

# Financial and Operating Results

## Q1 2015



## Nord Gold N.V. reports financial and operating results for the first quarter ended March 31, 2015

Amsterdam, Netherlands, May 18, 2015

Nord Gold N.V. (“Nordgold” or the “Company”, LSE: NORD), the internationally diversified low-cost gold producer, announces a 26% increase in gold output to 266.7 koz and a 83% increase in EBITDA to US\$189.7 million in Q1 2015. All-in sustaining costs<sup>1</sup> (“AISC”) decreased by 23% to US\$680/oz.

### Q1 2015 Highlights:

- Gold production up 26% year-on-year (“YoY”) to 266.7 koz.
- EBITDA<sup>1</sup> up 83% YoY to US\$189.7 million. EBITDA margin at 53.4%
- First quartile cost performance: total cash costs<sup>1</sup> (“TCC”) of US\$539/oz and AISC of US\$680/oz, down 23% quarter on quarter.
- Operating cash flow of US\$157.7 million and free cash flow<sup>1</sup> of US\$120.2 million.
- The Board has declared a dividend of 6.40 US cents per share / GDR for Q1 2015, a total of US\$24.2 million.
- FY 2015 AISC guidance decreased to US\$800/oz - US\$850/oz.
- On 27 April 2015, Nordgold hosted its first Investor Day in London in which the Company gave notice of its intention to seek a premium listing on the London Stock Exchange.

Highlights	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
Gold production, koz	266.7	211.1	26%	237.6	12%
Average realised gold price per ounce sold, US\$/oz	1,224	1,299	(6%)	1,184	3%
Revenue, US\$m	355.6	274.9	29%	254.3	40%
EBITDA, US\$m	189.7	103.5	83%	95.6	98%
TCC, US\$/oz	539	719	(25%)	614	(12%)
AISC, US\$/oz	680	881	(23%)	887	(23%)
LTIFR	2.95	0.40	638%	1.90	55%

<sup>1</sup> Normalised EBITDA, free cash flow, total cash costs and all-in sustaining costs as defined in the section for “Non-IFRS Financial Measures.”

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### Message from the CEO

“I am delighted to announce another outstanding financial performance during the quarter, in which production increases have been matched by further cost improvements across the entire portfolio of mines. These cost improvements have more than offset the decline in the gold price during the period and enabled us to deliver over US\$120 million of free cash flow in the quarter and reduce our AISC guidance for the full year.

“Nordgold has demonstrated a track record of operational delivery and commitment to shareholder value, which puts us in a strong position to achieve our target of a premium listing on the London Stock Exchange in due course.”

### Nikolai Zelenski, Chief Executive Officer, Nordgold

### Operating Highlights

- Gold production of 266.7 koz, up 26% YoY and up 12% quarter-on-quarter (“QoQ”).
- Seven out of Nordgold’s nine mines achieved a year-on-year production increase, with double digit growth at Bissa, Lefa, Berezitovy and Neryungri, as well as an 8% increase at Buryatzoloto.
- Q1 2015 refined gold production includes 28.5 koz of gold doré produced and unrefined at Bissa, Taparko, Berezitovy and Neryungri mines at the end of 2014, which was refined in Q1 2015.
- Nordgold reiterates 2015 full year production guidance of 925 - 985 koz.

### Financial Highlights

- The average realised gold price in Q1 2015 was US\$1,224 per oz, a decrease of 6% compared with Q1 2014 (US\$1,299/oz) and an increase of 3% compared with Q4 2014 (US\$1,184/oz).
- Despite a lower gold price, revenue in Q1 2015 increased by 29% YoY to US\$355.6 million. Revenue increased by 40% compared with US\$254.3 million in Q4 2014 driven by higher refined gold production and sales, which included 24.5 koz of refined gold and 28.5 koz of gold doré, which were produced in the end of 2014 and sold in Q1 2015.
- EBITDA in Q1 2015 almost doubled QoQ to US\$189.7 million mainly driven by higher gold sales, average realised gold price and lower costs. EBITDA margin in Q1 2015 was 53.4% compared with 37.6% in Q4 2014.
- Net profit for Q1 2015 was US\$88.5 million compared with US\$24.6 million in Q1 2014 and a net loss of US\$7.6 million in Q4 2014.
- Normalised net profit attributable to shareholders <sup>2</sup> in Q1 2015 increased to US\$80.7 million from US\$19.3 million in Q1 2014 and US\$16.9 million in Q4 2014.
- In Q1 2015, eight mines achieved TCC improvement compared with Q4 2014. As a result, Nordgold’s consolidated TCC decreased by 12% QoQ to US\$539/oz mainly driven by increased production, improved operational and consumption efficiency, as well as reduced general and administrative (“G&A”) expenses. The TCC reduction also related to the benefit from the depreciation of the local currencies of the countries, where Nordgold operates, against the US dollar. We continue to implement cost optimisation and operational improvement programmes at all our mines.
- Nordgold’s consolidated AISC decreased by 23% YoY and QoQ to US\$680/oz in Q1 2015 compared with US\$881/oz in Q1 2014 and US\$887/oz in Q4 2014. In Q1 2015, all Nordgold’s nine mines achieved AISC improvement QoQ. The most significant reductions were recorded at Lefa (down 31%), Bissa (down 24%), Buryatzoloto (down 20%), Berezitovy (down 15%) and Neryungri (down 18%).

<sup>2</sup> Normalised Net Profit attributable to shareholders adjusted for the non-current assets and inventories impairment or utilisation of impairment.

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- Based on significant improvement in AISC in Q1 2015, Nordgold is revising its FY 2015 AISC guidance and now expects AISC to be in range of US\$800/oz - US\$850/oz (previous range was US\$850 - US\$900/oz).
- In Q1 2015, Nordgold generated US\$157.7 million of cash flow from operating activities (after interest and income tax paid), compared with US\$49.8 million in Q1 2014 and US\$57.1 million in Q4 2014.
- Q1 2015, capex<sup>3</sup> decreased by 32% QoQ to US\$31.9 million.
- In Q1 2015, the Company delivered US\$120.2 million of free cash flow compared with free cash flow of US\$19.4 million in Q4 2014 on the back of significantly higher operating cash flow and lower capex.
- Cash and cash equivalents as at March 31, 2015 were US\$421.4 million with net debt<sup>3</sup> of US\$528.8 million, compared with US\$317.1 million cash and cash equivalents and net debt of US\$627.3 million as at December 31, 2014.

### Capital Management

#### Dividend

The Board has approved an interim dividend of 6.40 US cents per share or per GDR in respect of the three months ended March 31, 2015, representing a total pay-out of US\$24.2 million.

The dividend record date is set on June 10, 2015 with payment on June 22, 2015.

We remain focused on continuing to deliver a dividend to shareholders. According to our dividend policy, we intend to distribute 30% of normalised net profit attributable to shareholders as dividends on a quarterly basis.

#### Share and GDR Buyback

Given Nordgold's outstanding operational performance and strong cash flow generation, as well as relatively low share price the Board approved on February 24, 2015 a share and GDR buyback programme for up to 19,000,000 shares/GDRs to a maximum total amount of US\$30 million at a price of up to US\$4 per share/GDR. The buyback programme will end as soon as the aggregate purchase price of the shares/GDRs acquired by the Company has reached the amount of US\$30 million or ultimately, by 31 December 2015.

Since the announcement of the buyback programme till May 15, 2015 Nordgold has purchased a total of 4,374,069 GRDs for the total amount of US\$11,747,464.

After the repurchase of GDRs under this buyback programme and following the withdrawal from the GDR programme in exchange for shares, the Company shall be authorised to cancel the shares.

The Board and management consider return of capital to the shareholders in the form of share and GDR repurchase to be a good supplement to stable dividend payments. Moreover, they are confident the Company's shareholder value will appreciate as more investors understand Nordgold's operational track record and strong growth pipeline and the structure of the minority shareholder base improves.

In April, 2015, the Board also approved further capital markets strategic initiatives to increase the Company's market capitalisation and position it for market success, including the aim of seeking a premium listing on the London Stock Exchange, increasing the free float to over 30%.

#### Safety

Safety remains the absolute priority for the Board and management with the objective of Zero Harm for our employees and contractors.

We continue to invest our efforts in improving our overall safety performance. Nordgold continues to pursue the integration of safety methodologies and sharing of best practices between our international mines, as well as investing in the safety of our employees.

Safety improvement initiatives include high-quality investigations to identify root-causes, training initiatives to improve employee's knowledge of safe work, and conducting risk assessments prior to commencing a task.

<sup>3</sup> For detailed definition, please see "Non-IFRS Financial Measures".

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In Q1 2015, our Bissa, Taparko, Lefa and Berezitovy mines operated according to the highest industry standards with no LTI incidents recorded. However, LTIFR increased to 2.95 in Q1 2015 comparing with 0.40 in Q1 2014 and 1.90 in Q4 2014 due to a number of relatively minor incidents. Every incident, no matter how small, is taken seriously and we have implemented further changes to ensure all our employees remain committed to safety and aware of their responsibilities.

It is with great regret that we report a fatality at the beginning of May at our Zun-Holba mine. Our deepest sympathy goes to the bereaved family and work colleagues. Full investigations have taken place to ensure that we learn from the incident.

While we recognise that we operate in a hazardous environment, we remain dedicated to our goal of ensuring every one of our employees returns home safely at the end of each shift.

### LTIFR by mine

Mine	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
Bissa	0.00	0.00	0%	0.00	0%
Taparko	0.00	0.00	0%	0.00	0%
Lefa	0.00	0.00	0%	1.04	(100%)
Buryatzoloto	5.13	1.32	289%	5.28	(3%)
Berezitovy	0.00	0.00	0%	0.00	0%
Neryungri	6.02	0.00	n.a.	0.00	n.a.
Aprelkovo	8.13	0.00	n.a.	0.00	n.a.
Suzdal	6.79	0.00	n.a.	2.12	220%
<b>Nordgold</b>	<b>2.95</b>	<b>0.40</b>	<b>638%</b>	<b>1.90</b>	<b>55%</b>

### Development Highlights

#### Bouly

- Bouly is a development project located 5 km from Nordgold's active Bissa mine in Burkina Faso. The project represents a large low-grade gold mineralisation, favourable for heap leach treatment. As a result of the 2013-2014 intensive exploration programmes, Bouly Mineral Resources tripled to 3.5 Moz, and maiden Ore Reserves of 1.3 Moz were declared following the completion of a Feasibility Study in Q1 2015.
- The Feasibility Study demonstrated excellent economic fundamentals for the project, according to which Bouly's IRR is approximately 40% at a gold price of US\$1,250 per ounce.
- According to the feasibility study, Bouly life of mine increased to 10 years with expected average annual production of approximately 120 koz.

#### Gross

- Gross is an all-season open-pit heap leach project located in southwestern Yakutia, Russia, 4 km to the east of Neryungri mine. Gross is expected to mine approximately 12 million tonnes of ore and to produce approximately 220 koz of gold per year at full production for 17 years.
- The Company continues to progress the Project towards obtaining its construction permit, while continuing the Gross pilot stage with the aim of producing approximately 35 koz of gold during 2015.
- As a part of the pilot stage, in Q1 2015 Gross' run of mine amounted to 1.4 million tonnes, with 1.1 million tonnes of waste mined and 376,000 tonnes of ore mined. The mined ore is being processed at the Neryungri mine leach pads.

