Nord Gold N.V. reports financial and operating results for the second quarter and first half ended June 30, 2012

Amsterdam, Netherlands, August 30, 2012 – Nord Gold N.V, ("Nordgold" or the "Company", LSE: NORD), an independent, internationally diversified, pure-play gold producer strategically focused on emerging markets, announces its financial and operating results for the second quarter and six months ended June 30, 2012.

Financial Highlights

- **Revenues for H1 2012 of US$528.5 million, down US$14.9 million from H1 2011. The reduction in revenues was mainly due to lower gold sales (down 14%), which was partially offset by higher realised gold prices (up 13%).**

- **Total cash costs of US$832 per ounce, up from US$672 per ounce in H1 2011. The increase was mainly due to higher costs at the Lefa, Taparko, and Suzdal mines due to lower head grades and recoveries.**

- **EBITDA of US$217.7 million, down US$50.6 million from H1 2011. EBITDA was impacted by both lower production volumes at Lefa, Taparko, Berezitovy and Neryungri, and by increased production costs at Lefa, Taparko, and Suzdal. EBITDA margin for H1 2012 was 41%.**

- **Cash flow from operating activities after interest and income taxes for the period was US$2.4 million. This included a one-off payment of the accumulated interest on debt financing from the OJSC Severstal loan, amounting to US$42.0 million. Excluding this one-off payment, operating cash flow for H1 2012 was US$44.4 million.**

- **The Company's cash and cash equivalents at June 30, 2012 were US$50.5 million, compared to US$217.1 million at 31 December 2011, giving net debt of $380.4 million. The decrease in cash is largely due to the US$97.5 million payment for construction at Bissa. The work at Bissa is now in the most active phase of its development, and is on time and on budget.**

- **Capex programme for 2012 is on budget and on schedule with US$224.3 million (including US$65.2 million for exploration) spent during the first six months of the year.**

Operating Highlights

- **Lost time injury frequency rates (LTIFR) for Q2 2012 fell 51% to 1.03 from 2.11 in Q2 2011. Safety continues to be the absolute priority for the Board and management with the objective of Zero Harm for our employers and contractors.**

- **Gold production in Q2 2012 was up 6% quarter on quarter to 165.3 thousand gold equivalent ounces ("koz"), (Q1 2012: 155.7 koz).**

- **Gold production in Q2 2012 increased at Lefa, Berezitovy, Neryungri and Aprelkovo over Q1 2012, while production fell at Taparko, Suzdal and Buryatzoloto over the same period.**

- **Nordgold has taken a number of operational measures during Q2 2012 to improve production at all mines, particularly at Taparko, where performance has been disappointing.**

- **Record production at Berezitovy in June 2012, as a result of operational improvements made, which is expected to continue going forward.**

- **Nordgold continues to make progress at resolving operational issues across its asset portfolio and expects production growth to continue in the second half of the year.**

Refined gold production by mines [(1)]

Operating results	**Q2 2012 (koz)**	**Q1 2012 (koz)**	***Change, QoQ***	**Q2 2011 (koz)**	***Change, YoY***	**H1 2012 (koz)**	**H1 2011 (koz)**	***Change, YoY***
Lefa	43.6	39.8	*10%*	52.7	*(17%)*	83.4	109.5	*(24%)*
Taparko	29.3	32.4	*(9%)*	34.0	*(14%)*	61.8	71.3	*(13%)*
Suzdal [(2)]	18.7	19.1	*(2%)*	26.8	*(30%)*	37.8	41.2	*(8%)*
Buryatzoloto	30.2	31.6	*(4%)*	33.9	*(11%)*	61.9	64.6	*(4%)*
Berezitovy	25.5	20.3	*26%*	29.8	*(14%)*	45.8	52.2	*(12%)*
Neryungri	11.3	8.7	*30%*	14.1	*(20%)*	19.9	23.9	*(17%)*
Aprelkovo	6.6	3.8	*75%*	6.8	*(3%)*	10.4	9.6	*8%*
Nordgold	**165.3**	**155.7**	***6%***	**198.0**	***(17%)***	**321.0**	**372.3**	***(14%)***

(1) Including 2.1 thousand gold equivalent ounces of silver production for the H1 2012

(2) Including refined gold from Zherek

Safety

We were extremely sad to report the tragic death of one of our colleagues at the Zun-Holba mine in Q2 2012.

