlying ordinary shares represented by the ADSs. The Bank of New York will deliver additional ADSs if you or your broker deposit ordinary shares with the custodian. You must also deliver evidence satisfactory to The Bank of New York of any necessary approvals of the governmental agency in Jersey, if any, which is responsible for regulating currency exchange at that time. If required by The Bank of New York, you must in addition deliver an agreement transferring your rights as a shareholder to receive dividends on other property. Upon payment of its fees and of any taxes or charges, The Bank of New York will register the appropriate number of ADRs in the names you request and will deliver the ADRs at its Corporate Trust Office to the persons you request.

How do you cancel an ADR and obtain ordinary shares?

You may submit a written request to withdraw ordinary shares and turn in your ADRs at the Corporate Trust Office of The Bank of New York. Upon payment of its fees and of any taxes or charges, such as stamp taxes or stock transfer taxes, The Bank of New York will deliver the deposited securities underlying the ADSs evidenced by the surrendered ADRs to an account designated by you at the office of the custodian. At your request, risk and expense, The Bank of New York may deliver at its Corporate Trust Office any dividends or distributions with respect to the deposited securities underlying the ADSs evidenced by your ADRs, or any proceeds from the sale of any dividends, distributions or rights, which may be held by The Bank of New York.

Record Dates

Whenever any distribution of cash or rights, change in the number of ordinary shares represented by ADSs or notice of a meeting of holders of ordinary shares or other deposited securities is made, The Bank of New York will fix a record date for the determination of the owners entitled to receive the benefits, rights or notice.

Voting of Deposited Securities

How do you Vote?

If you are an ADR holder on a record date fixed by The Bank of New York, you may instruct The Bank of New York how to exercise the voting rights of the ordinary shares or other deposited securities underlying the ADSs evidenced by your ADRs. Otherwise, you won’t be able to exercise your right to vote unless you withdraw the ordinary shares or other deposited securities. However, you may not know about the meeting enough in advance to withdraw the ordinary shares or other deposited securities.

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If we ask for your instructions, The Bank of New York will notify you of the upcoming meeting and arrange to deliver the relevant materials to you. The materials will:

- include all information included with the meeting notice sent by us to The Bank of New York;
- explain how you may instruct The Bank of New York to vote the ordinary shares or other deposited securities underlying the ADSs evidenced by your ADRs as you direct; and
- include a voting instruction card and any other information required under Jersey law that we and The Bank of New York will prepare.

For instructions to be valid, The Bank of New York must receive them on or before the date established by The Bank of New York. The Bank of New York will try, to the extent practical, subject to applicable law and the provisions of our Articles of Association, to vote or have its agents vote the underlying ordinary shares or other deposited securities as you instruct. The Bank of New York will only vote, or attempt to vote, as you instruct. However, if The Bank of New York does not receive your voting instructions, it may give a proxy to vote your underlying ordinary shares or other deposited securities to our designated representative.