Financial and Operating Results

Q3 2013 and 9 months 2013

Nord Gold N.V.

Interim Condensed Consolidated Financial Statements
as at and for the Nine Months Ended 30 September 2013

NORD GOLD N.V.

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NORD GOLD N.V.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement is made with a view to confirm the responsibilities of Directors in relation to the interim condensed consolidated financial statements of Nord Gold N.V. and its subsidiaries (the "Group").

Directors are responsible for the preparation of the interim condensed consolidated financial statements that present fairly the consolidated financial position of the Group as at 30 September 2013, and financial performance, cash flows and changes in equity for the nine months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34").

In preparing the interim condensed consolidated financial statements, Directors are responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed, subject to any material departures disclosed and explained in the interim condensed consolidated financial statements; and
- Preparing the interim condensed consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Directors are also responsible for:

- Designing, implementing and maintaining an effective system of internal controls, throughout the Group;
- Maintaining statutory accounting records in compliance with the legislation and accounting standards in the jurisdictions in which the Group operates;
- Taking steps to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The Board of Directors hereby declares that, to the best of their knowledge the interim condensed consolidated financial statements for the nine months ended 30 September 2013 prepared in accordance with IAS 34, give a true and fair view of the Group's consolidated assets, liabilities, financial position, and profit and loss.

The interim condensed consolidated financial statements for the nine months ended 30 September 2013 were approved on 10 November 2013 on behalf of the Board of Directors by:

Zelensky N.G. Chief Executive Officer	Zinkovich S.V. Chief Financial Officer

NORD GOLD N.V.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)
Amounts in thousands of US dollars, except as otherwise stated

		Nine months ended 30 September,		Three months ended 30 September,	
	Note	**2013**	**2012**	**2013**	**2012**
Sales	4	942 443	851 071	325 320	322 532
Cost of sales		(684 560)	(562 128)	(239 480)	(220 023)
Gross profit		**257 883**	**288 943**	**85 840**	**102 509**
General and administrative expenses	5	(46 248)	(47 323)	(14 208)	(15 820)
Taxes other than income tax		(56 233)	(54 511)	(19 025)	(20 758)
Other operating (expenses)/income, net	6	(317 512)	6 320	(3 385)	4 339
(Loss)/ profit from operations		**(162 110)**	**193 429**	**49 222**	**70 270**
Finance income	7	5 146	3 133	4 850	11 287
Finance costs	7	(49 844)	(30 132)	(18 621)	(8 278)
(Loss)/profit before income tax		**(206 808)**	**166 430**	**35 451**	**73 279**
Income tax benefit / (expense)	8	66 758	(43 216)	(586)	(15 317)
(Loss)/ profit for the period		**(140 050)**	**123 214**	**34 865**	**57 962**
Attributable to:					
Shareholders of the Company		(155 137)	76 873	30 207	40 950
Non-controlling interest		15 087	46 341	4 658	17 012
Weighted average number of shares outstanding during the period (millions of shares)	9	378,104	358,794	378,122	358,794
(Loss)/earnings per share					
Basic and diluted (loss)/earnings per share (US dollars)	9	(0,41)	0,21	0,08	0,11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)

Amounts in thousands of US dollars, except as otherwise stated

	Nine months ended 30 September		Three months ended 30 September	
	2013	**2012**	**2013**	**2012**
(Loss)/ profit for the period	**(140 050)**	**123 214**	**34 865**	**57 962**
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange gain/(loss)	(52 414)	18 913	22 682	39 760
Change in fair value of cash flow hedges	(6 176)	4 036	(662)	5 366
Revaluation of available-for-sale financial assets	(50 992)	4 055	(197)	20 440
Deferred tax on revaluation of available-for-sale financial assets	6 556	(522)	(174)	(2 911)
Items that will not be reclassified subsequently to profit or loss:				
Foreign exchange gain/(loss)	(2 523)	6 925	1 577	12 061
Other comprehensive (loss)/income for the period, net of tax	**(105 549)**	**33 407**	**23 226**	**74 716**
Total comprehensive (loss)/income for the period	**(245 599)**	**156 621**	**58 091**	**132 678**
Attributable to:				
Shareholders of the Company	(258 029)	102 470	51 856	99 233
Non-controlling interest	12 430	54 151	6 235	33 445

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

NORD GOLD N.V.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2013 (UNAUDITED)

