

African Mining...
Time for a reality check?

LSE: RRS NASDAQ: GOLD

Mine Africa Forum, March 2018

The World... in CRISIS? or ON THE MEND?



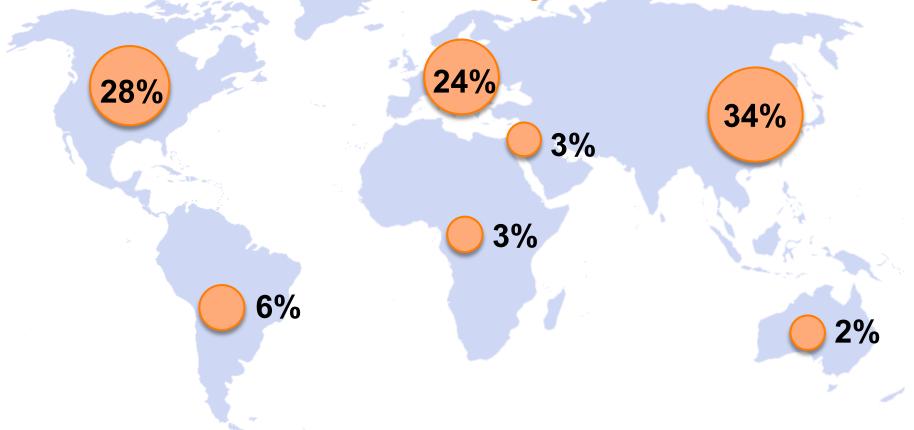




Global Economy...



GDP contribution by continent

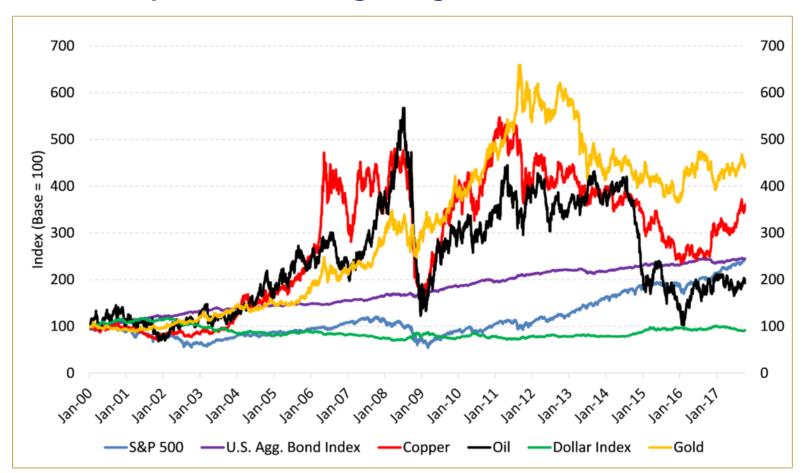




Gold has outperformed equities, bonds, and key commodities since 2000...



Indexed performance of gold against other asset classes

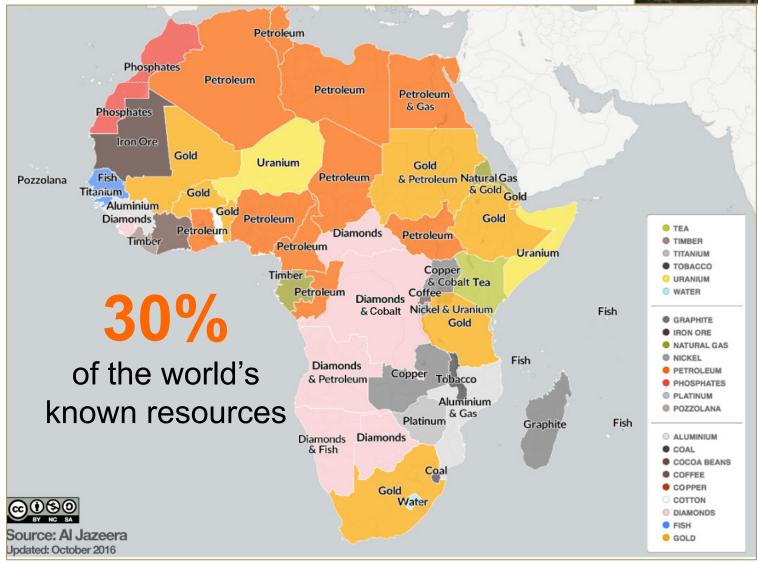


Source: Bloomberg



Africa's mineral endowment...