Safety continues to be the first priority for the Board and the management team. We remain determined to achieve our objective of Zero Harm for all employees and our contractors at all our mine sites. We recognise we operate in a hazardous environment, but our focus on ensuring our employees return home safely at the end of each shift is absolute.

Given our ongoing focus on safety, we are pleased to be able to report a 25% decrease in LTIFR to 1.38 in H1 2012 from 1.83 in H1 2011, continuing a trend of reduction in LTIFR which was 2.62 in H1 2010. On a quarterly basis, LTIFR for Q2 2012 was 1.03, representing a fall of 51% from 2.11 in Q2 2011.

Mine Highlights

- Lefa – A new mining fleet including 5 dump trucks arrived at the mine site during the second quarter. This will enable the ramping up of mining activities and will accelerate access to higher grade blocks in the second half of the year. In addition, we successfully completed important maintenance works, which included the relining of the SAG mills and the replacement of some worn out units. A pebble crusher was launched in early August and should further increase plant productivity. In addition, we are in the process of implementing a series of technical improvements, such as upgrading Carbon in Pulp ("CIP") tanks into Carbon in Leach ("CIL") tanks, new screening systems, and additional elution columns to improve the recovery rate. These improvements are expected to be completed in Q3 and Q4 2012.

- Berezitovy – A secondary crusher and a new pinion were successfully installed in late May 2012, increasing throughput levels. As a result, June production volumes have reached historical record levels.

- Suzdal – Measures implemented in the first half, including optimisation of flotation, CIL reconfiguration and tailings leaching, have resulted in improved recoveries, which reached 63% for the quarter and 67% in the month of June. We will continue to optimize metallurgical processes at Suzdal in order to reach our targeted overall recovery rate of above 70%.

- Taparko – We have been disappointed with recovery levels at Taparko during H1 2012. A regrind mill and two additional leach tanks have been installed in July 2012, which we expect to lead to improved recovery levels.

- Gross – The pre-feasability study is being finalized and is expected to be completed in H2 2012; production is expected to commence in Q4 2013, with full scale capacity achieved in 2015.

- Bissa – The construction phase is progressing on time and on budget, the arrival of the mining fleet is mostly complete and first production is still on track for H1 2013.

Production growth in H2 2012 will be primarily driven by:

- Mining higher grade blocks at Lefa and an increase in mill productivity with the launch of a pebble crusher and the introduction of a CIL circuit.
- Consistently higher productivity at Berezitovy.
- Continued improvement in recoveries at Suzdal, with higher recoveries at Taparko due to the installation of the regrind mill and two leach tanks.
- Seasonality at Russian heap leach mines and the launch of heap leach at Berezitovy.

Exploration & Development

Nordgold continued to progress development work at Bissa and Gross during Q2 2012. At Bissa, Nordgold has now received half of the mining fleet on site, with the remainder expected by the end of September 2012. Plant construction is also underway, with the mill arriving on schedule and mill foundations completed during the quarter. The project is well on track to deliver first gold in H1 2013.

At Gross, the prefeasibility study is being finalized and is expected to be completed in H2 2012.

As noted in Nordgold's Reserves & Resources and Exploration Update, dated April 24, 2012 this year, a substantial upgrade to Nordgold's resources was announced, with a considerable proportion being attributable to Gross.

Offer to High River Gold Minority Shareholders

On July 18, 2012 Nordgold announced that it intends to make an offer to acquire the outstanding shares of High River Gold Mines Ltd ("High River") not already owned by Nordgold and its affiliates. Nordgold currently owns 630,627,472 High River shares, constituting approximately 75 percent of High River.