Amounts in thousands of US dollars, except as otherwise stated

	Note	30 September 2013	31 December 2012
ASSETS			
Current assets			
Cash and cash equivalents		263 780	44 991
Accounts receivable		60 656	85 064
Inventories		525 607	501 027
Value added tax recoverable		84 349	88 516
Short-term financial investments		21 022	18 502
Income tax receivable		7 672	11 028
Total current assets		963 086	749 128
Non-current assets			
Property, plant and equipment	11	835 005	861 327
Intangible assets	12	934 566	1 215 068
Long-term financial investments	13	31 742	81 313
Investment in joint venture		3 932	4 582
Restricted cash		6 448	5 052
Deferred tax assets		8 204	5 324
Other non-current assets		25 076	12 627
Total non-current assets		1 844 973	2 185 293
TOTAL ASSETS		2 808 059	2 934 421
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	14	332 339	261 905
Accounts payable		179 420	195 958
Income tax payable		29 515	22 947
Provisions		17 888	21 782
Total current liabilities		559 162	502 592
Non-current liabilities			
Long-term borrowings	14	706 432	463 594
Provisions		81 407	79 282
Deferred tax liabilities		71 595	181 520
Other non-current liabilities		13 892	16 131
Total non-current liabilities		873 326	740 527
Total liabilities		1 432 488	1 243 119
Equity			
Share capital		1 307 121	1 306 900
Additional paid-in capital		894 352	894 292
Foreign exchange differences		(92 922)	(40 508)
Accumulated losses		(811 009)	(607 683)
Revaluation reserve		3 240	53 718
Total equity attributable to shareholders of the Company		1 300 782	1 606 719
Non-controlling interest		74 789	84 583
Total equity		1 375 571	1 691 302
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2 808 059	2 934 421

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)
Amounts in thousands of US dollars, except as otherwise stated

	Nine months ended 30 September,	
	2013	**2012**
Operating activities		
(Loss)/ profit for the period	(140 050)	123 214
Adjustments for non-cash movements:		
Finance costs, net of finance income	44 698	26 999
Income tax (benefit) / expense	(66 758)	43 216
Depreciation and amortization	160 017	154 565
Impairment of non-current assets, net	280 223	205
Net loss from joint ventures	376	116
Work-in-progress impairment recognized in cost of sales	7 495	-
Long-term work-in-progress impairment recognized in other operating expenses	33 904	-
Loss on disposal of property, plant and equipment	1 053	430
Movements in provisions for receivables and other provisions	(1 267)	4 669
	319 691	353 414
Changes in operating assets and liabilities:		
Accounts receivable	15 890	(15 245)
Inventories	(56 239)	(133 628)
Value added tax recoverable	2 168	(28 421)
Accounts payable	(7 305)	5 970
Other changes in operating assets and liabilities, net	(12 356)	6 243
Cash flows from operations	261 849	188 333
Interest paid	(28 186)	(60 401)
Income taxes paid	(28 323)	(56 016)
Cash generated from operating activities	205 340	71 916
Investing activities		
Acquisition of property, plant and equipment	(130 972)	(232 782)
Acquisition of exploration and evaluation assets	(59 978)	(97 011)
Additions to financial investments	(5 660)	(14 101)
Proceeds from disposal of property, plant and equipment	60	112
Proceeds from disposal of financial investments	-	400
Interest received	816	2 266
Cash used in investing activities	(195 734)	(341 116)
Financing activities		
Proceeds from borrowings	579 684	529 136
Repayment of borrowings	(285 315)	(378 669)
Acquisition of non-controlling interest in subsidiary	(23 199)	-
Borrowing and equity transaction costs paid	(8 324)	-
Dividends paid	(46 507)	(2 104)
Bank charges	(995)	(945)
Cash generated from financing activities	215 345	147 418
Net increase / (decrease) in cash and cash equivalents	224 951	(121 782)
Cash and cash equivalents at beginning of the period	44 991	217 133
Effect of exchange rates fluctuations on cash and cash equivalents	(6 162)	7 055
Cash and cash equivalents at end of the period	263 780	102 406

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)