#### Montagne d'Or

- The Montagne d'Or gold deposit is located in north-west French Guiana. Pursuant to an agreement with Columbus Gold Corp. (CGT: TSX-V, CBGDF: OTCQX) Nordgold has a right to earn a 50.01% interest in

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the Montagne d'Or gold deposit and the Paul Isnard mineral claims, by funding a minimum of US\$30 million in expenditures and completing a bankable feasibility study no later than March 2017.

- The 2013-2014 exploration programme at Montagne d'Or for total 26,600 meters in 126 core holes, has resulted in conversion of substantial amount of Inferred ounces into the Indicated category and a significant increase in grade.
- Based on the current NI 43-101 in-pit gold resource estimates (based on \$US 1,300/oz gold price), carried-out by independent consultants SRK, utilising a cut-off grade of 1.0 g/t the Montagne d'Or Gold Deposit hosts 2.92 Moz of Indicated gold resources at 2.15 g/t and 0.88 Moz of Inferred gold resource at 2.11 g/t. Total Mineral Resources (Indicated + Inferred) are 3.80 Moz at 2.14 g/t.
- The Preliminary Economic Assessment of Montagne d'Or is expected to be completed in Q2 2015.
- Nordgold plans to invest US\$10 million in technical, environmental studies and field work at Montagne d'Or in 2015.
- Studies for a full Environmental and Social Impact Assessment and a Bankable Feasibility Study are progressing on schedule and are on target for completion in Q1 2017.

### Ronguen Gold Project

- Ronguen Gold Project is a late stage exploration project located 10 kilometers northwest of Nordgold's Bissa mine.
- Nordgold intends to apply for Mining Licences for the Project as soon as a Feasibility Study is finalised in 2015.
- Early indications are that the Project shares very similar ore properties to Bissa, which will therefore enable Nordgold to process the ore at the Bissa facilities, thereby extending the Bissa Life of Mine, while contributing to low-cost gold production at this world-class facility.

### Capital Expenditure

- We remain focused on keeping a tight control over capex. Q1 2015 capex decreased by 32% QoQ to US\$31.9 million including US\$5.3 million for exploration and evaluation (down 39.0% QoQ), US\$24.8 million for maintenance and capitalised stripping (down 10.1%), US\$1.7 million for development and new technology (down 83.3%) and US\$0.1 million for mine construction (down 75.0%).
- YoY capex increased to US\$31.9 million from US\$22.4 million mainly due to higher maintenance capex and capitalised stripping.
- Nordgold expects FY 2015 capex of approximately US\$300 million, including US\$95 million for Bouly mine construction (subject to the feasibility study approval) and approximately US\$8.5 million for Gross project development, as well as investments in exploration, development, maintenance and capitalised stripping.

### Q1 2015 Capex by Mine, US\$m <sup>4</sup>

Mine	Maintenance	Development and New Technology	Exploration and Evaluation	Mine Construction	Total
Bissa	3.4	-	0.6	-	4.0
Taparko	9.6	-	0.4	-	10.0
Lefa	5.7	1.6	1.2	-	8.5
Buryatzoloto	1.6	-	1.1	-	2.7
Berezitovy	2.9	-	0.1	-	3.0
Aprelkovo	0.4	-	-	-	0.4
Neryungri	0.7	-	-	-	0.7
Gross	-	-	0.4	0.1	0.5
Suzdal	0.5	0.1	0.1	-	0.7

<sup>4</sup> May include the effect of rounding.

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Others	-	-	1.4	-	1.4
<b>Nordgold</b>	<b>24.8</b>	<b>1.7</b>	<b>5.3</b>	<b>0.1</b>	<b>31.9</b>

### Cash Flow Optimisation and Cost Management

In Q1 2015, eight out of nine Nordgold's mines delivered positive free cash flow due to a forensic approach to cost management, diligent capex and working capital optimisation. Aprelkovo posted US\$1 million of negative free cash flow in Q1 2015 due to the seasonality of heap leach operation.

A combination of reduction in general and administrative expenses, improvements in operational efficiency, as well as the on-going implementation of Business System of Nordgold (BSN) with the aim of realising a positive effect on 2015 EBITDA of approximately US\$56 million, is key to ensuring the Company remains focused on driving down costs.

In Q1 2015, net working capital remained almost flat at US\$215.5 million as at the end of March 2015 compared with US\$214.1 million as at the end of 2014. The sale of gold and gold doré, which was produced but left unsold in Q4 2014, helped the Company to release working capital in Q1 2015. The achieved effect was partially offset by payment of income tax during the quarter.

### Business System of Nordgold

Business System of Nordgold (BSN) aims to establish best-in-class sustainable processes at the Company's operating assets, ensuring they are as efficient, low cost, sustainable and, above all, as safe as possible. BSN roll out began in mid-2012 and has now been implemented across all mine sites, with the ultimate aim of reducing total cash costs.

The positive impact from BSN totalled approximately US\$63.2 million in 2014, compared with US\$80 million in 2013 and US\$17 million in 2012.

We expect a further substantially positive impact from BSN in 2015 as we continue to roll out operational improvements and cost saving initiatives. BSN's targeted effect on 2015 EBITDA is approximately US\$56 million, US\$38 million of which is expected to be reached mainly due to production improvements and US\$17.8 million from cost reduction programmes. Approximately 80% of targeted effect on 2015 EBITDA will be driven by cost optimisation and production improvements at our West African mines.

In Q1 2015, improved consumption efficiency of materials, spare parts, fuel and energy, as well as staff and services costs reduction have delivered the positive effect on EBITDA of approximately US\$12.0 million.

2015 BSN key programmes include an improvement in primary equipment productivity, such as excavators, trucks and drill rigs, while we expect to see further improvement in equipment utilisation and productivity.

SAP was implemented at all CIS mines and has been launched at West African mines in Q4 2014. In 2015, BSN will incorporate SAP post implementation plan including constant on-site training and regular communication between mines in order to share best practices.

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### Financial Results Summary <sup>5</sup>

Financial Results, US\$m	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
Revenue	355.6	274.9	29%	254.3	40%
EBITDA	189.7	103.5	83%	95.6	98%
EBITDA Margin, %	53.4	37.7	15.7pp	37.6	15.8pp
Net Profit/(Loss)	88.5	24.6	260%	(7.6)	n.a.
Normalised Net Profit Attributable to Shareholders	80.7	19.3	318%	16.9	378%
Cash flows from operating activity	157.7	49.8	217%	57.1	176%
Capital expenditures	31.9	22.4	42%	46.8	(32%)
<i>incl. Exploration</i>	5.3	5.4	(2%)	8.7	(39%)
Free cash flow	120.2	22.9	425%	19.4	520%
Cash and cash equivalents	421.4	270.5	56%	317.1	33%
Total debt	950.2	1,000.3	(5%)	944.4	1%
Net debt	528.8	729.8	(28%)	627.3	(16%)
TCC	142.9	150.9	(5%)	144.7	(1%)
TCC, US\$/oz	539	719	(25%)	614	(12%)
AISC, US\$/oz	680	881	(23%)	887	(23%)

### Revenue

Revenue in Q1 2015 increased by 29% YoY to US\$355.6 million despite a 6% decrease in the average realised gold price YoY to US\$1,224/oz in Q1 2015 (0.4% above The London Bullion Market Association average of US\$1,219/oz) offset by higher production (a 26% increase compared with Q1 2014 to 266.7 koz) and sales volumes (a 37% increase compared with Q1 2014 to 290.5 koz), which included 24.5 koz of refined gold and 28.5 koz of gold doré, which were produced in the end of 2014 and sold in Q1 2015..

Q1 2015 revenue increased by 40% compared with US\$254.3 million in Q4 2014 driven by higher refined gold production, gold price (up 3%) and also due to the fact that 24.5 koz of refined gold produced in the end of 2014 was sold in Q1 2015.

Nordgold does not have any gold hedging in place, and we therefore expect our realised gold price to remain close to the market price in 2015. The low gold price environment after a sharp correction in 2013 remains one of the biggest challenges for the Company. However, Nordgold's focus on growing production, as well as its stringent cost cutting measures, ensures that the Company remains well positioned to deliver sustainable returns to our shareholders and further profitable growth.

### Net Profit

Net profit for Q1 2015 was US\$88.5 million compared with US\$24.6 million in Q1 2014 and a net loss of US\$7.6 million in Q4 2014 (related to the increase in allowance for slow moving items and one-off non-cash impairment losses recognised in the second half of 2014 mainly due to reviewed the carrying value of exploration and evaluation assets and inventories).

Q1 2015 net profit was positively affected by higher refined gold production and also due to the fact that 24.5 koz of refined gold produced in the end of 2014 was sold in Q1 2015. Q1 2015 refined gold production includes 28.5 koz of gold doré produced and unrefined at Bissa, Taparko, Berezitovy and Neryungri mines at the end of 2014, which was refined in Q1 2015.

<sup>5</sup> May include the effect of rounding.

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Normalised net profit attributable to shareholders in Q1 2015 increased to US\$80.7 million from US\$19.3 million in Q1 2014 and US\$16.9 million in Q4 2014.

### Total Cash Costs

In Q1 2015, eight Nordgold's mines achieved TCC improvement compared with Q4 2014. As a result, Nordgold's consolidated TCC decreased by 12% QoQ to US\$539/oz mainly driven by increased production, improved operational and consumption efficiency, as well as reduced general and administrative ("G&A") costs. TCC reduction also related to the benefit from the depreciation of the local currencies of the countries, where Nordgold operates, against the US dollar. We continue to implement cost optimisation and operational improvement programmes at all our mines.

Nordgold's consolidated TCC decreased by 25% YoY to US\$539/oz. The most significant cost reductions YoY were recorded at Lefa (down 44%), Buryatzoloto (down 29%), Berezitovy (down 36%) and Neryungri (down 27%).

We continue to implement BSN and other cost cutting initiatives in order to control our costs.

### TCC by Mine, US\$ per ounce of gold

Mine	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
Bissa	430	457	(6%)	446	(4%)
Taparko	642	609	5%	717	(10%)
Lefa	605	1073	(44%)	726	(17%)
Buryatzoloto	626	878	(29%)	705	(11%)
Berezitovy	428	670	(36%)	450	(5%)
Neryungri	516	706	(27%)	520	(1%)
Aprelkovo	581	1086	(47%)	846	(31%)
Suzdal	751	875	(14%)	621	21%
<b>Nordgold</b>	<b>539</b>	<b>719</b>	<b>(25%)</b>	<b>614</b>	<b>(12%)</b>

In Q1 2015, **Bissa** mine decreased TCC by 6% YoY to US\$430/oz mainly due to higher ore mined and processed volumes (up 49% and 11% respectively) and lower stripping ratio (down 34%) partially offset by lower grade (down 17%). Cost reduction was supported by improved consumption efficiency, including lower materials and fuel and energy consumption. QoQ TCC reduced by 4% due to higher ore mined and processed volumes (up 6% and 4% respectively). Lower fuel and energy consumption rate in pretreatment and in general site also positively affected Bissa TCC, as well as a decrease in consumption of explosives and materials used for excavators and loaders.

At **Taparko**, TCC decreased by 10% QoQ to US\$642/oz mainly due to higher grade (up 15%) partially offset by lower ore mined volumes (down 43%) and higher stripping ratio (up 122%). TCC increased in Q1 2015 by 5% YoY mainly due to lower ore mined volumes (down 58%), grade (down 16%) and recovery (down 3pp), as well as higher stripping ratio (up 211%). During the quarter, the mine decreased the spare parts consumption rate in the mining fleet as major repairs of drill rigs, loaders and trucks and in processing were completed in 2014.