The offer represents an attractive opportunity for High River shareholders to retain exposure to High River's asset base, whilst also benefiting from the stronger growth profile associated with heritage Nordgold assets, in particular the Lefa mine, and the substantial reserve base at the Gross development.

Under the terms of the proposed offer, eligible High River shareholders will have the right to elect to receive either:

(i) 0.285 (the "Exchange Ratio") Nordgold global depositary receipts ("GDRs") for each High River share held by them (the "GDR Offer"); or

(ii) C$1.40 in cash for each High River share held by them (the "Cash Alternative", together with the GDR Offer the "Offer").

Completion of this transaction will mark an important streamlining of our corporate structure and better position Nordgold as one of the leading emerging market gold producers.

The transaction continues to proceed according to our timetable. We expect High River to have completed its independent valuation report shortly, after which a formal offer and take-over bid circular will be mailed to eligible High River shareholders in accordance with applicable Canadian securities laws.

Dividends

We remain focused on delivering a dividend to our shareholders based on the net profit that Nordgold delivers on an annual basis. According to our dividend policy, we intend to distribute approximately 25% of annual earnings as dividends.

Outlook

Nordgold anticipates 2012 full year production to be in the range of 720 to 770 koz.

Financial Results Summary

Financial results, US$000	Q2 2012	Q2 2011	Change	H1 2012	H1 2011	Change
Revenue	264,664	299,402	(12%)	528,539	543,433	(3%)
EBITDA	103,504	133,333	(22%)	217,651	268,310	(19%)
EBITDA margin	39.1%	44.5%	(5.4pp)	41.2%	49.4%	(8.2pp)
Net income/(loss)	5,558	45,365	(88%)	65,252	130,023	(50%)
Cash flow from operating activity	21,526	94,291	(77%)	2,379	174,321	(99%)
Capital expenditures	127,826	69,732	83%	224,332	106,776	110%
incl. Exploration	35,585	23,292	53%	65,209	40,494	61%
Free cash flow	(98,532)	34,372	n.a.	(212,707)	73,124	n.a.
Cash and cash equivalents	50,524	298,024	(83%)	50,524	298 024	(83%)
Total debt	430,939	487,140	(12%)	430,939	487,140	(12%)
Net debt	380,415	189,116	101%	380,415	189,116	101%
TCC	141,806	141,140	0%	265,244	247,516	7%
TCC, US$/oz	863	721	20%	832	672	24%

Revenue decreased from US$543.4 million in the first six months of 2011 to US$528.4 million in the same period of 2012. This was the result of a decrease in the quantity of gold sold by 50.2 Koz from 371.9 Koz to 321.4 Koz, partly offset by an increase in the average realised gold sales price from US$1,461 /oz to US$1,645 /oz.

Cost of sales increased from US$314.5 million in the six months ended June 30, 2011 to US$342.1 million in the first six months of 2012. The increase was mainly due to inflation and the growth in prices for the main consumables based on our operations as well as salary indexation and lower average ore grade and recovery levels.

General and administrative expenses increased by US$25.7 million from US$6.2 million in the six months ended June 30, 2011 to US$31.9 million in the same period of 2012. The increase was primarily due to income from a reversal of a bad debt allowance in the first half of 2011.

Taxes other than income taxes decreased by US$1.5 million from US$35.3 million in first half of 2011 to US$33.8 million in the same period of 2012. The decrease relates to lower production and sales levels.

Other net operating income/(expenses) increased by US$9.1 million from expenses in the amount of US$7.7 million in the six months ended June 30, 2011 to income in the amount of US$1.4 million in the first half of 2012. The decrease in expenses was primarily due to an impairment of available for sale financial assets, loss from inventory write-offs in the first half of 2011, partly compensated by a reversal of provisions and contingencies.