	Attributable to the shareholders of Nord Gold N.V.							
	Share capital	Additional paid-in capital	Foreign exchange differences	Accumulated losses	Revaluation reserve	Total	Non-controlling interests	Total
Balance at 1 January 2012	**1 244 501**	**862 340**	**(71 367)**	**(562 002)**	**41 991**	**1,515 463**	**240 764**	**1 756 227**
Profit for the period	-	-	-	76 873	-	76 873	46 341	123 214
Foreign exchange loss	-	-	18 913	-	-	18 913	6 925	25 838
Change in fair value of cash flow hedges	-	-	-	-	4 036	4 036	-	4 036
Revaluation of available-for-sale financial investments	-	-	-	-	3 040	3 040	1 015	4 055
Deferred tax on revaluation of available-for-sale investments	-	-	-	-	(392)	(392)	(130)	(522)
Total comprehensive income for the period						102 470	54 151	156 621
Dividends	-	-	-	-	-	-	(2 104)	(2 104)
Balance at 30 September 2012	**1 244 501**	**862 340**	**(52 454)**	**(485 129)**	**48 675**	**1 617 933**	**292 811**	**1 910 744**
Balance at 1 January 2013	**1 306 900**	**894 292**	**(40 508)**	**(607 683)**	**53 718**	**1 606 719**	**84 583**	**1 691 302**
(Loss)/profit for the period	-	-	-	(155 137)	-	(155 137)	15 087	(140 050)
Foreign exchange loss	-	-	(52 414)	-	-	(52 414)	(2 523)	(54 937)
Change in fair value of cash flow hedges	-	-	-	-	(6 176)	(6 176)	-	(6 176)
Revaluation of available-for-sale financial investments	-	-	-	-	(50 818)	(50 818)	(174)	(50 992)
Deferred tax on revaluation of available-for-sale investments	-	-	-	-	6 516	6 516	40	6 556
Total comprehensive (loss)/income for the period						(258 029)	12 430	(245 599)
Share issue	221	60	-	-	-	281	-	281
Dividends	-	-	-	(44 618)	-	(44 618)	(1 889)	(46 507)
Acquisition of non-controlling interest in subsidiary	-	-	-	(3 571)	-	(3 571)	(20 335)	(23 906)
Balance at 30 September 2013	**1 307 121**	**894 352**	**(92 922)**	**(811 009)**	**3 240**	**1 300 782**	**74 789**	**1 375 571**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

1. OPERATIONS

Nord Gold N.V. (the "Company") is a Dutch public limited liability company as defined in the Netherlands Civil Code. The Company was established as a private limited liability company in 2005 named Sakha Gold B.V. and was renamed to public limited liability company Severstal Gold N.V. in 2009 and further to public limited liability company Nord Gold N.V. in 2010. The Company's Global Depository Receipts are listed on the London Stock Exchange.

The Company's registered office is Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, the Netherlands.

As at 30 September 2013 and 31 December 2012, the Company's immediate parent company ("Parent Company") was Canway Holding B.V., Netherlands, and the Company's ultimate controlling party was Alexey A. Mordashov.

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the exploration, extraction, refining and sale of gold. Mining and processing facilities are located in Burkina Faso and Guinea, the Russian Federation (in the Republic of Buryatia, the Republic of Yakutia, the Amur region and the Chitinskaya region), and in Kazakhstan.

2. BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim condensed consolidated financial statements are not the statutory financial statements.

The interim condensed consolidated financial statements are unaudited and do not include all of the information required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for the year ended 31 December 2012 prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union ("IFRSs EU"), such as accounting policies and details of accounts which have not changed significantly. The Group has provided disclosures where significant events have occurred during nine months ended 30 September 2013. Management believes that disclosures provided in these interim condensed consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the Group's financial position, results of operations, statements of changes in equity and cash flows for the interim reporting periods.

Significant accounting policies

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its annual consolidated financial statements for the year ended 31 December 2012, except for the impact of adoption of the new and revised standards and interpretations mandatory for the annual periods beginning on 1 January 2013.

The impact of the adoption of these standards and interpretations on the Group's interim condensed consolidated financial statements is described below.

Amendments to IAS 1 *Presentation of Financial Statements*

The Group has adopted the amendments to IAS 1 *Presentation of Financial Statements* "Presentation of Items of Other Comprehensive Income". The statement of comprehensive income has been renamed to the statement of profit or loss and other comprehensive income, and the income statement to the statement of profit or loss. The amendments retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate consecutive statements. However, the amendments require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss, and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Application of IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

Starting from 1 January 2013, the Group applies IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* for accounting of stripping costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs").

The adoption of this interpretation did not have a significant impact on the Group's interim condensed consolidated financial statements.

The Group separates two different types of stripping costs that are incurred in surface mining activities during the production phase:

- stripping activity asset, and
- current production stripping costs.

Production stripping costs incurred in order to improve access to further quantities of mineral ore that will be mined in future periods should be capitalized as stripping activity asset.

A stripping activity asset should be recognised if, and only if, all of the following are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

Production stripping costs which do not meet the criteria for stripping activity asset recognition are accounted for as current production stripping costs in accordance with the principles of *IAS 2 Inventories.* The Group assessed that adoption of IFRIC 20 did not result in the changes to the Group accounting policies in respect of accounting for stripping costs.

Critical accounting judgments, estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied in the Group's annual consolidated financial statements for the year ended 31 December 2012, except for useful lives of mineral rights.

