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Randgold swings to Q3 profit, but costs rise

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By Julie Crust

LONDON (Reuters) - Gold miner Randgold Resources swung into a profit in the third quarter from the year earlier as higher gold production and prices outweighed rising costs.

Randgold also said it will fast-track its Goukoto project in Mali, situated 25 kilometres south of the company's flagship Loulo complex, and plans to complete a pre-feasibility study by the end of the first quarter of 2010.

The only pure gold producer in the FTSE 100 index said on Tuesday it moved into a profit of \$13.6 million, from a loss of \$684,000 a year ago, although its profits dropped 39 percent from the second quarter.

The shares were down 1.6 percent at 4,700.8 pence at 0928 GMT, in line with other gold producers as prices for the metal eased back from a record \$1,110.85 an ounce on Monday.

Chief Executive Mark Bristow told Reuters that he expects gold to reach \$1,200 an ounce by the end of the year due to the fundamental shortage of the metal.

Randgold's third-quarter gold production rose to 118,925 ounces from 101,856 ounces, but total cash costs per ounce increased to \$573 from \$513 on higher mining costs and stockpile adjustments.

Evolution Securities noted that Randgold's forward sales commitments meant it did not benefit fully from the continuing increase in the gold price.

The company is winding down its hedging position.

PROJECT PIPELINE

Randgold aims to double its gold production by 2011 and expects to get close to doubling this again by the end of 2013 with the start up of Goukoto and its Massawa project in Senegal.

A scoping study on Goukoto estimated an inferred mineral resource of 2.65 million ounces at a grade of 6.3 grammes a tonne.

"Goukoto's grades are just spectacular," said Bristow.

Elsewhere, the development of the Tongon mine in the Ivory Coast is ahead of schedule and the first gold could be poured next October, towards the early part of its fourth-quarter 2010 forecast.

The company is fully funded to develop its projects including its newly acquired 45-percent stake in the Kibali project.

It expects to start site construction at Kibali within the next 20 to 24 months, Bristow said.

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