During the first half of 2012, the Company continued to invest in the business, to improve performance, increase capacity and to grow our reserves and resources. Total capital expenditures in the first six months of 2012 amounted to US$224.3 million, US$117.5 million higher than US$106.8 million of capital expenditures in the same period of 2011. Of this, the Company spent around US$65.2 million on exploration and evaluation, a significant increase in comparison to US$42.6 million of exploration and evaluation expenses in the same period of 2011.

Profit for the six months ended June 30, 2012 was US$65.3 million (six months ended June 30, 2011: US$130.0 million). Earnings per share in the first six months of 2012 amounted to 0.10 US dollars per share compared to 0.23 US dollars per share in the same period in 2011.

The Company's primary source of liquidity is cash flows from operating activities. Cash flows from operations decreased by US$115.1 million from US$214.2 million in the first half of 2011 to US$99.1 million in the same period of 2012. Cash flows from operating activities after deducting interest and income taxes paid were US$2.4 million in the first half of 2012, compared to US$174.3 in the same period of 2011. The decrease was principally the result of lower sales volumes combined with higher costs and payment of interest on loans from related parties.

The principal uses of liquidity were investments in exploration and evaluation activity, acquisition of property, plant and equipment and business operations.

Cash flows used in investing activities were US$228.8 million in the first half of 2012, compared to US$109.5 million in the same period of 2011. The amount of cash flows used in investing activity increased due to more significant levels of exploration activity and acquisition of property, plant and equipment.

Cash flows from financing activities were US$57.4 million in the first half of 2012, compared to a cash inflow of US$13.2 million in the same period of 2011. In terms of debt financing in the first half of 2012 the Group repaid debts to related parties and attracted new financing from Sberbank. Also there was no acquisition activity in the first half of 2012 in contrast to the same period of 2011.

The Company has a number of long-and short-term loans and borrowings. As at June 30, 2012, long-term borrowings were represented mainly by a loan facility from Sberbank denominated in Russian roubles maturing in 2015 with a grace period of 21 months and quarterly repayments thereafter. The loan bears interest at a variable rate of 3-month Mosprime + 3.8% per annum payable on quarterly basis. The loan is secured by a pledge of the Company's ownership in High River (not less than 50% + 1 share of all High River's outstanding shares) and by guarantees of certain Company subsidiaries. The proceeds from the facility were used to repay the Company's outstanding debt financing to the Severstal Group in the amount of US$358.4 million that completed debt financing arrangements between the Company and the Severstal Group as at March 31, 2012. In April 2012, the Group signed cross-currency swap agreements with various banks for the amount of the Sberbank loan facility. As a result the loan denomination currency was effectively changed from Russian roubles to US dollars at the exchange rate of approximately 29.3:1 and an interest rate of 5.6%. The swap agreements with Sberbank are secured by the same collaterals as the loan agreement. The swap agreement with Raiffeisenbank is not secured by any collateral.

Short-term borrowings as at June 30, 2012 included mainly Crew Gold bonds maturing in September 2012 with carrying amounts of approximately US$58.5 million.

Principal Risks

The Group has a well-established system of internal control and risk management, designed to safeguard our assets and reputation. The Board has overall responsibility for our internal controls and for reviewing their effectiveness, and has delegated their implementation to our senior management.

The Group faces a number of risks that are typical of our industry, as well as those relating to our operations and the markets in which we operate. In the 2011 Annual Report, the Group has described certain risk categories that could have a material adverse effect on its operations and financial position. In the Group's view, the nature and potential impact of these risk categories on the business are not materially different for the first half of 2012. It is not anticipated that the nature of the principal risks and uncertainties that affect the Group will change in the next six months of the current financial year.