Amounts in thousands of US dollars, except as stated otherwise

Starting from 1 January 2013, management reassessed estimated useful lives of its mines. The effect of change in accounting estimate on these interim condensed consolidated financial statements was a decrease in amortisation expense in the amount of $38.9 million.

Management conducted an impairment review as at 30 June 2013 of its tangible and intangible assets. Major assumptions that relate to impairment of tangible and intangible assets are presented in Note 12.

Seasonality

Due to the cold winter weather in the Russian Federation, which limits the ability to mine, production volumes generated from the Neryungri and Aprelkovo mines are usually higher during the second half of the year. For these mines, ore is placed on heap leach pads mostly in the second and third quarters of each year with revenue being generated primarily in the third and fourth quarters. Accordingly, the volume of work-in-progress inventory increases at the end of the third quarter of each year and declines at the end of the first quarter of the following year, which results in lower revenues in the first half of the year. Moreover, changes in inventory levels impact cash flows from operating activities, usually resulting in significant cash outflows (due to greater expenses associated with the heap leaching process) during the second and third quarters of each year and significant inflows during the first and fourth quarters. The effect of seasonality is not significant at the other Group mines.

Financial risk management

Risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group’s activities.

The Group’s Directors monitor compliance with the Group’s risk management policies and procedures and review the adequacy of the risk management framework.

Reclassifications

In prior periods, the revaluation of available-for-sale investments acquired on acquisition of subsidiaries was partially presented within “Accumulated losses”. In 2013, management made a decision to present this portion of accumulated revaluation within “Revaluation reserve”. Comparative information as at 31 December 2012 and for the nine months ended 30 September 2012 has been reclassified accordingly to achieve consistency in presentation. Management believes that such presentation better reflects the substance of accumulated revaluation.

	Before reclassification	After reclassification	Effect
Revaluation reserve	27 068	53 718	26 650
Accumulated losses	(581 033)	(607 683)	(26 650)
	(553 965)	**(553 965)**	**-**

3. SEGMENT REPORTING

The Group has nine reportable segments, as described below, representing the Group's strategic business units. The strategic business units are managed separately. For each of the strategic business units, the Group's CEO reviews internal management reports on at least monthly basis.
The following summary describes the operations in each of the Group's reportable segments:

- *Neryungri and Aprelkovo*. The segment includes gold mining entities OOO Neryungri-Metallic and ZAO Mine Aprelkovo located in the Republic of Yakutia and the Chitinskaya region of the Russian Federation and operating mines with the heap-leaching technology for gold processing. OOO Neryungri-Metallic operates an open-pit gold mine Tabornoye and the Gross gold exploration project. Mine Aprelkovo operates an open-pit gold mine Pogromnoye.
- *Suzdal and Balazhal*. The segment includes Celtic Group operating the Suzdal underground gold mine located in Kazakhstan with the flotation, bio-oxidation ("BIOX") and carbon-in-leach ("CIL") technology for gold processing and geographically aggregated with Semgeo, which operates the Balazhal gold deposit in Kazakhstan.
- *Buryatzoloto*. A gold mining entity located in the Republic of Buryatia of the Russian Federation includes two underground gold mines: Zun-Holba with the gravity, flotation and carbon-in-pulp ("CIP") technology for gold processing and Irokinda with gravity and flotation technology for gold processing.
- *Berezitovy*. An open-pit gold mine located in the Amur region of the Russian Federation with the CIP technology for gold processing.
- *Taparko*. An open-pit gold mine located in Burkina Faso, West Africa with the CIL technology for gold processing.
- *Lefa*. The segment includes Crew Gold Group operating the Lefa open-pit gold mine located in Guinea, West Africa with the CIP technology for gold processing.
- *Bissa*. An open-pit gold mine located in Burkina Faso, West Africa with the CIL technology for gold processing.
- *Burkina Faso Greenfields*. The segment includes a number of gold deposits at exploration and evaluation stage located in Burkina Faso, West Africa.
- *Russian Greenfields*. The segment includes a number of gold deposits at exploration and evaluation stage located in the Russian Federation.

The Group uses EBITDA in assessing the segments growth and operational efficiencies. EBITDA is determined as net profit/loss for the period adjusted for income tax expense/(benefit), finance income, finance costs, depreciation and amortisation, impairment/(reversal of impairment) of non-current assets, net result on disposal of property, plant and equipment, negative goodwill, equity remeasurement loss/(gain), social expenses and charity donations and net result on disposal of subsidiaries. Normalized EBITDA is EBITDA adjusted for other non-cash exceptional items and items of a one-off or non-recurring nature.

