



# Directors' report

FOR THE YEAR ENDED 31 DECEMBER 2005

## 1 SHARE OPTION SCHEME

The directors granted options to senior employees in accordance with the provisions of the Randgold Resources Limited Share Option Scheme (the "Scheme"). The summary on the facing page is included in this report as required in accordance with the rules of the Scheme.

## 2 ELECTION OF DIRECTORS

At the last annual general meeting of the company, Messrs Israel and Liétard were re-elected as directors. No changes to the board of directors of the company (the "board") took place during the year. In accordance with Article 90.1 of the company's Articles of Association, Dr Paverd and Mr Asher retire by rotation and as retiring directors are eligible, have offered themselves for re-election.

## 3 SPECIAL RESOLUTIONS

The directors have considered, approved and unanimously recommend to the shareholders the special resolutions in the form attached to the notice of annual general meeting (the "Notice"), as summarised below and incorporated into this report by reference (the "Special Resolutions").

In the opinion of all the directors, the adoption of these Special Resolutions would be in the best interests of the company and of the shareholders as a whole. Accordingly, all the directors who own shares in the company – (being DM Bristow (728 400 shares), BH Asher (14 614 shares), J-A Cramer (2 148 shares), RI Israel (14 614 shares), AL Paverd (40 014 shares), P Liétard (27 548 shares) and RA Williams (160 000 shares) – have indicated their intention to vote their shares in favour of the Special Resolution.

### *(a) Company's purchase of its own shares*

The board recommends to the shareholders that a Special Resolution be passed at the annual general meeting approving a general authority for the company to purchase its own shares in accordance with the terms set out in Annexure 3 of the Notice. The authority will be subject to the requirements of the Companies (Jersey) Law 1991, as amended, the United Kingdom Financial Services Authority, the United States Securities and Exchange Commission, the London Stock Exchange and The NASDAQ Stock Market.

The directors intend to use this authority at such time or times, in respect of such number of shares, at such price and on such terms as they may consider appropriate from time to time. Accordingly, the method by which the company intends to acquire its shares, the exact number(s) to be acquired and the price(s) and date(s) at which the acquisition(s) is(are) to take place are not presently known.

However, the proposed authority is limited to a maximum of 14.9% of the company's issued ordinary share capital as at the date of the Special Resolution. Additionally, maximum and minimum acquisition pricing mechanisms will apply to the purchase by the company of its own shares, as set out in the Special Resolution. The maximum acquisition price will not be more than 5% above the weighted average of the listed price for the issued ordinary shares of the company for the five business days preceding the date of acquisition of the shares by the company. The minimum acquisition price will be par value.

It should be noted that the total number of outstanding options to subscribe for shares in the company as at 13 March 2006 is 2 163 714. These options together represent 3.17% of the issued share capital of the company as at 13 March 2006 and would, if the existing and proposed authority for the company to purchase its own shares were to be used in full, together represent 18.03% of the issued share capital of the company. There are no outstanding warrants to subscribe for shares in the company as at 13 March 2006.

SHARE OPTION SCHEME	Available	Granted	Average US\$ price	Exercised	Average US\$ price	Total*
<i>Balance at 31 December 2003</i>	1 941 626	1 987 396	3.14	5 624 318	-	9 553 340
Adjustment to balance following increase in share capital	979	-	-	-	-	979
Options exercised during the period	-	(6 000)	-	6 000	11.07	-
Balance prior to share split	1 942 605	1 981 396	2.88	5 630 318	-	9 554 319
Adjustment to balance following increase in share capital	114 260	-	-	-	-	114 260
Options exercised during the period	-	(702 925)	-	702 925	9.05	-
Options granted during the period	(1 316 003)	1 316 003	8.05	-	-	-
Options lapsed during the period	53 500	(53 500)	3.25	-	-	-
Balance at 31 December 2004	794 362	2 540 974	5.35	6 333 243	-	9 668 579
Adjustment to balance following increase in share capital	1 315 589	-	-	-	-	1 315 589
Options exercised during the period	-	(617 260)	-	617 260	13.36	-
Options granted during the period	(249 000)	249 000	13.79	-	-	-
Options lapsed during the period	9 000	(9 000)	12.78	-	-	-
Balance at 31 December 2005	1 869 951	2 163 714	-	6 950 503	-	10 984 168

\* This shows the total options exercised, granted and available since the inception of the Scheme.