In Q1 2015, **Lefa** decreased TCC by 17% QoQ to US\$605/oz as a result of improved grade (up 1%) and recovery (up 0.2 pp). The TCC decrease was also supported by lower staff costs and change in provision for stock write-off and obsolete items partially offset by higher stripping ratio and intensified maintenance. TCC decreased by 44% YoY mainly due to higher gold production (up 49%), grade (up 14%), recovery (up 4.1 pp) and lower stripping ratio (down 7%), as well as a G&A reduction. YoY TCC reduction was also driven by lower materials consumption rate, including savings on grinding balls and explosives consumption, as well as lower intensity of repairs and electricity consumption.

**Buryatzoloto** recorded significant TCC improvement, achieving US\$626/oz in Q1 2015, down 29% YoY, mainly due to higher gold output (up 8%) and recovery (up 0.4 pp) partially offset by lower grade (down 6%). Cost reduction was supported by improved fuel and energy consumption, lower staff costs and G&A, and



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ruble devaluation. QoQ TCC decreased by 11% driven by higher ore mined (up 8%), lower materials, spare parts, fuel and energy consumption, as well as staff costs and G&A.

**Berezitovy** improved its TCC in Q1 2015 by 36% YoY to US\$428/oz mainly due to higher gold output (up 32%), grade (up 7%) and recovery (up 1.2 pp). Cost reduction was also related to the lower materials and spare parts consumption, decreased G&A expenses, as well as ruble devaluation. QoQ TCC was 5% down mainly due to higher gold output and optimised drilling programme.

In Q1 2015, **Neryungri** recorded a 27% TCC decrease YoY to US\$516/oz due to higher ore mined (up 94%), processed volumes (up 72%) and recovery, as well as significant reduction of stripping ratio (down 43%) related mainly to ongoing development of the low stripping ratio at Gross' pilot stage operation. Ruble devaluation and BSN programmes, such as headcount optimisation, decrease of cyanide and sodium hydroxide consumption rate, as well as the repair of the crushing complex, saving of fuel and spare parts consumption, have also helped improve Neryungri TCC. QoQ TCC remained almost flat.

TCC at **Aprelkovo** in Q1 2015 decreased by 47% YoY to US\$581/oz mainly due to higher ore mined volumes (up 14%) and lower stripping ratio (down 75%). QoQ TCC decreased by 31% on the back of lower stripping ratio (down 28%).

At **Suzdal**, TCC decreased in Q1 2015 by 14% YoY to US\$751/oz. QoQ TCC increased by 21% owing to lower grade (down 13%) partially offset by higher ore processed (up 6%) and recovery (up 3.0 pp). Cost increase was also related to the fact that approximately 3 koz of gold doré was not refined at the end of Q1 2015 due to shipment to the refinery schedule.

### General and administrative expenses

In Q1 2015, general and administrative expenses decreased to US\$12.6 million from US\$17.3 million in Q1 2014. Corporate center and seven of Nordgold's mines, including Lefa, two Buryatzoloto's mines, Berezitovy, Neryungri, Aprelkovo and Suzdal reduced G&A expenses YoY. G&A costs per ounce decreased to US\$47/oz in Q1 2015 from US\$82/oz in Q1 2014 and from US\$54/oz in Q4 2014. We continue to control and review our G&A costs to achieve further improvements to increase profitability.

### All-In Sustaining Costs

In Q1 2015, Nordgold's consolidated AISC decreased by 23% QoQ to US\$680/oz primarily due to a 12% production increase, 12% TCC decrease and 17% decrease in sustaining capex. All Nordgold's mine improved AISC QoQ and the most significant reductions were recorded at Lefa (down 31%), Bissa (down 24%) and Buryatzoloto (down 20%).

AISC decreased by 23% in Q1 2015 compared with US\$881/oz in Q1 2014 due to higher production (up 26%), lower TCC (down 25%), despite higher sustaining capex (up 47%).

In Q1 2015, eight out of Nordgold's nine mines achieved AISC improvement. The most significant reductions were recorded at Lefa (down 44%), Buryatzoloto (down 33%), Berezitovy (down 27%), Aprelkovo (down 40%) and Neryungri (down 30%). Only Taparko mine AISC increased by 43% YoY mainly due to higher TCC (up 5%) and significant increase in sustaining capex (up almost 3 fold YoY). Sustaining capex at Taparko increased due to higher capitalised stripping in Q1 2015 and the mine plans to maintain the stripping ratio at 14.50 for the remainder of the year to maximise stripping of waste and exposure of ore for production in Q4 2015, but mainly in 2016.

Based on significant improvement in AISC in Q1 2015, Nordgold is revising its FY 2015 AISC guidance and now expects AISC to be in range of US\$800/oz - US\$850/oz (previous range was US\$850 - US\$900/oz).

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### AISC by Mine, US\$ per ounce of gold

Mine	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
Bissa	491	531	(8%)	646	(24%)
Taparko	1,053	734	43%	1,062	(1%)
Lefa	698	1,237	(44%)	1,006	(31%)
Buryatzoloto	728	1,084	(33%)	912	(20%)
Berezitovy	561	764	(27%)	659	(15%)
Neryungri	556	799	(30%)	677	(18%)
Aprelkovo	676	1,122	(40%)	997	(32%)
Suzdal	828	980	(16%)	868	(5%)
<b>Nordgold</b>	<b>680</b>	<b>881</b>	<b>(23%)</b>	<b>887</b>	<b>(23%)</b>

### Finance Income and Finance Costs

Net finance costs in Q1 2015 decreased by US\$10.4 million to US\$18.0 million compared with US\$28.4 million in Q1 2014. Q1 2015 interest expense decreased to US\$11.8 million from US\$15.5 million in Q1 2014. In Q1 2015 net finance costs included US\$6.1 million of net foreign exchange loss. Other finance costs decreased to US\$2.7 million in Q1 2015 compared with US\$8.9 million in Q1 2014. Q1 2015 other costs US\$1.2 million of royalties related to Bissa operations.

Net finance costs in Q1 2015 decreased by US\$5.6 million to US\$18.0 million compared with the previous quarter (US\$23.6 million). In Q1 2015, interest expense decreased to US\$11.8 million from US\$12.5 million in Q4 2014. Other finance costs decreased to US\$2.7 million in Q1 2015 compared with US\$6.9 million in Q4 2014.

### Taxation

Nordgold reported an income tax expense of US\$20.6 million in Q1 2015 compared with US\$3.5 million of income tax expense in Q1 2014. Compared with Q4 2014, income tax expense decreased by US\$4.9 million from US\$25.5 million in Q4 2014.

### Cash Flow

The Company continues to pay close attention to its liquidity position and to optimise cash flow in order to maximise shareholder value. In Q1 2015, eight out of nine Nordgold's mines delivered positive free cash flow through cost, working capital and capex optimisation. Nordgold plans to use the cash generated for capital expenditures, organic debt reduction and for dividend distributions.

We are pleased to report that despite the volatile gold price, in Q1 2015, Nordgold generated US\$157.7 million of cash flow from operating activities (after interest and income tax paid), compared with US\$49.8 million in Q1 2014 and US\$57.1 million in Q4 2014. Q1 2015 operating cash flow was positively affected by higher refined gold production and also due to the fact that 24.5 koz of refined gold produced in the end of 2014 was sold in Q1 2015. Q1 2015 refined gold production includes 28.5 koz of gold doré produced and unrefined at Bissa, Taparko, Berezitovy and Neryungri mines at the end of 2014, which was refined in Q1 2015.

In Q1 2015, the Bissa mine remained the main cash-generating asset with US\$46.0 million of operating cash flow. The only mine with the negative operating cash flow was Aprelkovo (US\$0.6 million) due to the seasonality of heap leach operation.

Cash used in investing activities for Q1 2015 amounted to an outflow of US\$36.1 million compared with an outflow of US\$30.8 million in Q1 2014 and of US\$41.9 million in Q4 2014. The difference mainly relates to capex and exploration and evaluation related cash outflow.

Nordgold reported a cash outflow of US\$9.3 million in Q1 2015 from financing activities compared with US\$59.3 million in Q4 2014 and inflow of US\$14.5 million in Q1 2014.

In Q1 2015, Nordgold generated record quarterly positive free cash flow of US\$120.2 million and increased cash and cash equivalents to US\$421.4 million as of March 31, 2015. We will continue to focus on our

## Financial and Operating Results

# Q1 2015

strategy to operate with positive free cash flow at all our producing units through further improvement of our operational efficiency and optimisation of working capital.

### **Debt Position**

Cash and cash equivalents as at March 31, 2015 were US\$421.4 million with net debt of US\$528.8 million, compared with US\$317.1 million cash and cash equivalents and net debt of US\$627.3 million as at December 31, 2014.

As of March 31, 2015 Nordgold's total debt was US\$950.2 million, US\$5.8 million higher than at the December 31, 2014 (US\$944.4 million). The Company's net debt position at March 31, 2015 was US\$528.8 million, US\$98.5 million lower than net debt at December 31, 2014 (US\$627.3 million) and US\$201.0 million lower than net debt at March 31, 2014 (US\$729.8 million).

Net debt/LTM EBITDA was 0.9x at the end of March 2015, which is significantly below our covenant level of 3.0x net debt/LTM EBITDA.

# Financial and Operating Results

## Q1 2015

### Production Overview

#### Refined Gold Production by Mine, koz<sup>6 7</sup>

Mine	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
Bissa	75.8	68.2	11%	47.4	60%
Taparko	29.9	33.1	(10%)	23.6	27%
Lefa	59.8	40.2	49%	62.7	(5%)
Buryatzoloto	26.8	24.9	8%	32.0	(16%)
Berezitovy	35.5	27.0	31%	31.5	13%
Neryungri	18.4	12.1	52%	12.8	44%
Aprelkovo	4.1	5.3	(23%)	6.9	(41%)
Suzdal	16.4	0.3 <sup>8</sup>	5,367%	20.8	(21%)
<b>Nordgold</b>	<b>266.7</b>	<b>211.1</b>	<b>26%</b>	<b>237.6</b>	<b>12%</b>

#### Operating Results Summary<sup>6</sup>

Operating results	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
LTIFR	2,95	0,40	638%	1,90	55%
Run of mine, kt <sup>9</sup>	25,352	22,329	14%	23,928	6%
Waste mined, kt <sup>9</sup>	20,727	18,754	11%	18,660	11%
Ore mined, kt	4,930	3,882	27%	5,567	(11%)
Stripping ratio, tn/tn <sup>10</sup>	4.48	5.25	(15%)	3.54	27%
Ore processed, kt <sup>11</sup>	5,309	4,345	22%	5,517	(4%)
Grade, g/t	1.76	1.97	(11%)	1.76	0%
Recovery, %	82.8	82.5	0.3 pp	82.6	0.2 pp
Gold production, koz	266.7	211.1	26%	237.6	12%
Gold sold, koz	290.5	211.6	37%	214.8	35%
Average realised gold price per ounce sold, US\$/oz	1,224	1,299	(6%)	1,184	3%
Revenue, US\$m	355.6	274.9	29%	254.3	40%

Ore processed multiplied by head grade and multiplied by recovery may not be equal to gold produced due to differences in work in progress figures and volumes of silver production.

<sup>6</sup> May include the effect of rounding.

<sup>7</sup> Including 1.501 thousand gold equivalent ounces of silver production for Q1 2015 (Based on ~ 1:70 Au/Ag).

<sup>8</sup> In Q1 2014, Suzdal produced 0.3 koz of refined gold, while gold doré production amounted to 20.1 koz. Suzdal's Q1 2014 doré was refined and sold during Q2 2014.

<sup>9</sup> Presented only for open pit mines.

<sup>10</sup> Calculated for total ore mined and waste mined only for open pits.