Amounts in thousands of US dollars, except as stated otherwise

The following is an analysis of the Group's sales and EBITDA by segment:

	Nine months ended 30 September		Three months ended 30 September	
	2013	**2012**	**2013**	**2012**
Sales				
Neryungri and Aprelkovo	97 567	112 163	44 129	62 171
Suzdal and Balazhal	82 832	109 487	32 033	46 568
Buryatzoloto	103 425	142 985	30 761	41 094
Berezitovy	120 660	130 665	36 684	55 832
Taparko	113 112	150 733	29 315	49 625
Lefa	170 857	205 038	63 840	67 242
Bissa	253 990	-	88 558	-
Total	**942 443**	**851 071**	**325 320**	**322 532**

	Nine months ended 30 September,		Three months ended 30 September,	
	2013	**2012**	**2013**	**2012**
Normalized EBITDA by segment				
Neryungri and Aprelkovo	28 759	48 636	12 600	27 566
Suzdal and Balazhal	37 716	37 703	13 805	16 287
Buryatzoloto	23 160	68 562	7 204	16 738
Berezitovy	46 585	75 263	12 356	34 032
Taparko	40 431	89 297	6 653	26 445
Lefa	(3 700)	48 800	2 994	17 254
Bissa	169 253	-	57 675	-
Russian Greenfields	(133)	(193)	-	(62)
Unallocated items and consolidation adjustments	(21 082)	(17 930)	(5 050)	(6 802)
Total	**320 989**	**350 138**	**108 237**	**131 458**

Amounts in thousands of US dollars, except as stated otherwise

The reconciliation of normalized EBITDA to (loss)/profit for the period:

	Nine months ended 30 September		Three months ended 30 September	
	2013	**2012**	**2013**	**2012**
(Loss)/profit for the period	(140 050)	123 214	34 865	57 962
Income tax expense	(66 758)	43 216	586	15 317
Finance income	(5 146)	(3 133)	(4 850)	(11 287)
Finance costs	49 844	30 132	18 621	8 278
Depreciation and amortization	160 017	154 565	57 543	60 585
Impairment of tangible and intangible assets	280 223	205	-	-
Impairment of work-in-progress	41 399	-	-	-
Net loss on disposal of property, plant and equipment	1 053	430	400	36
Other expenses	407	1 509	997	567
Normalized EBITDA for the period	320 989	350 138	108 162	131 458

4. SALES

	Nine months ended 30 September		Three months ended 30 September	
	2013	**2012**	**2013**	**2012**
By product				
Gold	937 295	845 468	323 818	320 450
Silver	5 148	5 603	1 502	2 082
Total	**942 443**	**851 071**	**325 320**	**322 532**

	Nine months ended 30 September		Three months ended 30 September	
	2013	**2012**	**2013**	**2012**
By customer				
Switzerland: Metalor Technologies S.A.	449 934	236 500	149 905	96 193
Switzerland: MKS Finance S.A.	170 857	205 038	63 840	67 242
Russia: NOMOS bank	137 108	183 303	46 180	64 510
Russia: VTB	120 660	130 665	36 684	55 832
Russia: Sberbank	63 884	71 845	28 711	38 755
Switzerland: Standard Bank	-	23 720	-	-
Total	**942 443**	**851 071**	**325 320**	**322 532**

Amounts in thousands of US dollars, except as stated otherwise

5. GENERAL AND ADMINISTRATIVE EXPENSES

	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Wages and salaries	23 093	20 387	7 234	6 947
Services	14 665	17 181	4 808	5 892
Social security costs	3 109	3 552	725	1 013
Materials and consumables	989	879	367	260
Depreciation and amortization	583	674	226	223
Change in bad debt allowance	84	417	(62)	3
Other expenses	3 725	4 233	910	1 482
Total	**46 248**	**47 323**	**14 208**	**15 820**

6. OTHER OPERATING (EXPENSES)/INCOME, NET

	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Impairment of tangible and intangible assets	(280 223)	(205)	-	-
Long-term work-in-progress impairment	(33 904)	-	(75)	-
(Increase) decrease in provisions and contingencies	(1 762)	3 794	(65)	3 794
Social expenses	(1 410)	(1 259)	(690)	(525)
Loss on disposal of property, plant and equipment	(1 053)	(430)	(400)	(36)
Charity donations	(724)	(254)	(200)	(40)
Net loss from joint ventures	(376)	(116)	(128)	-
Net gain (loss) from contractual compensations	2 683	(111)	(48)	(25)
Gain from depository receipt program	-	3 600	-	-
Net (loss)/gain on disposal of inventories	(42)	279	(237)	163
Other	(701)	1 022	(1 542)	1 008
Total	**(317 512)**	**6 320**	**(3 385)**	**4 339**

Detailed results of impairment review are described in Note 12.