Operating Results Summary

Operating results	Q2 2012	Q2 2011	Change	H1 2012	H1 2011	Change
LTIFR	1.03	2.11	(51%)	1.38	1.83	(25%)
Run of mine, kt	18,901	16,996	11%	39,121	34,679	13%
Waste mined, kt	14,570	13,340	9%	31,191	27,390	14%
Ore mined, kt	4,331	4,054	7%	7,930	7,944	0%
Stripping ratio, tn/tn	3.4	3.3	3%	3.9	3.5	12%
Ore milled, kt	3,979	4,514	(12%)	6,581	7,483	(12%)
Grade, g/t	1.83	1.81	1%	1.97	1.95	1%
Recovery, %	76.2%	82.6%	(6pp)	78.7%	82.6%	(4pp)
Gold production, Koz	165.3	198.1	(17%)	321.0	372.3	(14%)
Gold sold, Koz	165.2	197.9	(17%)	321.4	371.9	(14%)
Average realised gold price per ounce sold, US$/oz	1,602	1,513	6%	1,645	1,461	13%

In the six months ended June 30, 2012 the Company delivered 7,930 kt of mined ore, a 0.2% decrease from 7,944 kt in the first six months of 2011. Ore milled in the six months ended June 30, 2012 also decreased to 6,581 kt from 7,483 kt in the six months ended June 30, 2011.

Gold production was 51.3 Koz lower than in the first six months of 2011 and amounted to 321.0 Koz (six months ended June 30, 2011: 372.3 Koz). The decrease was largely as a result of lower head grades and recovery levels at certain mines. The volume of gold sold decreased from 371.9 Koz in the six months ended June, 30 2011 to 321.4 Koz in the same period of 2012.

We provide a more detailed explanation in the mine site summary below in the next section.

Mine Site Summary

Guinea

Lefa

Operating results	Q2 2012	Q2 2011	Change	H1 2012	H1 2011	Change
LTIFR	0.91	1.89	(52%)	0.90	1.47	(59%)
Run of mine, kt	6,405	5,047	27%	13,548	11,228	24%
Waste mined, kt	4,576	3,375	36%	9,859	7,393	33%
Ore mined, kt	1,829	1,672	9%	3,690	3,835	(4%)
Stripping ratio, tn/tn	2.5	2.0	27%	2.7	1.9	42%
Ore milled, kt	1,466	1,448	1%	2,842	3,024	(6%)
Grade, g/t	1.13	1.20	(6%)	1.13	1.23	(8%)
Recovery, %	83.59%	86.66%	(3.07pp)	83.36%	86.90%	(3.5pp)
Gold production, Koz	43.6	52.7	(17%)	83.4	109.5	(24%)
Gold sold, Koz	43.6	52.7	(17%)	83.4	109.5	(24%)
Average realised gold price per ounce sold, US$/oz	1,616	1,515	7%	1,652	1,452	14%
Revenue, US$m	70.4	79.9	(12%)	137.8	159.0	(13%)
Financial results, US$000	**Q2 2012**	**Q2 2011**	**Change**	**H1 2012**	**H1 2011**	**Change**
EBITDA, US$m	14.7	26.7	(45%)	31.4	66.6	(53%)
EBITDA margin	20.9%	33.4%	(7.5pp)	22.8%	41.9%	(16.6pp)
TCC, US$/oz	1,202	940	28%	1,137	774	46%

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.

Overview

The volume of ore processed at Lefa during the quarter was 7% higher than we achieved in Q1 2012. Moreover we successfully completed important maintenance works which included the relining of the SAG mills and the replacement of some worn out units. A pebble crusher was launched in early August and should further increase plant productivity by reducing the recirculating load. In addition, we are currently implementing a series of technical improvements, such as upgrading Carbon in Pulp (CIP) tanks into Carbon in Leach (CIL) tanks, new screening systems, and installing additional elution columns to improve the recovery rate at this facility. These recovery improvements will take effect towards the end of the year.

Our new geological and block models for all of Lefa’s pits based on the new exploration results and additional analysis of the previous data using more modern and accurate modeling techniques enabled us to improve our mine plan and grade control, while the newly arrived mining equipment is expected to accelerate access to higher grade ore blocks. We expect a slight improvement in head grade at Lefa during the second half of the year, which should lead to an increase in the overall production.