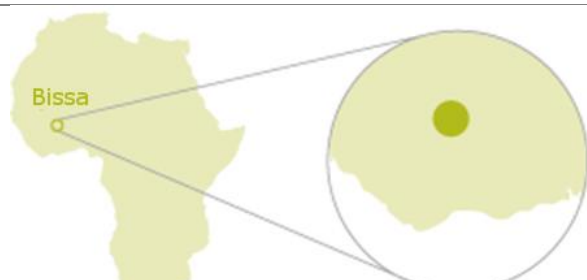
<sup>11</sup> Including ore processed at Berezitovy heap leach.

# Financial and Operating Results

## Q1 2015

### Burkina Faso

#### Bissa



In Q1 2015, Bissa produced 75.8 koz of refined gold, up 11% compared with 68.2 koz in Q1 2014. The mine increased ore mined by 49% YoY to 1,188 thousand tonnes (“kt”) and decreased stripping ratio by 34% YoY to 3.66 tn/tn, while increasing throughput by 11% YoY to 991 kt.

QoQ production increased by 60% as Q1 2015 refined gold production included approximately 14.5 koz of gold doré produced and unrefined at the end of 2014, which was refined during this reporting period. In Q1 2015 gold doré production was 61.0 koz, in line with Q4 2014.

The mine increased ore mined by 6% QoQ from 1,126 kt in Q4 2014 and ore processed by 4% from 958 kt. In Q1 2015 average stripping ratio increased by 40% as Bissa continues the development of two new pits, Zone 51 and Zone 52, in addition to the South West pit, while the current stage of the Bissa Hill 2 pit was completed in January 2015.

The average head grade for the quarter was 2.25 g/t, on target with the 2015 business plan.

In Q1 2015, recovery slightly decreased QoQ (down 0.9 percentage points (“pp”) to 88.3%) due to processing increased volumes of transitional ores from the South West pit, aligned with the processing schedule. Construction of an oxygen plant and installation of lead nitrate dosing system to improve recovery, and a pebble crusher to assist throughput from processing future harder ores will be completed and commissioned in Q2 2015.

The near-mine exploration programme continues to identify high potential targets west of the western pits of Zone 51 and Zone 52, and in the Gougre pit region. Over 12,000 meters have been drilled in Q1 2015, indicating continuation of mineralisation along strike of the Zone 51 and Zone 52 pits, with a repetition of the mineralised zone to the north of these existing pits. A new mineralisation zone has been discovered to the north of the optimised Gougre pit.

Exploration work programmes at two satellite projects commenced: 59 drill holes totaling 5,954 meters have been completed at Lagongo (Sakou), while the Zinigma programme commenced with relogging of historical drillholes.

Results	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
LTIFR	0.00	0.00	0%	0.00	0%
Run of mine, kt	5,537	5,246	6%	4,069	36%
Waste mined, kt	4,349	4,448	(2%)	2,943	48%
Ore mined, kt	1,188	798	49%	1,126	6%
Stripping ratio, tn/tn	3.66	5.57	(34%)	2.61	40%
Ore processed, kt	991	889	11%	958	3%
Grade, g/t	2.25	2.70	(17%)	2.18	3%
Recovery, %	88.3	88.4	(0.1 pp)	89.2	(0.9 pp)
Gold production, koz	75.8	68.2	11%	47.4	60%
Gold sold, koz	75.9	68.2	11%	47.4	60%
Average realised gold price per ounce sold, US\$/oz	1,213	1,304	(7%)	1,201	1%
Revenue, US\$m	92.0	88.9	3%	56.9	62%
EBITDA, US\$m	58.8	57.0	3%	30.1	95%
EBITDA margin, %	63.9	64.1	(0.2pp)	52.9	11.0pp
TCC, US\$/oz	430	457	(6%)	446	(4%)
AISC, US\$/oz	491	531	(8%)	646	(24%)

*Ore processed multiplied by head grade and multiplied by recovery may not be equal to gold produced due to differences in work in progress figures and volumes of silver production.*

# Financial and Operating Results

## Q1 2015

### Burkina Faso

#### Taparko



Taparko gold production in Q1 2015 increased by 27% QoQ to 29.9 koz as Q1 2015 refined gold output included approximately 3.0 koz of gold doré produced and unrefined at the end of 2014, which was refined during the reporting period. In Q1 2015, gold doré production was 26.9 koz, almost in line with Q4 2014.

QoQ average head grade increased by 15% to 2.41 g/t, driven by high-grade ore mined from the 35 South and North cutbacks, and the Bouroum pit.

In Q1 2015, Taparko has continued with cutting back pits aligned with the mining schedule. Q1 2015 ore mined decreased by 43% to 276 kt and stripping ratio increased to 13.37 from 6.02 in Q4 2014. The mine will complete ore mining from the 35 South cutback in Q2 2015, and continue with the 35 North and Central cutbacks for future ore production. Ore production will continue from the 2N2K pit and the Central and South cutbacks at the high-grade Bouroum pit. The mine plans to maintain the stripping ratio at 14.50 for the remainder of the year to maximise stripping of waste and exposure of ore for production in Q4 2015, but mainly in 2016. In the meantime, some of the processed at the plant ore will come from the stockpiles.

Q1 2015 recovery decreased to 82.7% from 84.0% in Q4 2014 due to processing increased volumes of ores of 35 South and North cutbacks. Taparko will commission an oxygen plant at the end of April to increase recovery. The 2015 recovery forecast remains 84% for the year, as effects of the oxygen plant will be realised in the second half of the year.

In Q1 2015, the primary ball mill girth gear was successfully changed out as planned, and is operating well.

Mineral Resource conversion and extensional drilling continued at the 2N2K (35 drill holes), 35 (22 drillholes), Bouroum (17 drill holes), Bissinga (5 drill holes) pits for a total of 5,876 meters. Q2 2015 drilling focuses on the 35 and Bissinga pits. Early stage exploration drilling at Goengo has been completed and included 24 drill holes for a total of 3,089 meters in Goengo West and Central, with 2 drill holes for a total of 387 meters at Kangarce. The Q2 2015 focus will be on Goengo regional exploration. 2,000 meters of air core drilling north of the Bissinga pit on the Bouroum license started mid-March 2015. The Yeou feasibility study continued in Q1 2015.

Results	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
LTIFR	0.00	0.00	0%	0.00	0%
Run of mine, kt	3,960	3,499	13%	3,369	18%
Waste mined, kt	3,685	2,842	30%	2,890	28%
Ore mined, kt	276	658	(58%)	480	(43%)
Stripping ratio, tn/tn	13.37	4.32	211%	6.02	122%
Ore processed, kt	409	401	2%	469	(13%)
Grade, g/t	2.41	2.87	(16%)	2.09	15%
Recovery, %	82.7	85.7	(3.0 pp)	84.0	(1.3 pp)
Gold production, koz	29.9	33.1	(10%)	23.6	27%
Gold sold, koz	30.0	33.1	(9%)	23.6	27%
Average realised gold price per ounce sold, US\$/oz	1,169	1,292	(10%)	1,194	(2%)
Revenue, US\$ m	35.0	42.8	(18%)	28.2	24%
EBITDA, US\$	13.5	22.0	(39%)	10.1	34%
EBITDA margin, %	38.6	51.4	(12.8pp)	35.8	2.8pp
TCC, US\$/oz	642	609	5%	717	(10%)
AISC, US\$/oz	1,053	734	43%	1,062	(1%)

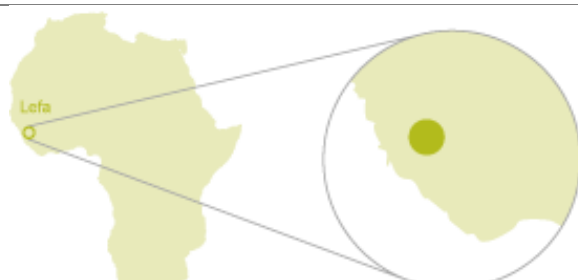
Ore processed multiplied by head grade and multiplied by recovery may not be equal gold to produced due to differences in work in progress figures and volumes of silver production.

# Financial and Operating Results

## Q1 2015

### Guinea

#### Lefa



Lefa achieved an increase of 49% YoY in gold production in Q1 2015 to 59.8 koz due to the improvement of all mining and processing parameters. Lefa increased run of mine by 86% YoY to 6,702 kt and ore mined by 97% to 1,580 kt leading to a 7% decrease in the average stripping ratio to 3.24 tn/tn. Volumes of ore processed increased by 34% to 1,724 kt supported by run of mine pad stocks from Q4 2014. The average head grade in Q1 2015 reached 1.26 g/t compared with 1.10 g/t in Q1 2014 and recovery increased by 4.1 pp YoY to 88.9%.

QoQ refined gold production decreased by 5% to 59.8 koz, while Q1 2015 gold doré production increased by 1% to 62.4 koz from 61.8 koz in Q4 2014. QoQ gold doré production increased mostly due to higher grade and recovery. The Q1 2015 stripping ratio increased by 24% QoQ due to planned waste cutbacks of the Karta and Fayalala South pits required to access deeper ore.

In Q1 2015, Lefa started construction work on the reclaim feeder in the process plant, which will further increase productivity and improve ore blend consistency. Completion is expected in Q4 2015.

In Q1 2015, Lefa recommenced regional exploration with the objective of making a new discovery as well as ongoing in pit resource conversion drilling and near mine exploration to replace depleted Ore Reserves. Priority was placed on drilling in the Lero-Karta complex, Firifirini and Fayalala South pits.

The final stage of construction of the current Tambico tailings facility started in Q1 2015, and will be undertaken over the next 6 months.

Results	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
LTIFR	0.00	0.00	0%	1.04	(100%)
Run of mine, kt	6,702	3,612	86%	6,547	2%
Waste mined, kt	5,122	2,808	82%	4,733	8%
Ore mined, kt	1,580	804	97%	1,814	(13%)
Stripping ratio, tn/tn	3.24	3.49	(7%)	2.61	24%
Ore processed, kt	1,724	1,290	34%	1,774	(3%)
Grade, g/t	1.26	1.10	15%	1.25	1%
Recovery, %	88.9	84.8	4.1 pp	88.7	0.2 pp
Gold production, koz	59.8	40.2	49%	62.7	(5%)
Gold sold, koz	69.1	40.2	72%	53.4	29%
Average realised gold price per ounce sold, US\$/oz	1,210	1,289	(6%)	1,204	0%
Revenue, US\$m	83.6	51.7	62%	64.3	30%
EBITDA, US\$m	43.6	4.4	891%	15.4	183%
EBITDA margin, %	52.1	8.5	43.6pp	23.9	28.2pp
TCC, US\$/oz	605	1,073	(44%)	726	(17%)
AISC, US\$/oz	698	1,237	(44%)	1,006	(31%)

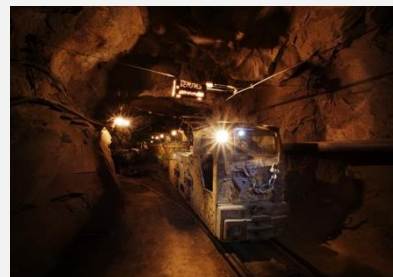
*Ore processed multiplied by head grade and multiplied by recovery may not be equal gold produced due to differences in work in progress figures and volumes of silver production.*

# Financial and Operating Results

## Q1 2015

### Russia

#### Buryatzoloto



In Q1 2015, Buryatzoloto increased gold output by 8% YoY to 26.8 koz mostly driven by higher throughput (up 5% to 174 kt) and recovery (up 0.4 pp to 93.2%). QoQ production decreased by 16% mostly owing to lower grade and ore processed volumes. In Q1 2015, Irokinda produced an additional 1.1 koz, but the concentrate was in rail transportation at the end of the quarter and will be recovered in Q2 2015.