Amounts in thousands of US dollars, except as stated otherwise

7. FINANCE INCOME AND COSTS

	Nine months ended 30 September		Three months ended 30 September	
	2013	**2012**	**2013**	**2012**
Interest income	2 000	3 133	963	818
Foreign exchange gain	3 146	-	3 887	10 469
Finance income	**5 146**	**3 133**	**4 850**	**11 287**
Interest expenses	(41 223)	(21 974)	(16 217)	(8 361)
Other borrowing costs	(3 239)	-	(28)	-
Foreign exchange loss	-	(7 213)	-	-
Other	(5 382)	(945)	(2 376)	83
Finance costs	**(49 844)**	**(30 132)**	**(18 621)**	**(8 278)**

8. INCOME TAX

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 32.3% (2012: 26.0%).

The following factors increased the effective tax rate for nine months ended 30 September 2013 comparing to similar period of 2012:
- higher 2013 losses incurred by several business units not recognized as deferred tax assets;
- increase of applicable income tax rate at Buryatzoloto from 15,5% to 20% in 2013;
- change in structure of deferred tax charge due to deferred tax asset recognized at 30% (higher rate than average rate for the Group in 2012) in respect of impairment of mining assets at Lefa in June 2013.

The above effects were partially compensated by the increase of Bissa profit share in 2013 taxable result. Bissa profit is taxable at 17.5% which is lower than average tax rate for the Group.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the nine months ended 30 September 2013 was based on the loss attributable to ordinary shareholders of the Company of US$ 155 137 thousand (nine months ended 30 September 2012: profit of US$ 76 873 thousand), and a weighted average number of outstanding ordinary shares of 378.1 million (2012: 358.8 million).

The Company has no dilutive potential ordinary shares.

Amounts in thousands of US dollars, except as stated otherwise

10. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties:

	Nine months ended 30 September		Three months ended 30 September	
	2013	**2012**	**2013**	**2012**
Purchases	(9 386)	(3 113)	(1 804)	(480)
Interest income	-	539	-	7
Interest expense	-	(5 655)	-	-

There were no transactions or balances with the Parent Company during the reporting period.

As at 30 September 2013 trade payables to related parties amounted to US$ 1,253 thousand (31 December 2012 – US$ 1 258 thousand). There were no other significant balances with related parties.

11. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2013, the Group acquired items of property, plant and equipment with a cost of US$ 137 236 thousand (nine months ended 30 September 2012: US$ 241 189 thousand).

Amounts in thousands of US dollars, except as stated otherwise

12. IMPAIRMENT

The Group assesses the carrying value of its tangible and intangible assets when events or changes in circumstances suggest that indicators of impairment exist. Consideration was given to a range of indicators including the decline in the gold price occurred in the first half of 2013. The review performed at 30 June 2013 resulted in the recognition of impairment losses in the following cash generating units:

	Nine months ended 30 September	
	2013	**2012**
Impairment of intangible assets		
Lefa	172 353	-
Suzdal & Balazhal	60 323	(1 945)
Aprelkovo	29 321	-
Impairment of property, plant and equipment		
Aprelkovo	17 593	2 094
Zherek	689	-
Berezitovy	(56)	56
Total impairment of tangible and intangible assets, recognised in other operating expenses	**280 223**	**205**
Work-in-progress impairment		
Lefa	5 910	-
Suzdal & Balazhal	1 162	-
Berezitovy	249	-
Taparko	174	-
Work-in-progress impairment recognised in cost of sales	**7 495**	**-**
Impairment of non-current stockpiles		
Aprelkovo	22 362	-
Taparko	11 240	-
Suzdal & Balazhal	302	-
Impairment of non-current stockpiles recognised in other operating expenses	**33 904**	**-**

There was no impairment in three months ended 30 September 2013 and 2012.

Management's assumptions used in determination of value in use of tangible and intangible assets were as follows:

- A long-term gold price of US$1,345/oz (2012: US$1,387/oz) which was based on analyst consensus data;
- Mine plans based on proved and probable ore reserves reports as at 31 December 2012;
- After-tax discount rate ranging from 9.19% to 10.34% which is based on the Group's weighted average cost of capital and risk factors consistent with those considered in 2012.

Net realisable value of inventories was based on the forecast gold price for the expected sale period.