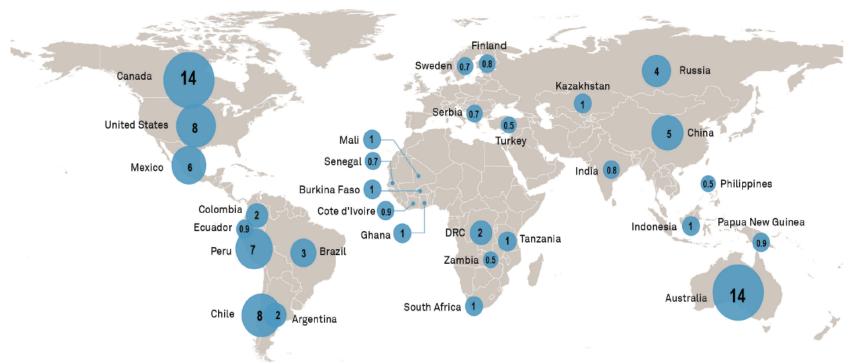


Worldwide gold exploration budgets by country...



■ The largest portion of available exploration funds are now being spent in South America (30%) and North America (28%) with only 14% allocated to Africa (6% to West Africa and 2% in the DRC)

1535 companies' budgets totalling US\$7.05 billion



88 other countries and four regional allocations account for 10.1%

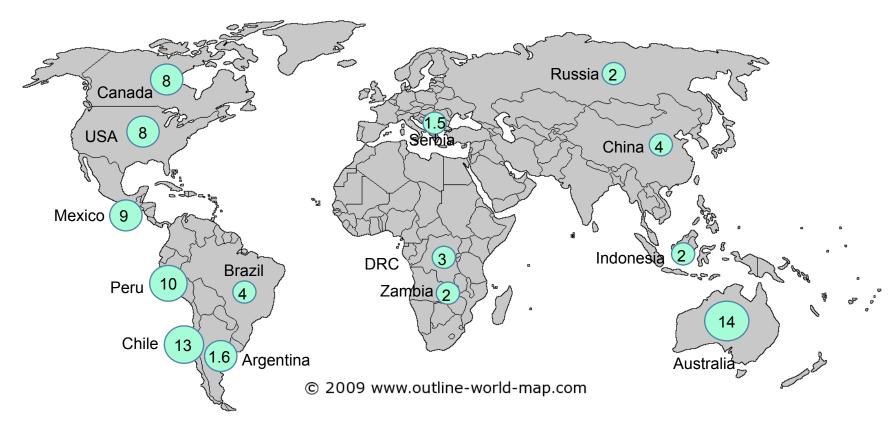
Data as of Nov 15, 2017

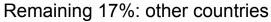
Source: S&P Global Market Intelligence



Worldwide base metal exploration budgets by country...



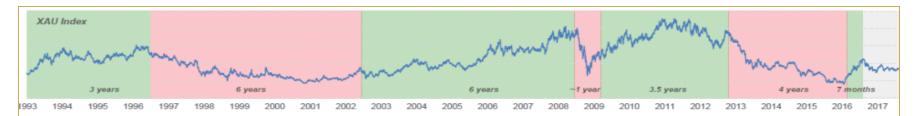






The Mining Sector Cycle...







The mining industry is cyclical over time

Market focus shifts between growth & survival



Bear Market = Survival Focus

- Cost-cutting → employees, exploration budgets, G&A, dividends cut
- Asset portfolio review
 impairments/write-downs, development projects shelved, non-core/lower quality assets put up for sale
- M&A focused on synergies / JV consolidation and low risk acquisitions
- Acquisitions are typically smaller (targets <15% of acquirer size)
- Financing is very expensive and very selective
- High quality names first in queue upon turnaround

Bull Market = Growth Focus

- Production growth is a focus, whether organically (increased exploration budgets) or via acquisitions
- Capital return to shareholders via dividends
- M&A focused on buy & build development projects
- Critical mass acquisitions/mergers also common → larger % size targets vs. acquirors (up to 40%)
- Financing is abundant with low discount pricing
- Market funds growth
- "Loose" money for higher risk opportunities

From mid 2012 through the end of 2015 the gold sector was largely in a broad bear market

- Significant underperformance across all gold equities with valuations at multi-year lows
- Investor focus on free cash flow shareholder returns, not growth, and corporate focus on cost-cutting, project delays and write-downs

From early 2016, the sector has rebounded off its bear market lows and is down ~25% from its highs

- Has traded in a sideways trend for the past 12 months → continued volatility and uncertainty going forward