Burkina Faso

Taparko

Operating results	**Q2 2012**	**Q2 2011**	**Change**	**H1 2012**	**H1 2011**	**Change**
LTIFR	0	3.41	n.a.	0	1.99	n.a.
Run of mine, kt	2,715	2,844	(5%)	5,689	5,390	6%
Waste mined, kt	2,314	2,574	(10%)	4,926	4,696	5%
Ore mined, kt	401	270	49%	764	677	13%
Stripping ratio, tn/tn	5.8	9.5	(40%)	6.5	6.9	(6%)
Ore milled, kt	361	352	3%	765	732	5%
Grade, g/t	3.19	3.64	(12%)	3.11	3.55	(12%)
Recovery, %	79.00%	85.13%	(6.1pp)	81.92%	85.60%	(3.7pp)
Gold production, Koz	29.3	34.0	(14%)	61.8	71.3	(13%)
Gold sold, Koz	29.3	34.0	(14%)	61.8	71.3	(13%)
Average realised gold price per ounce sold, US$/oz	1,597	1,500	6%	1,636	1,448	13%
Revenue, US$m	46.8	51.0	(8%)	101.1	103.2	(2%)
Financial results, US$000	**Q2 2012**	**Q2 2011**	**Change**	**H1 2012**	**H1 2011**	**Change**
EBITDA, US$m	28.1	34.1	(17%)	62.8	69.5	(10%)
EBITDA margin	60.1%	66.9%	(6.7pp)	62.1%	67.3%	(5.2pp)
TCC, US$/oz	599	415	44%	588	440	34%

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.

Overview

Ore processing decreased QoQ by 11% in Q2 2012 to 361 kt due to maintenance works, partially compensated by an improvement in head grade.

Overall head grade in the second quarter was 3.19 g/t, compared to 3.03 g/t in the first quarter of 2012, with the increase due to mine plan variations.

In the second quarter, Taparko experienced a further reduction in recoveries to 79%, from 85% in the first quarter of 2012.

We are working on several upgrades designed to improve recovery at Taparko including the installation of a regrind mill and two leach tanks, as well as a mobile crusher to reduce the impact of the rainy season.

Russia

Buryatzoloto

Operating results	Q2 2012	Q2 2011	Change	H1 2012	H1 2011	Change
LTIFR	2.11	2.53	(17%)	3.20	1.89	41%
Run of mine, kt	229	235	(2%)	447	446	0%
Waste mined, kt	51	65	(22%)	101	121	(17%)
Ore mined, kt	178	170	5%	347	324	7%
Stripping ratio, tn/tn	0.3	0.4	(26%)	0.3	0.4	(20%)
Ore milled, kt	173	176	(2%)	344	329	5%
Grade, g/t	5.58	6.44	(13%)	5.71	6.63	(14%)
Recovery, %	92.22%	93.77%	(1.6pp)	92.98%	92.26%	(0.7pp)
Gold production, Koz	30.2	33.9	(11%)	61.9	64.6	(4%)
Gold sold, Koz	30.2	33.9	(11%)	61.8	64.2	(4%)
Average realised gold price per ounce sold, US$/oz	1,623	1,513	7%	1,648	1,471	12%
Revenue, US$m	49.1	51.2	(4%)	101.9	94.5	8%
Financial results, US$000	**Q2 2012**	**Q2 2011**	**Change**	**H1 2012**	**H1 2011**	**Change**
EBITDA, US$m	23.7	22.7	4%	51.8	61.1	(15%)
EBITDA margin	48.3%	44.3%	(4.2pp)	50.8%	64.7%	(13.8pp)
TCC, US$/oz	724	801	(10%)	740	721	3%

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.

Overview

Head grade reduced quarter on quarter due to increased dilution of the mined ore. We are currently working on a new geological model for the Buryatzoloto mines, which should provide better visibility on the shapes of the ore bodies and their grade distribution. Due to the complexity of Buryatzoloto's geology, such work will take an extended period of time, and the new model should be applied to mine planning in H1 2013. Until then, grade will remain a source of uncertainty for Buryatzoloto production.