The average head grade is expected to increase in Q2 2015 as Zun-Holba plans to commence ore production from the higher grade 90-11 block on the Adit levels, and Irokinda is continuing to produce high-grade ore from Vysokaya and Vein #3 mines.

In Q1 2015, Zun-Holba produced 91.3 kt of ore at 4.47 g/t from the Adits and Shaft levels. Exploration was focused on delineating ore blocks on the Adits levels of Severnoye 5 and Dorozhnoye, and the Shaft levels of Severnoye and Listvinitovoye.

Mechanised development of the Zun-Holba Decline continued in Q1 2015 with the aim of gaining access to the levels below the current Shaft levels for extensional drilling along strike and at depth to explore high-grade Ore Reserves. A total of 200 meters have been completed, with the decline reaching the zone Dalnaya Decline turn-off.

In Q1 2015, Irokinda produced 85.8 kt of ore at 6.90 g/t, mainly from the high-grade Vein Vysokaya and Vein #3. Ore production from Vein Serebryakovskaya was 5 kt, while the other veins contributed 20 kt.

Development of the mechanised Declines and first ore levels at Vein #3 and Vein Serebryakovskaya continued. Preparation of ore blocks continues on the first Decline horizon of Vein #3, planned for ore production in Q3 2015.

Irokinda commissioned improvement projects of its gravity and flotation circuits in Q1 2015, while reconstruction of the crushing complex has started and will increase plant efficiency and allow further cost reductions. Operational improvement initiatives at both the Buryatzoloto mines include additional gold production from burning underground wood chips, crushing of historical oversize ore, reduced cyanide consumption from the introduction of automated dosing, and overheads and fuel spend reductions.

Results	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
LTIFR	5.13	1.32	289%	5.28	(3%)
Ore mined, kt	177	181	(2%)	164	8%
Ore processed, kt	174	166	5%	175	(1%)
Grade, g/t	5.07	5.37	(6%)	5.48	(7%)
Recovery, %	93.2	92.8	0.4 pp	93.2	0.0 pp
Gold production, koz	26.8	24.9	8%	32.0	(16%)
Gold sold, koz	37.3	25.0	49%	21.6	73%
Average realised gold price per ounce sold, US\$/oz	1,278	1,306	(2%)	1,152	11%
Revenue, US\$m	47.6	32.7	46%	24.9	91%
EBITDA, US\$m	24.9	8.4	196%	9.0	177%
EBITDA margin, %	52.3	25.7	26.6pp	36.0	16.3pp
TCC, US\$/oz	626	878	(29%)	705	(11%)
AISC, US\$/oz	728	1,084	(33%)	912	(20%)

*Ore processed multiplied by head grade and multiplied by recovery may not be equal to gold produced due to differences in work in progress figures and volumes of silver production.*



# Financial and Operating Results

## Q1 2015

### Russia

#### Berezitovy



In Q1 2015, Berezitovy gold production increased by 31% YoY to 35.5 koz. The mine increased ore processed volumes by 2% YoY to 455 kt. The average head grade increased by 6% YoY to 2.13 g/t and recovery by 1.2 pp YoY to 90.3%.

QoQ refined gold production increased by 13% as Q1 2015 refined gold production included approximately 5.0 koz of gold doré produced and unrefined at the end of 2014, which was refined during this reporting period.

In Q1 2015, Phase 3 open pit waste stripping was intensified to secure ore supply for 2016 and 2017, while ore mining in Phase 1 continued. As a result, stripping ratio increased by 18% QoQ to 10.87 tn/tn.

The average grade in processing decreased to 2.13 g/t in Q1 2015 from 2.43 g/t in Q4 2014 due to the additional processing of lower grade ore from historical stockpiles. Grade in ore mined was 2.38 g/t in Q1 2015.

In 2015, Berezitovy will invest in additional drilling at the south flank of the Berezitovy open pit with the aim of converting current Inferred classified Mineral Resources to Ore Reserves. A total of 1,065 meters are planned. Drilling to support the evaluation of the Berezitovy underground potential is planned for H2 2015; currently targeting 24 drill holes for 10,073 meters.

A regional exploration programme will also be focused on the promising Kolbachi area of the Sergachinskaya deposit. A total of 778 meters are planned for the first two stages of drilling.

Results	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
LTIFR	0.00	0.00	0%	0.00	0%
Run of mine, kt	3,669	3,528	4%	3,593	2%
Waste mined, kt	3,360	3,036	11%	3,242	4%
Ore mined, kt	309	492	(37%)	351	(12%)
Stripping ratio, tn/tn	10.87	6.18	76%	9.23	18%
Ore processed, kt	455	448	2%	573	(21%)
Grade, g/t	2.13	2	6%	2.43	(12%)
Recovery, %	90.3	89.1	1.2 pp	90.6	(0.3 pp)
Gold production <sup>12</sup> , koz	35.5	27.0	31%	31.5	13%
Gold sold, koz	39.7	27.2	46%	27.0	47%
Average realised gold price per ounce sold, US\$/oz	1,254	1,309	(4%)	1,160	8%
Revenue, US\$m	49.8	35.6	40%	31.3	59%
EBITDA, US\$m	31.0	16.2	91%	18.9	64%
EBITDA margin, %	62.2	45.5	16.7pp	60.2	2.0pp
TCC, US\$/oz	428	670	(36%)	450	(5%)
AISC, US\$/oz	561	764	(27%)	659	(15%)

Ore processed multiplied by head grade and multiplied by recovery may not be equal gold produced due to differences in work in progress figures and volumes of silver production.

<sup>12</sup> Including gold from heap leach

# Financial and Operating Results

## Q1 2015

### Russia

#### Neryungri



Neryungri produced 18.4 koz of refined gold in Q1 2015 compared with 12.1 koz in Q1 2014 and 12.8 koz in Q4 2014. Q1 2015 refined gold production benefited from additional volumes of approximately 6.0 koz of gold doré produced and unrefined at the end of 2014, which was refined during the reporting period.

The stripping ratio decreased in Q1 2015 by 43% YoY to 4.31 tn/tn, which was driven by continued development of the low strip ratio Gross pilot stage operation.

In Q1 2015, Gross' run of mine amounted to 1.4 million tonnes, with 1.1 million tonnes of waste mined and 376 thousand tonnes of ore mined. The mined ore is being processed at Neryungri mine leach pads.

Neryungri ore processed totalled 866 kt at 0.72 g/t comprising of 308 kt ore at 0.62 g/t from Gross and 558 kt at 0.78 g/t from Tabornoe.

The 2015 Tabornoe drilling program consists of 73 drill holes for 12,380 total meters. Implementation is planned in two stages: Stage 1 for 6,870 meters and Stage 2 for 5,510 meters, targeting strike and depth extensions of the main Tabornoe pit.

Results	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
LTIFR	6.02	0.00	n.a.	0.00	n.a.
Run of mine, kt	4,342	3,610	20%	4,498	(3%)
Waste mined, kt	3,525	3,188	11%	3,597	(2%)
Ore mined, kt	817	422	94%	901	(9%)
Stripping ratio, tn/tn	4.31	7.56	(43%)	3.99	8%
Ore processed, kt	866	505	71%	853	2%
Grade, g/t	0.72	0.68	6%	0.79	(9%)
Recovery, % <sup>13</sup>	75.0	75.0	0.0 pp	75.0	0.0 pp
Gold production, koz	18.4	12.1	52%	12.8	44%
Gold sold, koz	18.3	12.1	51%	12.8	43%
Average realised gold price per ounce sold, US\$/oz	1,287	1,292	0%	1,137	13%
Revenue, US\$m	23.5	15.7	50%	14.5	62%
EBITDA, US\$m	13.9	6.0	132%	7.0	99%
EBITDA margin, %	59.1	38.2	20.9pp	48.5	10.6pp
TCC, US\$/oz	516	706	(27%)	520	(1%)
AISC, US\$/oz	556	799	(30%)	677	(18%)

*Ore processed multiplied by head grade and multiplied by recovery may not be equal to gold produced due to differences in work in progress figures and volumes of silver production.*

<sup>13</sup> Technical recovery rate. Actual recovery may differ due to seasonal effects.

# Financial and Operating Results

## Q1 2015

### Russia

#### Aprelkovo



Aprelkovo gold production decreased by 23% in Q1 2015 to 4.1 koz, mainly due to slower recovery associated with harder ore from the Main Aprelkovo pit and the current stacking plan.

QoQ gold output decreased by 41% mainly due to lower throughput (down 22% to 273 kt) and the seasonality of heap leach operations partially offset by higher grade (up 25% to 1.42 g/t).

Stripping ratio was 1.51 tn/tn, down 75% compared with 6.06 tn/tn in Q1 2014 and down 28% compared with 2.11 tn/tn in Q4 2014.

The relocation of crusher complex #2 has been substantially completed. Commissioning will be finalised in April 2015. The relocation of crusher complex #1 has commenced. Commissioning is planned for June 2015, which will result in the construction of an additional heap leaching pad with the capacity of 5 Mt.

The 2015 Aprelkovo drilling programme consists of 42 drill holes for 3,100 total meters. Implementation is planned in two stages: Stage 1 for 1,550 meters and Stage 2 for 1,550 meters, targeting extensions of the Southern and South-West flanks of the Main pit and Zone 10 pit.

Results	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
LTIFR	8.13	0.00	n.a.	0.00	n.a.
Run of mine, kt	1,143	2,833	(60%)	1,852	(38%)
Waste mined, kt	688	2,431	(72%)	1,256	(45%)
Ore mined, kt	456	401	14%	596	(23%)
Stripping ratio, tn/tn	1.51	6.06	(75%)	2.11	(28%)
Ore processed, kt	273	280	(3%)	352	(22%)
Grade, g/t	1.42	1.21	17%	1.14	25%
Recovery, % <sup>14</sup>	47.7	47.7	0.0 pp	47.7	0.0 p
Gold production, koz	4.1	5.3	(23%)	6.9	(41%)
Gold sold, koz	3.8	5.4	(30%)	6.9	(45%)
Average realised gold price per ounce sold, US\$/oz	1,180	1,306	(10%)	1,182	0%
Revenue, US\$m	4.4	7.1	(38%)	8.1	(46%)
EBITDA, US\$m	2.2	1.1	100%	2.7	(19%)
EBITDA margin, %	50.0	15.3	34.7pp	33.8	16.2pp
TCC, US\$/oz	581	1,086	(47%)	846	(31%)
AISC, US\$/oz	676	1,122	(40%)	997	(32%)

Ore processed multiplied by head grade and multiplied by recovery may not be equal gold produced due to differences in work in progress figures and volumes of silver production.

<sup>14</sup> Technical recovery rate. Actual recovery may differ due to seasonal effects.

# Financial and Operating Results

## Q1 2015

### Kazakhstan Suzdal



Suzdal refined gold production in Q1 2015 was 16.4 koz, while gold doré output totalled 19.3 koz in Q1 2015, almost in line with Q4 2014 (20.0 koz).

The mine increased ore processed volumes by 6% QoQ to 150 kt. The recovery increased by 2.9 pp QoQ to 66.5% partially offset by lower average head grade (decreased to 5.97 g/t in Q1 2015 compared with 6.88 g/t in Q4 2014). Recovery improvement projects are on-going. The mine expects the delivery of additional equipment and spare parts in Q2 2015. CCD automation upgrade commenced in March 2015 and will be completed in early May 2015. At the end of Q1 2015, recovery was approaching the targeted 70%.