African mining vision...requires partnerships to build on successes



Global institutions setting objectives for emergence of African countries based on mining

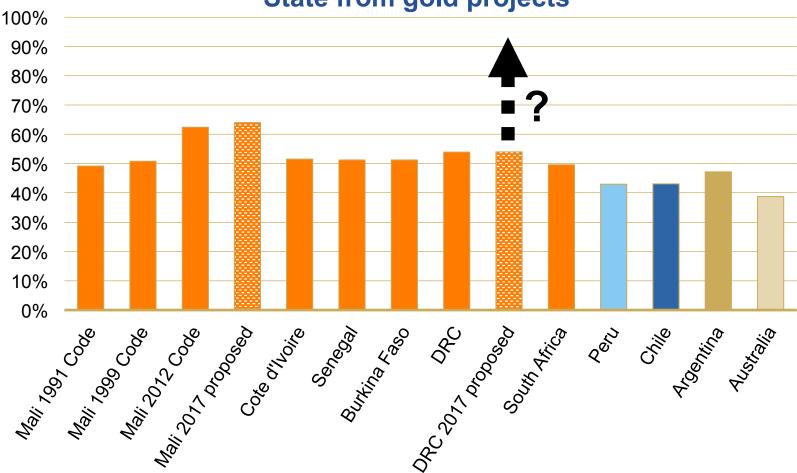




Instead of building on the successes we have tried to harvest with no broader economic plan..



Percentage of project cashflows (undiscounted) going to State from gold projects



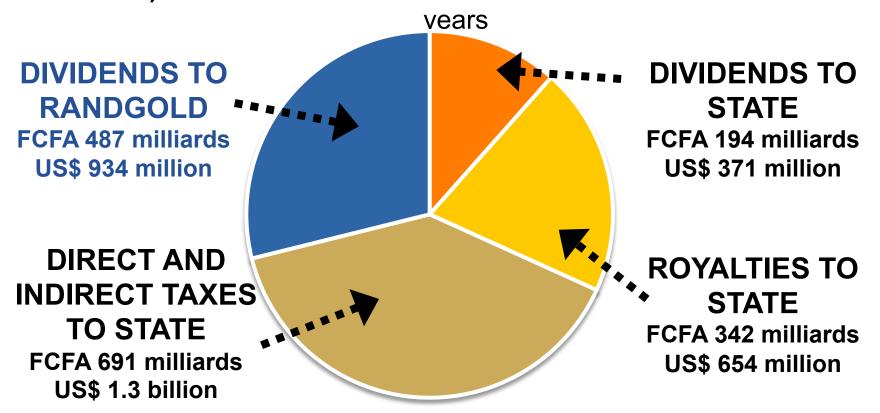
Gold Price US\$ 1,300/oz ; Cash operating cost - US\$ 700/oz



Dividends and Taxes paid to State of Mali...



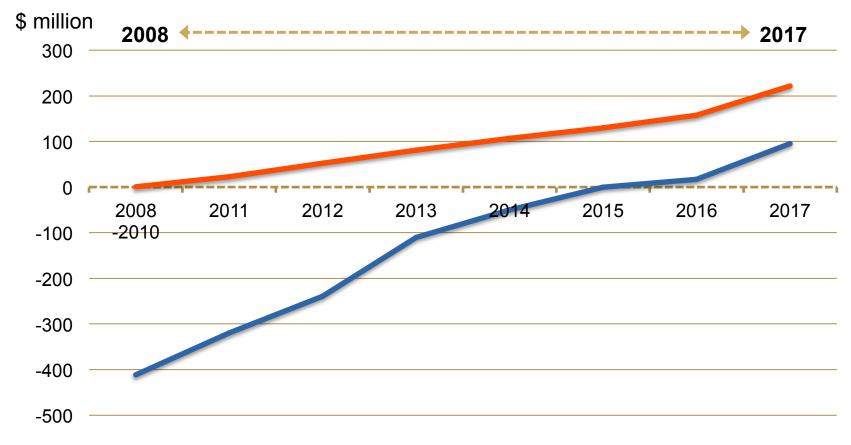
Randgold operated mines have paid FCFA 1 227 billion (US\$ 2.3 billion) in the form of Dividends and Taxes to the State over 21