Ore processing and recovery remain stable at both Buryatzoloto mines.

Berezitovy

Operating results	Q2 2012	Q2 2011	Change	H1 2012	H1 2011	Change
LTIFR	1.80	0	n.a.	1.86	0	n.a.
Run of mine, kt	4,233	4,660	(9%)	8,591	8,952	(4%)
Waste mined, kt	3,771	4,180	(10%)	7,686	8,022	(4%)
Ore mined, kt	462	480	(4%)	904	903	0%
Stripping ratio, tn/tn	8.2	8.7	(6%)	8.5	8.9	(4%)
Ore milled, kt	333	367	(9%)	576	692	(17%)
Grade, g/t	2.67	2.71	(1%)	2.73	2.61	4%
Recovery, %	89.95%	92.35%	(2.4pp)	90.25%	89.69%	0.56pp
Gold production, Koz	25.5	29.8	(14%)	45.8	52.2	(12%)
Gold sold, Koz	25.5	29.8	(14%)	45.8	52.2	(12%)
Average realised gold price per ounce sold, US$/oz	1,588	1,523	4%	1,632	1,471	11%
Revenue, US$m	40.5	45.3	(11%)	74.8	76.8	(3%)
Financial results, US$000	**Q2 2012**	**Q2 2011**	**Change**	**H1 2012**	**H1 2011**	**Change**
EBITDA, US$m	22.1	25.4	(13%)	41.2	40.7	1%
EBITDA margin	54.5%	56.0%	(3.5pp)	55.1%	53.0%	(2pp)
TCC, US$/oz	675	550	23%	675	588	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.

Overview

As planned, a secondary crusher and a new SAG mill pinion were installed at the Berezitovy plant in late May 2012. As a result, the plant demonstrated record productivity in June and we expect the improved performance to continue going forward.

Neryungri

Operating results	Q2 2012	Q2 2011	Change	H1 2012	H1 2011	Change
LTIFR	0	4.19	n/a	0	4.36	n/a
Run of mine, kt	2,761	2,195	26%	5,729	4,438	28%
Waste mined, kt	2,228	1,308	67%	5,014	3,094	62%
Ore mined, kt	533	887	(40%)	715	1,344	(47%)
Stripping ratio, tn/tn	4.2	1.5	180%	7.0	2.3	204%
Ore milled, kt	687	1,091	(37%)	901	1,140	(21%)
Grade, g/t	0.94	1.12	(16%)	0.96	1.15	(17%)
Recovery, % (3)	75.00%	75.64%	(0.6pp)	75.00%	75.00%	0pp
Gold production, Koz	11.3	14.2	(20%)	19.9	23.9	(17%)
Gold sold, Koz	11.2	14.1	(21%)	20.3	23.7	(14%)

Average realised gold price per ounce sold, US$/oz	1,574	1,5390	2%	1,631	1,491	9%
Revenue, US$m	17,7	21,8	(19%)	33,1	35,3	(6%)
Financial results, US$000	**Q2 2012**	**Q2 2011**	**Change**	**H1 2012**	**H1 2011**	**Change**
EBITDA, US$m	7.4	4.4	70%	15.0	10.9	38%
EBITDA margin	41.8%	20.0%	21.8pp	45.3%	30.9%	14.4pp
TCC, US$/oz	843	620	36%	818	629	30%

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.

(3) Technical recovery rate. Actual recovery may differ due to seasonal effects.

Overview

As usual with Russian heap leach operations, the mine began to produce increasing amounts of gold in Q2 2012 in warmer weather. Four new dump trucks, an excavator and a mobile crusher arrived in May, and we expect to see higher mining volumes and productivity at the Neryungri mine in H2 2012, with the stripping ratio going down.

