

Tongon

No LTIs occurred in Q3 with an LTIFR of zero (Q2 2018: zero). No major environmental incident occurred during Q3 2018.

Tongon produced 26 068oz of gold in Q3 2018, down 60% from the previous quarter (Q2 2018: 65 259oz) as a result of illegal industrial action taken by the workforce causing a cessation of operations from 13 July to 4 September.

Throughput into the mills decreased by 58% from Q2 due to a low plant runtime of 36% (Q2 2018: 82%) stemming from the industrial action. Head grade milled of 2.3g/t was marginally down from the previous quarter. Recovery was 81.7% in Q3, down 3% from the previous quarter as a further consequence of the work stoppages which impacted the effective operation of the plant.

The mine restarted production on 5 September at a reduced rate, ramping up in the first week while attending to care and maintenance items.

Profit from mining activity decreased 78% to \$7.2 million in Q3 2018 compared to the previous quarter, primarily due to a 62% reduction of ounces sold. Gold sales during the quarter were also impacted by the 6% lower average gold price received of \$1 206/oz. During the quarter \$9.8 million of costs has been classified as other expenses, relating to ongoing costs during the period without associated revenue.

TONGON RESULTS

	Quarter ended 30 Sep 2018	Quarter ended 30 Jun 2018	Quarter ended 30 Sep 2017	9 months ended 30 Sep 2018	9 months ended 30 Sep 2017
Mining					
Tonnes mined (000)	2 903	5 470	6 779	11 758	18 100
Ore tonnes mined (000)	365	931	860	1 857	3 110
Milling					
Tonnes processed (000)	431	1 019	1 062	2 340	3 221
Head grade milled (g/t)	2.3	2.4	2.3	2.4	2.4
Recovery (%)	81.7	84.1	83.6	83.9	83.9
Ounces produced	26 068	65 259	66 811	149 482	211 291
Ounces sold	24 319	64 682	62 001	149 613	209 726
Average price received (\$/oz)	1 206	1 288	1 286	1 293	1 254
Cash operating costs ¹ (\$/oz)	874	753	761	765	645
Total cash costs ¹ (\$/oz)	911	791	800	804	683
Gold on hand at period end ² (\$000)	2 760	720	9 836	2 760	9 836
Profit from mining activity ¹ (\$000)	7 191	32 160	30 158	73 160	119 737
Gold sales ¹ (\$000)	29 334	83 342	79 735	193 408	262 958

Randgold owns 89.7% of Société des Mines de Tongon SA (Tongon) with the State of Côte d'Ivoire and outside shareholders owning 10% and 0.3% respectively. Randgold consolidates 100% of Tongon and shows the non-controlling interest separately.

¹ Refer to explanation of non-GAAP measures provided.

² Gold on hand represents gold in doré at the mines multiplied by the prevailing spot gold price at the end of the period.

Sustainability

Tongon continued with its community social responsibility programmes during the quarter, with the emphasis on education projects. Education projects included building four classrooms at the Korhogo Secondary School as an initiative to boost the quality of the education, the recognition of the best students in the community and rewarding them with much needed study materials and support. Tongon has started to support secondary education, on top of its foundational pillar of primary education.

The first construction phase of the Tongon Village water tower and supply system has been completed. The mine has partnered with government to start the second phase of the water supply project entailing the distribution of water from the water tower to the community households.

The agribusiness project for Q3 focused mainly on maize farming with 500ha cultivated. Harvest is expected at 3t/ha in Q4.

Capital expenditure

Total capital expenditure for Q3 was \$1.1 million (Q2 2018: \$1.6 million) and mainly related to fleet rebuild activities (\$0.5 million), TSF standby pipeline installation (\$0.2 million) and mine wide fire mitigation (\$0.1 million).