Côte d'Ivoire...cumulative Government vs Randgold receipts



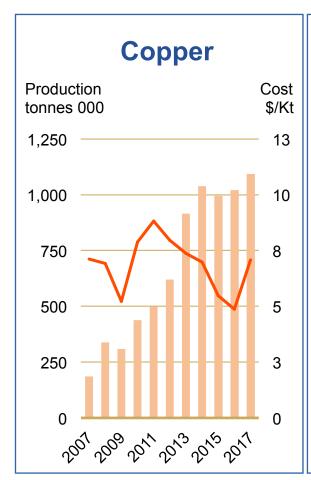


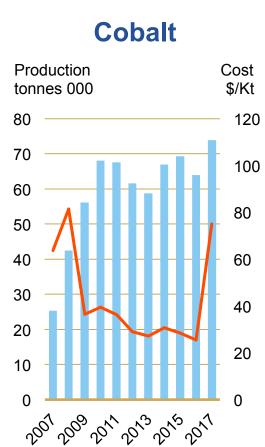
- Cumulative cash flow to Government
- Cumulative cash flow from/to Randgold

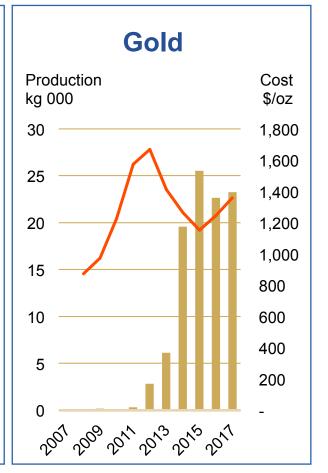


DRC...growth in production under 2002 mining code











Examples of how mining industry is a springboard for country's development...







Randgold Resources...creating value is a long term game

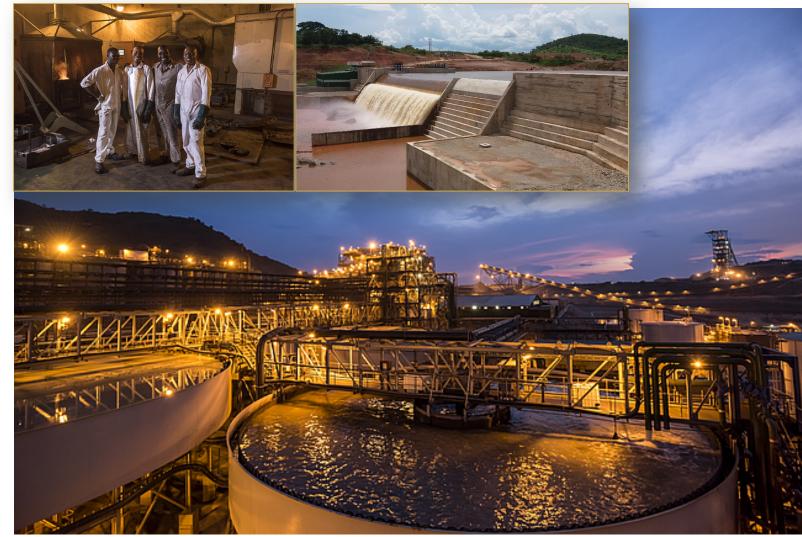






Kibali Gold Mine...DRC







Loulo-Gounkoto Gold Mining Complex... Mali





A sustainable mining industry needs...



...a committed partnership

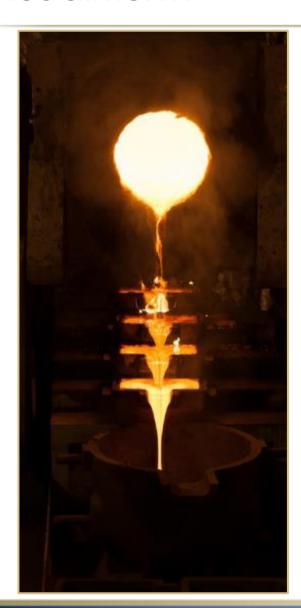


STAKEHOLDERS



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Randgold reports its mineral resources and mineral reserves in accordance with the JORC 2012 code. As such numbers are reported to the second significant digit. They are equivalent to National Instrument 43-101. Mineral resources are reported at a cut-off grade based on a gold price of US\$1 500/oz.

The reporting of mineral reserves is also in accordance with Industry Guide 7. Pit optimisations are carried out at a gold price of US\$1 000/oz, except for Morila which is reported at US\$1 300/oz. Mineral reserves are reported at a cut-off grade based on US\$1 000/oz gold price within the pit designs. Underground reserves are also based on a gold price of US\$1 000/oz. Dilution and ore loss are incorporated into the calculation of reserves.

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