Accessing and development of the historical Ore body 4 commenced in Q1 2015. 520 meters of the historical Decline was rehabilitated to access the first ore drive. Ore development included 808 tonnes at 5.90 g/t, and was stockpiled for future batch treatment.

A pilot hot-leach project was launched in March 2015, with initial encouraging results, and should recover approximately 5 kg of gold per month once design throughput is achieved. Design of a full scale hot-leach project is on schedule for commissioning in 2016.

Results	Q1 2015	Q1 2014	Change, YoY	Q4 2014	Change, QoQ
LTIFR	6.79	0.00	n.a.	2.12	220%
Ore mined, kt	128	126	2%	135	(5%)
Ore processed, kt	150	128	17%	141	6%
Grade, g/t	5.97	7.20	(17%)	6.88	(13%)
Recovery, %	66.5	68.1	(1.6 pp)	63.6	2.9 pp
Gold production, koz	16.4	0.3	5,367%	20.8	(21%)
Gold sold, koz	16.5	0.3 <sup>15</sup>	5,400%	22.1	(25%)
Average realised gold price per ounce sold, US\$/oz	1,187	1,314	(10%)	1,179	1%
Revenue, US\$m	19.6	0.4	4,800%	26.1	(25%)
EBITDA, US\$m	6.6	(3.1)	n.a.	9.5	(31%)
EBITDA margin, %	33.7	-	n.a.	36.4	(2.7 pp)
TCC, US\$/oz	751	875	(14%)	621	21%
AISC, US\$/oz	828	980	(16%)	868	(5%)

Ore processed multiplied by head grade and multiplied by recovery may not be equal gold produced due to differences in work in progress figures and volumes of silver production.

<sup>15</sup> In Q1 2014, Suzdal produced 0.3 koz of refined gold, while gold doré production amounted to 20.1 koz. Suzdal's Q1 2014 doré was refined and sold during Q2 2014.

# Financial and Operating Results

## Q1 2015



### Telephone Conference and Q&A Session

Nikolai Zelenski, Chief Executive Officer of Nordgold, Dmitry Guzeev, Chief Financial Officer and Louw Smith, Chief Operating Officer will present the Company's financial results for Q1 2015 on a conference call to be held on May 18, 2015 at 2.00 pm London time (4.00 pm Moscow time). The presentation will be followed by a Q&A session. To participate in the telephone conference, please register in advance.

### Registration Details

**Conference Title:** Nordgold's Presentation of Q1 2015 Financial Results

To participate in the telephone conference, please dial:

#### Great Britain

+44 (0) 203 043 2439

#### USA

+1 866 907 5925

#### Russia

+7 495 705 9472

#### Webcast

The presentation will be broadcast live over the Internet and will also be available as a recording after the conference.

To participate in the webcast please follow the link:

<http://www.anywhereconference.com?UserAudioMode=DATA&Name=&Conference=135293867&PIN=281964>

### Materials

The Company's financial results for the first quarter ended March 31, 2015 and associated presentation materials will be available on the Company's official website: [www.nordgold.com](http://www.nordgold.com) on May 18, 2015.

# Financial and Operating Results

## Q1 2015

### Non-IFRS Financial Measures

This press release includes certain measures that are not measures defined by International Financial Reporting Standards (as adopted by the European Union) (“IFRS”). These measures are EBITDA and EBITDA margin, total cash costs, all-in sustaining cost and net debt, and they are used by the management of Nordgold to assess the Company’s financial performance. However, these measures should not be used instead of or considered as alternatives to Nordgold’s historical financial results based on IFRS. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company.

#### EBITDA and EBITDA Margin

Normalised EBITDA results from profit from operations adjusted for income tax expense, finance income and costs, depreciation and amortisation charges, impairment / (reversal of impairment) of non-current assets, the net result from the disposal of property, plant and equipment, equity remeasurement loss / (gain), social expenses and charity donations, and net gain on disposal of subsidiaries. Nordgold uses EBITDA in the reporting of its segments and in assessing its growth and operational efficiencies. The EBITDA margin is EBITDA as a percentage of sales.

Information regarding EBITDA and the EBITDA margin or similar measures is sometimes used by investors to evaluate the efficiency of a company’s operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements.

EBITDA, by itself, does not provide a sufficient basis to compare Nordgold’s performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

#### Total Cash Cost

Total cash costs measure what Nordgold considers to be the cash costs most relevant to its principal operations. Total cash cost is calculated by subtracting non-cash, central corporate and ancillary or exceptional operational costs (including depreciation and amortisation, provision for asset retirement obligations, allowance for slow-moving and obsolete inventories, corporate overheads, allowance for bad debts, unused employee vacation time and employee bonuses, change in finished goods and revenue of by-products) from cost of production, general and administrative expenses and taxes other than income tax.

#### All-In Sustaining Costs

All-in-sustaining cost (“AISC”) stands for the costs related to sustaining production and is calculated as the amount of production cost (corrected for depreciation and amortisation), plus selling, general and administrative expenses and other cash operating result with addition of capital expenditure spent to sustain the production level. The latter includes maintenance capex on all the mines, exploration capex on operating mines and capitalised stripping together with underground development performed on operating mines.

#### Net Debt

In order to assess Nordgold’s liquidity position, management uses a measure of net cash or debt, which is the sum of short- and long-term debt finance less cash and cash equivalents. Short-term and long-term debt includes loans and other credit facilities, accrued interest and bank overdrafts.

# Financial and Operating Results

## Q1 2015

### Capex

Capital expenditure (“capex”) is the amount of additions to construction in progress (“CIP”), property, plant and equipment and intangible assets as disclosed in IFRS financial statements, adjusted for net change of advances paid for CIP and result of dismantling of fixed assets into materials.

### Free cash flow

Free cash flow represents cash flows from operating activities less cash used for capital expenditure.

### Enquiries

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### About Nordgold

Nordgold (LSE: NORD) is an internationally diversified low-cost gold producer established in 2007 and publicly traded on the London Stock Exchange. The Company has expanded rapidly through carefully targeted acquisitions and organic growth, achieving a rate of growth unmatched in the industry during that period. In 2014, Nordgold’s gold production increased to 985 koz from 924 koz in 2013.

The Company operates 9 mines and has 2 development projects, 4 advanced exploration projects and a diverse portfolio of early-stage exploration projects and licenses in Burkina Faso, Guinea, Russia, Kazakhstan, French Guiana and Canada. Nordgold employs more than 8,000 people.

### Cautionary Note Regarding Forward-Looking Statements

*Certain information contained in this press release, including any information as to Nordgold's estimates, strategy, projects, plans, prospects, future outlook, anticipated events or results or future financial or operating performance and production may constitute “forward-looking information” within the meaning of applicable securities laws. All statements, other than statements of historical fact, constitute forward-looking information. Forward-looking information can often, but not always, be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “predicts”, “potential”, “continue” or “believes”, or variations (including negative variations) of such words, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might”, “potential to”, or “will” be taken, occur or be achieved or other similar expressions concerning matters that are not historical facts. The purpose of forward-looking information is to provide the reader with information about management’s expectations and plans. Readers are cautioned that forward-looking statements are not guarantees of future performance.*

# Financial and Operating Results

## Q1 2015

*All forward-looking statements made or incorporated in this press release are qualified by these cautionary statements.*

*Forward-looking information involves significant risks, assumptions, uncertainties and other factors that may cause actual future realities or anticipated events to differ materially from those expressed or implied in any forward-looking information and, accordingly, should not be read as guarantees of future performance or realities. Material factors or assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting Nordgold's operations will continue substantially in their current state, including, without limitation, with respect to industry conditions, general levels of economic activity, market prices for gold, competition for and scarcity of gold mine assets, achievement of anticipated mineral reserve and mineral resource tonnages or grades, ability to develop additional mineral reserves, acquisition of funding for capital expenditures, adequacy and availability of production, processing and product delivery infrastructure, electricity costs, continuity and availability of personnel and third party service providers, local and international laws and regulations, foreign currency exchange rates and interest rates, inflation, taxes, and that there will be no unplanned material changes to Nordgold's facilities, equipment, customer and employee relations and credit arrangements. Nordgold cautions that the foregoing list of material factors and assumptions is not exhaustive. Many of these assumptions are based on factors and events that are not within the control of Nordgold and there is no assurance that they will prove correct. The risks and other factors that may cause actual future realities or anticipated events to differ materially from those expressed or implied in any forward-looking information include, but are not limited to Nordgold's ability to execute its development and exploration programs; the financial and operational performance of Nordgold; civil disturbance, armed conflict or security issues at the mineral projects of Nordgold; political factors; the capital requirements associated with operations; dependence on key personnel; compliance with environmental regulations; estimated production; and competition.*

*Actual performance or achievement could differ materially from that expressed in, or implied by, any forward-looking information in this press release and, accordingly, investors should not place undue reliance on any such forward-looking information. Further, any forward-looking information speaks only as of the date on which such statement is made, and Nordgold does not undertake any obligation to update any forward-looking information to reflect information, events, results, circumstances or realities after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. All forward-looking information contained in this press release is qualified by such cautionary statements. New risk factors emerge from time to time, and it is not possible for management to predict all of such risk factors and to assess in advance the impact of each such factor on Nordgold's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking information.*



Financial and Operating Results  
**Q1 2015**



## **Nord Gold N.V.**

**Interim Condensed Consolidated  
Financial Statements  
as at and for the Three Months Ended  
31 March 2015**

# **NORD GOLD N.V.**

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# NORD GOLD N.V.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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 31 March 2015, and financial performance, cash flows and changes in equity for the three 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 three months ended 31 March 2015 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 three months ended 31 March 2015 were approved on 18 May 2015 on behalf of the Board of Directors by:

Zelensky N.G.  
Chief Executive Officer

Guzeev D.V.  
Chief Financial Officer

## NORD GOLD N.V.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) (Amounts in thousands of US dollars, except as otherwise stated)

	Note	Three months ended 31 March	
		2015	2014
Sales	4	355 619	274 896
Cost of sales		<u>(213 366)</u>	<u>(204 162)</u>
<b>Gross profit</b>		<b>142 253</b>	<b>70 734</b>
General and administrative expenses	5	(12 621)	(17 301)
Other operating (expenses)/income, net		<u>(2 457)</u>	<u>3 132</u>
<b>Profit from operations</b>		<b>127 175</b>	<b>56 565</b>
Finance income	6	2 514	625
Finance costs	6	<u>(20 546)</u>	<u>(29 068)</u>
<b>Profit before income tax</b>		<b>109 143</b>	<b>28 122</b>
Income tax (expense)/benefit	7	<u>(20 601)</u>	<u>(3 521)</u>
<b>Profit/(loss) for the year</b>		<b><u>88 542</u></b>	<b><u>24 601</u></b>
Attributable to:			
Shareholders of the Company		82 293	19 266
Non-controlling interests		<u>6 249</u>	<u>5 335</u>
Weighted average number of shares outstanding during the year (millions of shares) – basic and diluted	8	<u>380.998</u>	<u>378.122</u>
<b>Earnings per share</b>			
Basic and diluted earnings per share (US dollars)		<u>0.22</u>	<u>0.05</u>

## NORD GOLD N.V.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) *(Amounts in thousands of US dollars, except as otherwise stated)*

