

Randgold Resources Limited

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Randgold Resources shines bright in tarnished sector suggests Numis

Randgold Resources' (LON:RRS) Investor Day had the desired effect on Numis, which has come back full of accolades for the Africa-focused gold miner.

By sticking to its knitting Randgold has emerged as a stand-out against an industry that has created limited real value over the past decade, said the broker.

The focus remains Central and West Africa and exploration so far has been disciplined and successful, as a discovery cost of less than \$20/oz illustrates.

Potential to add resources exists at Loulo (Mali) with high grade extensions at depth beyond the current block model. Goukoto's (Mali) underground feasibility (1Moz reserve) is progressing as high grade zones are open at depth, while at Tongon (Ivory Coast) there is potential for more ounces beyond the pit while the country remains a key exploration destination.

Kibali (DRC) exploration is now focusing around the main KCD deposit to close the gaps, look at down dip/plunge potential, and find new bodies along the 35km structure while Massawa's (Senegal) high grade veins in the central zone are being re-assessed.

Numis adds that mine plans and capital projects remain disciplined and focused on maintaining high grades (over 3 grams per tonne, or g/t) and a conservative reserve gold price (US\$1,000/oz).

Reserves are expected to be flat at 15mln oz (resources 30Moz) at 3.5g/t at the end of 2014.

Randgold also indicated its wants to build cash to US\$0.5bn and maintain a progressive dividend policy.

Numis concludes that superior operational nous, strong free cash flow and dividend potential, brownfield growth and exploration upside will enable it to weather the current depressed gold price not allowing anything for the growing number of M&A opportunities the tough conditions are throwing up.

'Buy' with a £49 target price is the Numis verdict. Shares today were up 16p at 4,444p.

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Share Information

Code: RRS

Listing: LSE

Sector: Gold & silver

Website: www.randgoldresources.com

Company Synopsis:

On 1 January 2019 a new Barrick was born out of the merger between Barrick Gold Corporation and Randgold Resources. Shares in the new company trade on the NYSE (GOLD) and the TSX (ABX).

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