Amounts in thousands of US dollars, except as stated otherwise

13. LONG-TERM FINANCIAL INVESTMENTS

As at 30 September 2013 and 31 December 2012, the Group held available-for-sale investments represented by market traded shares in Detour Gold Corporation, Columbus Gold Corporation and several other gold exploration and mining companies. During the nine months ended 30 September 2013, the market value of these investments declined by US$ 51 million (30 September 2012: US$ 4 million) and valuation adjustment was recognised directly in other comprehensive income.

14. BORROWINGS

Short-term borrowings were as follows:

	30 September 2013	31 December 2012
Bank loans	304 395	261 855
Notes and bonds issued	12 927	-
Derivative financial instruments	14 217	-
Accrued interest	800	1 145
Bank overdrafts	-	258
Unamortized balance of transaction costs	-	(1 353)
Total	**332 339**	**261 905**

As at 30 September 2013, bank loans were represented by loans from Sberbank.

As at 31 December 2012, bank loans comprised the current portion of a US$ 375 million loan facility from Sberbank in the amount of US$ 60.4 million and the bridge facility coordinated by Societe Generale, Natixis and Sberbank ("Bridge facility")in the amount of US$ 201.5 million.

As at 30 September 2013 and 31 December 2012, the derivative financial instruments were represented by the cross-currency swaps held by the Group for hedging of currency and interest rate risks attributable to the loan agreements with Sberbank.

Long-term borrowings were as follows:

	30 September 2013	31 December 2012
Notes and bonds issued	500 000	-
Bank loans	190 656	466 431
Derivative financial instruments	23 164	(919)
Unamortized balance of transaction costs	(7 388)	(1 918)
	-	-
Total	**706 432**	**463 594**

In January and March 2013, the Group received US$ 55 million and US$ 23.5 million, respectively, out of the US$ 280 million Bridge facility. In May 2013, the Bridge facility was re-financed using the proceeds of the US$ 500 million unsecured notes issue completed in May 2013. The notes are denominated in US Dollars; mature in May 2018; and bear interest of 6.375% per annum payable semi-annually in May and November, commencing November 2013. The notes are unconditionally and irrevocably guaranteed by certain Group's subsidiaries.

As at 30 September 2013, bank loans included a loan from Sberbank.

As at 30 September 2013 loan facilities from Sberbank were secured by 50.0% +1 share of the Group's ownership in High River Gold Mines Ltd (31 December 2012: 51.07%+1 share). As at 30 September 2013 the carrying amount of pledged entities' net assets amounted to US$ 1,118 million (31 December 2012: US$ 1,026 million).

As at 30 September 2013 and 31 December 2012, the derivative financial instruments represent the fair value of cross-currency swaps held by the Group for hedging of currency and interest rate risks attributable to the loan agreements with Sberbank.

The fair value of debt instruments approximated their carrying value at 30 September 2013, except for fair value of notes which had market value of US$ 470.1 million.

Fair value hierarchy

The derivative financial liability and the Sberbank loan facility are categorized by the valuation methods into Level 2 of the fair value hierarchy: inputs, other than quoted prices (unadjusted) in active markets for identical assets or liabilities, that are observable for the asset or liability either directly or indirectly.

Hedge accounting

As at 30 September 2013, the outstanding derivative financial instruments qualified for hedge accounting under IFRS.

15. ACQUISITION OF NON-CONTROLLING INTERESTS

In March 2013, the Group acquired an additional 2.09% stake in High River Gold Mines Ltd. in exchange for 68,996 of the Company's GDRs and Canadian $ 24.2 million (equivalent of US$ 23.6 million) in cash, bringing its ownership in this company to 100%.

16. COMMITMENTS AND CONTINGENCIES

The Group's tax risks and litigations are the same as those disclosed in the consolidated financial statements as at and for the year ended December 31, 2012 except the following developments.

Taxation systems and tax contingencies in the Russian Federation, Kazakhstan, Burkina Faso and Guinea

The taxation system and regulatory environment of the Russian Federation, Kazakhstan, Burkina Faso and Guinea ("countries of operation") are relatively new and characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to varying interpretations between the differing regulatory authorities and jurisdictions, who are empowered to impose significant fines, penalties and interest charges. Events during recent years suggest that the regulatory authorities within the countries of operation are adopting a more assertive stance regarding the interpretation and enforcement of legislation. This situation creates substantial tax and regulatory risks.

In February 2013, Societe Des Mines de Taparko ("Taparko"), a subsidiary of the Group, received a notification from the Burkina Faso tax authorities on the results of a tax audit resulting in additional assessment of withholding value adding tax ("VAT") and withholding income tax and penalties for 2010-2011 in total amount of US$ 6.3 million. Taparko intends to appeal the results of the tax audit. Nevertheless, the claim had been fully provided for in these interim condensed consolidated financial statements, since the positive outcome cannot currently be ascertained.