	Three months ended 31 March	
	2015	2014
<b>Profit for the year</b>	<b>88 542</b>	<b>24 601</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign exchange differences	(75 194)	(80 727)
Change in fair value of cash flow hedge	-	2 372
Revaluation of available-for-sale financial assets	3 014	17 301
Deferred tax on revaluation of available-for-sale financial assets	(436)	(2 074)
<b>Other comprehensive loss for the year, net of tax</b>	<b>(72 616)</b>	<b>(63 128)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>15 926</b>	<b>(38 527)</b>
Attributable to:		
Shareholders of the Company	15 044	(40 285)
Non-controlling interests	882	1 758

# NORD GOLD N.V.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015 (UNAUDITED) (Amounts in thousands of US dollars, except as otherwise stated)

	Note	31 March 2015	31 December 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		231 990	127 692
Short-term deposits		190 969	190 175
Accounts receivable		29 679	34 103
Inventories		309 483	326 858
VAT receivable		47 135	46 507
Income tax receivable		6 657	4 345
<b>Total current assets</b>		<b>815 913</b>	<b>729 680</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	608 818	672 607
Intangible assets		678 356	707 570
Long-term financial investments	12	48 026	47 020
Investments in joint venture and associate		2 663	2 663
Restricted cash		7 716	8 170
Deferred tax assets		22 347	21 739
Other non-current assets		54 421	56 302
<b>Total non-current assets</b>		<b>1 422 347</b>	<b>1 516 071</b>
<b>TOTAL ASSETS</b>		<b>2 238 260</b>	<b>2 245 751</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term borrowings	11	11 966	4 851
Accounts payable		156 049	172 287
Income tax payable		12 877	17 869
Provisions		8 591	7 556
<b>Total current liabilities</b>		<b>189 483</b>	<b>202 563</b>
<b>Non-current liabilities</b>			
Long-term borrowings	11	938 193	939 531
Provisions		51 809	52 714
Deferred tax liabilities		39 459	39 094
Other non-current liabilities		9 595	10 657
<b>Total non-current liabilities</b>		<b>1 039 056</b>	<b>1 041 996</b>
<b>Total liabilities</b>		<b>1 228 539</b>	<b>1 244 559</b>
<b>Equity</b>			
Share capital		1 315 951	1 315 951
Treasury shares	8	(2 330)	
Additional paid-in capital		894 352	894 352
Foreign exchange differences		(505 489)	(435 662)
Accumulated losses		(769 444)	(846 670)
Revaluation reserve		15 653	13 075
<b>Total equity attributable to shareholders of the Company</b>		<b>948 693</b>	<b>941 046</b>
Non-controlling interests		61 028	60 146
<b>Total equity</b>		<b>1 009 721</b>	<b>1 001 192</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2 238 260</b>	<b>2 245 751</b>

# NORD GOLD N.V.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) (Amounts in thousands of US dollars, except as otherwise stated)

	Three months ended 31 March	
	2015	2014
<b>Operating activities</b>		
Profit for the period	88 542	24 601
<b>Adjustments for non-cash movements:</b>		
Finance income	(2 514)	(625)
Finance costs	20 546	29 068
Income tax expense/(benefit)	20 601	3 521
Depreciation and amortisation	62 125	46 530
Impairment of non-current assets	-	614
Net loss from joint ventures	-	850
Loss on disposal of property, plant and equipment	87	153
Movements in provisions for inventories, receivables and other provisions	3 034	(597)
	<b>192 421</b>	<b>104 115</b>
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(1 790)	(1 240)
Inventories	(373)	(16 079)
VAT recoverable	(2 973)	375
Accounts payable	(5 888)	(23 819)
Other changes in operating assets and liabilities, net	6 493	2 682
<b>Cash flows from operations</b>	<b>187 890</b>	<b>66 034</b>
Interest paid	(4 074)	(7 320)
Income taxes paid	(26 127)	(8 871)
<b>Cash generated from operating activities</b>	<b>157 689</b>	<b>49 843</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(27 063)	(21 128)
Acquisition of exploration and evaluation assets	(10 469)	(5 778)
Additions to financial investments	(333)	(4 510)
Other movements	1 723	589
<b>Cash used in investing activities</b>	<b>(36 142)</b>	<b>(30 827)</b>
<b>Financing activities</b>		
Proceeds from borrowings	-	500 841
Repayment of borrowings	-	(473 496)
Dividends paid	(4 944)	(5 285)
Finance and equity transaction costs paid	-	(7 500)
Other movements	(4 336)	(47)
<b>Cash generated from financing activities</b>	<b>(9 280)</b>	<b>14 513</b>
<b>Net increase in cash and cash equivalents</b>	<b>112 267</b>	<b>33 529</b>
Cash and cash equivalents at beginning of the period	127 692	244 042
Effect of exchange rate fluctuations on cash and cash equivalents	(7 969)	(7 055)
<b>Cash and cash equivalents at end of the period</b>	<b>231 990</b>	<b>270 516</b>

## NORD GOLD N.V.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)

(Amounts in thousands of US dollars, except as otherwise stated)

	Attributable to the shareholders of the Company						Non-controlling interests	Total	
	Share capital	Treasury shares	Additional paid-in capital	Foreign exchange differences	Accumulated losses	Revaluation reserve			Total
<b>Balance at 1 January 2014</b>	<b>1 307 121</b>	-	<b>894 352</b>	<b>(114 152)</b>	<b>(912 439)</b>	<b>(2 759)</b>	<b>1 172 123</b>	<b>78 474</b>	<b>1 250 597</b>
Profit for the period	-	-	-	-	19 266	-	19 266	5 335	24 601
Other comprehensive loss for the period, net of tax	-	-	-	(77 150)	-	17 599	(59 551)	(3 577)	(63 128)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	(40 285)	1 758	(38 527)
Dividends	-	-	-	-	(5 280)	-	(5 280)	-	(5 280)
<b>Balance at 31 March 2014</b>	<b>1 307 121</b>	-	<b>894 352</b>	<b>(191 302)</b>	<b>(898 453)</b>	<b>14 840</b>	<b>1 126 558</b>	<b>80 232</b>	<b>1 206 790</b>
<b>Balance at 1 January 2015</b>	<b>1 315 951</b>	-	<b>894 352</b>	<b>(435 662)</b>	<b>(846 670)</b>	<b>13 075</b>	<b>941 046</b>	<b>60 146</b>	<b>1 001 192</b>
Profit for the period	-	-	-	-	82 293	-	82 293	6 249	88 542
Other comprehensive (loss)/income for the period, net of tax	-	-	-	(69 827)	-	2 578	(67 249)	(5 367)	(72 616)
Total comprehensive income for the period	-	-	-	-	-	-	15 044	882	15 926
Acquisitions of non-controlling interest without a change in control (see Note 8)	-	(2 330)	-	-	-	-	(2 330)	-	(2 330)
Dividends	-	-	-	-	(5 067)	-	(5 067)	-	(5 067)
<b>Balance at 31 March 2015</b>	<b>1 315 951</b>	<b>(2 330)</b>	<b>894 352</b>	<b>(505 489)</b>	<b>(769 444)</b>	<b>15 653</b>	<b>948 693</b>	<b>61 028</b>	<b>1 009 721</b>



# NORD GOLD N.V.

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) (Amounts in thousands of US dollars, except as otherwise stated)

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### 1. OPERATIONS

Nord Gold N.V. (the "Company") is a Dutch public limited liability company as defined in the Netherlands Civil Code. The Company's registered office is Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, the Netherlands.

As at 31 March 2014 and 31 December 2014, the immediate parent company of the Company Ocean Management S.A.R.L. ("the Parent Company"), registered in the Luxembourg. The controlling shareholder of the Company as at 31 March 2015 and 31 December 2014 was Mr. Alexey A. Mordashov.

The principal activity of the Company and its subsidiaries (together referred to as the "Group") is the extraction, refining and sale of gold. Mining and processing facilities are located in Burkina Faso, Guinea, the Republics of Buryatia and Yakutia and the Amur and Transbaikal regions of the Russian Federation and in Kazakhstan.

### 2. BASIS FOR 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 2014 prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union ("IFRSs EU"), such as full set of accounting policies and details of accounts which have not changed significantly. The Group has provided disclosures where significant events have occurred during three months ended 31 March 2015. Management believes that disclosures provided in these interim condensed consolidated financial statements are adequate to make the information presented not misleading if these interim condensed consolidated financial statements are read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014. 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 period.

#### 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 2014.

#### 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 2014.

#### Renewal of licenses

The Group's geological research licenses with a carrying value of US\$ 21 million, primarily in Burkina Faso fields, were partially expired or near expiry term as at 31 March 2015. Management was in the process of applying for renewal of these licenses and, based on the historical experience of renewal of the licenses in Burkina Faso, assessed the probability of the renewal as high.

# NORD GOLD N.V.

## SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) (Amounts in thousands of US dollars, except as otherwise stated)

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The consolidated financial statements of the Group have been prepared based on management's expectation that all geological licenses will be renewed. If management is unsuccessful in renewal the licenses, it may lead to an additional impairment charge.

### 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 analyse 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.

There has been no material changes in the risk profile compared to the risk management disclosed in the 2014 integrated report.

## 3. SEGMENT REPORTING

The Group has nine reportable segments, as described below, representing the Group's strategic business units. Each strategic business unit is managed separately with relevant results regularly reviewed by the Group's CEO. The following summary describes the operations of each reportable segment:

- *Neryungri and Aprelkovo*. The segment includes gold mining activities in the Republic of Yakutia and the Chitinskaya region of the Russian Federation, including open-pit operating mines with the heap-leaching technology for gold processing Tabornoye and Pogromnoye and Gross gold exploration project.
- *Suzdal and Balazhal*. Includes the Suzdal underground gold mine located in Kazakhstan with the flotation, bio-oxidation and carbon-in-leach ("CIL") technology for gold processing and the Balazhal gold deposit in Kazakhstan.
- *Buryatzoloto*. Includes two underground gold mines located in the Republic of Buryatia of the Russian Federation: 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*. Includes 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*. Includes a number of gold deposits at exploration and evaluation stage located in Burkina Faso, West Africa.

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### SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) (Amounts in thousands of US dollars, except as otherwise stated)

- *Russian Greenfields*. Includes a number of gold deposits at exploration and evaluation stage located in the Russian Federation.

Operations of the holding company and subsidiaries involved in non-core activities are disclosed as "Other companies", none of which meet the criteria for separate reporting.

The Group's CEO uses normalised EBITDA in assessing each segment's performance and allocating resources. Normalised EBITDA represents profit/(loss) for the year adjusted to exclude income tax (expense)/benefit, finance income, finance costs, depreciation and amortisation, impairment of non-current assets, net loss on disposal of property, plant and equipment, impairment of work-in progress, stripping cost write-off due to change in assumptions, and other (expenses)/income, net.

Business segment assets and liabilities are not reviewed by the CODM and therefore are not disclosed in these consolidated financial statements.