The VAT regulation of Burkina Faso imposes complicated compliance requirements for VAT exemption on purchases applicable to exploration companies. In case of noncompliance with the requirements of local legislation relating to documentary support, the tax authorities may challenge the VAT exemption of certain transactions. The estimated effect on these interim condensed consolidated financial statements, if any, if the authorities were successful in challenging the Group's VAT position, is an additional tax assessment of US $ 2.4 million.

In April 2013, Bissa Gold SA ("Bissa"), a subsidiary of the Group, received notification from the Burkina Faso tax authorities on the results of a tax audit resulting in the additional assessment of withholding VAT and penalties of US$ 4.1 million. Currently Bissa is in the process of appealing the results of tax review. At the present time the outcome of the claim cannot be ascertained and, thus, no provision has been made.

As a Canadian incorporated entity with central management and control in the United Kingdom ("UK"), Crew Gold Corporation, a subsidiary of the Group, may be viewed as a tax resident in both the UK and Canada. The potential dual tax residence has been under review by the UK and Canadian authorities. In April 2013 these authorities notified Crew Gold Corporation that Canada will cede residence to the UK. Due to change in tax residence, Crew Gold Corporation will be liable for a payment of Canadian exit taxes in the total amount of US$ 2.8 million. This amount has been recognised as a liability as of 30 September 2013 in these interim condensed consolidated financial statements.

Guinor, a subsidiary of the Group, which is a Canadian tax resident, is exposed to tax risks in respect of deductibility of interest up to US$ 15.6 million.

Some loan agreements between certain of the High River Gold Ltd. subsidiaries contained not explicitly clear terms regarding the treatment of interest payments which may lead to the additional corporate income tax of US$ 4.6 million.

The ecological and tax legislation of Kazakhstan is not explicitly clear regarding the treatment of certain tailings and the application of related ecological tax rules. In October 2012, JSC FIC Alel ("Alel"), a subsidiary of the Group, received a notification on statutory review for compliance with ecological and tax legislations. In the worst case Alel may be liable for a payment of ecological tax and penalties in the total amount of US$ 220.1 million. In December 2012, the statutory ecological review was finalized and no violations of ecological legislation were found. The statutory tax review is still in progress and there have been no any related tax claims by this time. The management believes that Alel is fully compliant with ecological legislation and related ecological tax rules and estimates the unfavorable outcome of the review as being remote.

The Group was involved in a number of other litigations. As at 30 September 2013, the Group's exposure to unfavorable outcome in respect of these litigations amounted to US$ 0.8 million.

In December 2012, following an audit conducted by the regional tax authorities, Zherek LLP ("Zherek"), a subsidiary of the Group, received a notification on additional income tax charge, including penalties, in the amount of US$ 3.6 million. Zherek considered claim being unjustified and filed a complaint to the Tax Department of Eastern-Kazakhstan region, which was rejected. In the consolidated annual financial statements for the year ended 31 December 2012, the claim was partially provided for in the amount of US$ 0.7 million. In respect of the remaining portion of US$ 2.9 million an official complaint to the upper tax authorities was filed. On 26 July 2013 this complaint was rejected by the court. The Company filed the further complaint to the state authorities and still believes that the provision recognised earlier is sufficient.

In November 2011, Energy Resourcing Middle East Limited filed a claim against Crew Gold Corporation's subsidiary Société Minière de Dinguiraye ("SMD") to the International Court of Arbitration for contractual debt and damages in total amount of approximately US$ 2 million. In July 2013, the parties had signed a settlement agreement imposing SMD to pay US$ 1 million. The liability was provided as at 30 June 2013 and the total amount of the settlement had been repaid in July 2013.

In January 2012 Aregentum JSC applied to the Moscow Arbitration Court for commencing official bankruptcy procedures for Prognoz Silver LLC. Buryatzoloto also filed an application for joining the court hearings. In May 2013 all applicants withdrew their applications and the procedures were terminated.

Capital commitments

At 30 September 2013, the Group had contractual capital commitments of US$ 36.0 million (31 December 2012: US$ 102.6 million).

17. EVENTS AFTER THE REPORTING PERIOD

In October 2013 Buryatzoloto won an auction for an exploration and mining license for the Zhanokskaya gold area in the Republic of Buryatia.

In October 2013 the Company paid interim dividend for the six months ended June 30 2013 of 4.05 cents ($US0.04) per share. Total pay-out amounted to US$15.3 million.

In November 2013 the Company's Board of Directors approved the interim dividend for the quarter ended September 30, 2013 of 2.38 cents ($US0.0238) per share.