#### Segment financial performance

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

	Three months ended 31 March	
	2015	2014
<b>Sales</b>		
Neryungri and Aprelkovo	27 966	22 729
Suzdal and Balazhal	19 616	439
Buryatzoloto	47 615	32 673
Berezitovy	49 767	35 632
Taparko	35 025	42 751
Lefa	83 583	51 748
Bissa	92 047	88 924
<b>Total</b>	<b>355 619</b>	<b>274 896</b>
	Three months ended 31 March	
	2015	2014
<b>Normalised EBITDA by segment</b>		
Neryungri and Aprelkovo	16 104	7 049
Suzdal and Balazhal	6 584	(3 196)
Buryatzoloto	24 870	8 377
Berezitovy	31 031	16 152
Taparko	13 522	21 956
Lefa	43 568	4 391
Bissa	58 818	56 964
Burkina Faso Greenfields	(41)	(107)
Russian Greenfields	(2)	(151)
<b>Total normalised EBITDA for reportable segments</b>	<b>194 454</b>	<b>111 435</b>
Normalised EBITDA for other companies	(4 725)	(7 962)
<b>Total</b>	<b>189 729</b>	<b>103 473</b>

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### SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) (Amounts in thousands of US dollars, except as otherwise stated)

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

	Three months ended 31 March	
	2015	2014
<b>Profit/(loss) before income tax</b>	<b>109 143</b>	<b>28 122</b>
Finance income	(2 514)	(625)
Finance costs	20 546	29 068
Depreciation and amortisation	62 125	46 530
Net loss on disposal of property, plant and equipment	87	153
Other income, net	342	225
<b>Normalised EBITDA</b>	<b>189 729</b>	<b>103 473</b>

#### 4. SALES

	Three months ended 31 March	
	2015	2014
<b>By product</b>		
Gold	353 853	273 233
Silver	1 766	1 663
<b>Total</b>	<b>355 619</b>	<b>274 896</b>

	Three months ended 31 March	
	2015	2014
<b>By customer</b>		
Switzerland: Metalor Technologies S.A.	127 072	132 113
Switzerland: MKS Finance S.A.	83 583	51 748
Russia: NOMOS bank	52 064	39 729
Russia: VTB	65 384	35 632
Russia: Sberbank	23 517	15 674
Kazakhstan: Tau-Ken Altyn	3 999	-
<b>Total</b>	<b>355 619</b>	<b>274 896</b>

#### 5. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2015	2014
Wages and salaries	6 070	9 122
Professional and other services	3 303	4 750
Social security costs	832	1 522
Materials and consumables	238	221
Other	2 178	1 686
<b>Total</b>	<b>12 621</b>	<b>17 301</b>

For the three months ended 31 March 2015 key management's remuneration, representing short-term employee benefits, amounted to US\$ 1.3 million (three months ended 31 March 2014: US\$ 2.3 million).

## NORD GOLD N.V.

### SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) (Amounts in thousands of US dollars, except as otherwise stated)

#### 6. FINANCE INCOME AND COSTS

	Three months ended 31 March	
	2015	2014
Interest income	2 514	625
<b>Finance income</b>	<b>2 514</b>	<b>625</b>
Interest expense	(11 831)	(15 451)
Foreign exchange loss, net	(6 050)	(4 724)
Other	(2 665)	(8 893)
<b>Finance costs</b>	<b>(20 546)</b>	<b>(29 068)</b>

During the three months ended 31 March 2015 other finance costs include US\$ 1.2 million of royalties related to Bissa operations.

During the three months ended 31 March 2014 other finance costs include US\$ 7.1 million of costs related to the discontinuance of hedge accounting and \$US 1.3 million of royalties related to Bissa operations.

#### 7. INCOME TAX

Income tax is accrued based on the estimated average annual effective income tax rate of 18.9% (2014: 12.5%). The following factors mostly affected the increase of the effective tax rate in 2015:

- Increase of Buryatzoloto and Alel result share in profit before income tax during the three months ended 31 March 2015, which is subject to income tax rate of 20%;
- Decrease of the amount provided for income tax contingencies during 2014, absence of significant income tax contingencies changes during three month ended 31 March 2015.

#### 8. EARNINGS PER SHARE

Basic earnings per share for the three months ended 31 March 2015 were based on the income attributable to shareholders of the Company of US\$ 82.3 million (three months ended 31 March 2014: US\$ 19.3 million) and a weighted average number of outstanding ordinary shares of 381.0 million (31 March 2014: 378.1 million), calculated as per below (in million of shares):

	Issued shares	Weighted average number of shares
1 January 2014	378.122	378.122
31 March 2014		378.122
1 January 2015	380.998	380.998
31 March 2015		380.998

In February 2015, the Board of Directors of Nordgold has approved a share and GDR buyback programme for up to 19,000,000 shares/GDRs to a maximum total amount of US\$30 million at a price of up to US\$4 per share/GDR. The buyback programme will end as soon as the aggregate purchase price of the shares/GDRs acquired by the Company has reached the amount of US\$30 million or ultimately, by 31 December 2015. Following the withdrawal from the GDR programme of the shares underlying the GDRs, the Company intends to cancel the shares. Since the announcement of the buyback programme till 31 March 2015 the Company has purchased a total of 948,530 GRDs for the total amount of US\$2.3 million.

#### 9. RELATED PARTY TRANSACTIONS AND BALANCES

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Transactions with entities under common control were the following:

	Three months ended 31 March	
	2015	2014
Capital expenditures	(2 190)	(1 099)
Operating expenses	(83)	(10)

As at 31 March 2015, balances with entities under common control included accounts payable of US\$ 1.9 million (31 December 2014: US\$ 4.1 million), which are to be settled in cash.

#### 10. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2015, the Group acquired items of property, plant and equipment for US\$ 31 103 thousand (three months ended 31 March 2014: US\$ 20 461 thousand).

#### 11. BORROWINGS

Short-term borrowings:

	31 March 2015	31 December 2014
Accrued interest	11 966	4 851
<b>Total</b>	<b>11 966</b>	<b>4 851</b>

Long-term borrowings:

	31 March 2015	31 December 2014
Notes and bonds issued	448 000	450 000
Bank and other credit organisations financing	500 000	500 000
Unamortised balance of transaction costs	(9 807)	(10 469)
<b>Total</b>	<b>938 193</b>	<b>939 531</b>

In May 2013, the Company issued US\$ 500 million unsecured notes. 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.

During 2014 the Company repurchased US\$ 50 million of such notes in the open-market for the total consideration of US\$ 46.4 million. Resulting gain of US\$ 3.6 million was recognised as finance income.

During three months ended 31 March 2015 the Company repurchased US\$ 2 million of such notes in the open-market for the total consideration of US\$ 1.8 million. Resulting gain of US\$ 0.2 million was recognised as finance income.

As at 31 March 2015, loan facility from Sberbank was secured by the following shares in the Group's subsidiaries:

- 75% of the Group's ownership in Bissa Gold S.A., securing not more than US\$ 10 million of the liability;
- 75% of the Group's ownership in Societe des Mines de Taparko, securing not more than US\$ 10 million of the liability;
- 75% of the Group's ownership in LLC Berezitovy Rudnik;
- 75% of the Group's ownership in OJSC Buryatzoloto;

## **NORD GOLD N.V.**

### **SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) (Amounts in thousands of US dollars, except as otherwise stated)**

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- 100% of the Group's ownership in High River Gold Mines (West Africa) Ltd.;
- 100% of the Group's ownership in Jilbey Burkina SARL, securing not more than US\$ 10 million of the liability.

The carrying value of the pledged entities' net assets amounted to US\$ 796.2 million.

The fair value of debt instruments approximated their carrying value at 31 March 2015, except for the fair value of notes which had a market value of US\$ 430.8 million (31 December 2014: US\$ 380.3 million).

#### **12. LONG-TERM FINANCIAL INVESTMENTS**

As at 31 March 2015, the Group's long-term financial investments included the following:

- 1.8% equity interest in Detour Gold Corporation, valued at US\$ 26.2 million (31 December 2014: 2.0% valued at US\$ 25.3 million) held by the Group's Canadian subsidiary;
- US\$ 16.4 million of advances paid to Columbus Gold Corporation (31 December 2014: US\$ 16.2 million) for the bankable feasibility study, as a requirement of the Option agreement to acquire 50.01% stake in Montagne d'Or gold mining project in French Guiana. Nord Gold may earn the option by completing a bankable feasibility study and by expending not less than US\$ 30 million in 2 years in staged work expenditures;
- Other individually immaterial investments of US\$ 5.4 million (31 December 2014: US\$ 5.5 million) represented by a number of holdings in gold exploration and mining companies.

#### **13. COMMITMENTS AND CONTINGENCIES**

##### **Capital commitments**

As at 31 March 2015, the Group had contractual capital commitments of US\$ 30.4 million (31 December 2014: US\$ 11.2 million).

##### **Operating environment**

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. International credit agencies downgraded Russia's long-term foreign currency sovereign rating with a negative outlook. In December 2014, the Central Bank of the Russian Federation significantly increased its key interest rate, which resulted in growth of interest rates on domestic borrowings. The exchange rate of the Russian Rouble depreciated significantly. These developments may result in reduced access of the Russian businesses to international capital and export markets, capital flight, further weakening of the Ruble and other negative economic consequences.

The impact of further political and economic developments in Russia on future operations and financial position of the Group's Russian subsidiaries is difficult to determine at this stage. No impact is expected on the Group's subsidiaries located in other countries.

##### **Legal proceedings**

The Group entities are currently and may be from time to time involved in a number of legal proceedings, including inquiries from and discussions with governmental authorities, that are incidental to their operations. Some of the current proceedings related to taxation are discussed below. However the Group is not currently involved in any legal proceedings which may have a significant effect on the financial position or profitability of the Group.

##### **Tax contingencies**

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The taxation system and regulatory environment of the Russian Federation, Kazakhstan, Burkina Faso and Guinea are relatively new and characterised by frequently changing legislation, which is often unclear, contradictory and subject to varying interpretations between the differing regulatory authorities and jurisdictions. Events during recent years suggest that the regulatory authorities within these countries are adopting a more assertive stance regarding the interpretation and enforcement of legislation. This situation creates substantial tax and regulatory risks.

#### ***Russian Federation***

At 31 March 2015, management assessed total amount of potential claims from Russian tax authorities at US\$ 20.0 million, including mineral extraction tax at US\$ 12.4 million and income tax at US\$ 5.2 million.

#### ***Burkina Faso***

The total amount of various potential tax and legal risks of Group's entities located in Burkina Faso is estimated at US\$ 4.9 million.

#### ***Guinea***

The total amount of potential tax risks of Société Minière de Dinguiraye ("SMD") located in Guinea is estimated at US\$ 1.9 million.

In September 2011, the Republic of Guinea issued a new mining code which is intended to repeal and replace the existing mining code.

The government has begun applying the provisions of the new code and has indicated that re-negotiation of existing mining concessions and increased economic interest in existing mining companies may be appropriate. The new code entitles the Republic of Guinea to a free 15% interest in the share capital of a company to which it has granted title and the right to acquire an additional 20% in the share capital of the mining company on terms to be negotiated with each company. The new code also includes a new fiscal and customs regime applicable to mining activities and provides for the renegotiation of existing mining concessions.

Given the uncertainty as to the application and interpretation of the new mining code, its impact on to the Group's ownership of SMD to the mining concession itself and to the Group's activities in Guinea and the introduction of the new fiscal and customs regime, there can be no assurance that the actions of the Government of Guinea, or the impact of the new legislation, will not have a significant negative impact on the Group's ownership interest in SMD, or result in an increase in taxation or the costs of doing business in Guinea, any of which could have a material adverse effect on the Group's business, results of operations and financial condition.

#### ***Other jurisdictions***

Guinor, a subsidiary of the Group, which is a Canadian tax resident, is exposed to tax risks up to US\$ 12.9 million. Management assesses the probability of unfavourable outcome of this risk as possible.

## **14. EVENTS AFTER THE REPORTING PERIOD**

According to the buyback programme (see Note 8) the Company has purchased a total of 3,424,539 GRDs for the total amount of US\$9.4 million since 01 April 2015.

In April 2015 total of 2,957,924 GDRs, which were purchased in accordance with the share buyback programme, has been withdrawn from the GDR programme and the treasury shares representing such GDRs subsequently cancelled. As a result of cancellation the share capital of the Company reduced to US\$1,305.7 million.