Aprelkovo

Operating results	Q2 2012	Q2 2011	Change	H1 2012	H1 2011	Change
LTIFR	0	0	n.a	0	0	n.a.
Run of mine, kt	1,856	2,249	(20%)	4,163	4,714	(12%)
Waste mined, kt	1,123	1,901	(50%)	2,991	4,184	(29%)
Ore mined, kt	733	348	111%	1,172	530	121%
Stripping ratio, tn/tn	1.5	5.7	(73%)	2.6	7.1	(67%)
Ore milled, kt	739	840	(12%)	809	1,205	(33%)
Grade, g/t	1.32	0.79	68%	1.30	0.82	59%
Recovery, % (4)	47.74%	60.89%	(13.1pp)	47.74%	60.00%	(12.3pp)
Gold production, Koz	6.6	6.8	(2%)	10.4	9.6	8%
Gold sold, Koz	6.6	6.7	(1%)	10.4	9.7	7%
Average realised gold price per ounce sold, US$/oz	1,575	1,517	4%	1,620	1,489	9%
Revenue, US$m	10.4	10.1	3%	16.9	14.5	17%
Financial results, US$000	**Q2 2012**	**Q2 2011**	**Change**	**H1 2012**	**H1 2011**	**Change**
EBITDA, US$m	3.6	6.7	(46%)	6.0	4.9	22%
EBITDA margin	34.6%	66.3%	(31.7pp)	35.5%	33.8%	1.7pp
TCC, US$/oz	865	639	35%	867	776	12%

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.

(4) Technical recovery rate. Actual recovery may differ due to seasonal effects.

Overview

We continue to mine ore from the pit and substantially reduce volumes that we used from the Run of Mine ("ROM") stockpile. We expect that processing of higher grade ores will balance the reduced recoveries of transitional and sulfide ores. We expect this to lead to flat production for the full year 2012.

Kazakhstan

Suzdal

**Includes gold from Zherek*

Operating results	**Q22012**	**Q22011**	**Change**	**H12012**	**H12011**	**Change**
LTIFR	0	1.92	n.a.	0	2.57	n.a.
Run of mine, kt	185	135	37%	389	288	35%
Waste mined, kt	82	27	200%	151	77	96%
Ore mined, kt	103	108	(4%)	238	211	13%
Stripping ratio, tn/tn	0.8	0.3	213%	0.6	0.4	74%
Ore milled, kt	108	137	(21%)	232	258	(10%)
Grade, g/t	7.49	6.98	7%	7.40	7.03	5%
Recovery, %	62.53%	64.80%	(2.3pp)	65.06%	63.87%	1.2pp
Gold production (5), Koz	18.7	26.8	(30%)	37.8	41.2	(8%)
Gold sold (5), Koz	18.7	26.8	(30%)	37.8	41.2	(8%)
Average realised gold price per ounce sold (5), US$/oz	1,593	1,500	6%	1,666	1,460	14%
Revenue (5), US$ m	29.8	40.2	(26%)	62.9	60.2	4%
Financial results (5), US$000	**Q22012**	**Q22011**	**Change**	**H12012**	**H12011**	**Change**
EBITDA, US$m	9.0	17.3	(48%)	21.3	24.3	(12%)
EBITDA margin	30.2%	43.0%	(12.8pp)	33.9%	40.4%	(6.5pp)
TCC, US$/oz	884	728	21%	842	743	13%

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.

(5) Represents figures for Celtic Group, includes gold from Zherek.

Overview

The definition drilling that was intensified during 2011 allowed us to reduce the dilution of mined ore bodies, thus enabling us to increase head grade in H1 2012.

Since we moved to extracting ore bodies 2 and 4 from the end of 2010, our overall recoveries have dropped substantially. We have launched several new initiatives, including the optimisation of floatation, CIL reconfiguration and tailings leaching, all aimed at increasing recovery. These initiatives have started to make a positive impact, with recoveries increasing by 5% to 65% in Q2 2012. We expect this positive trend to continue, and now have greater confidence in achieving recoveries of above 70%.

Telephone Conference and Q&A Session

Nordgold CEO **Nikolay Zelenski** and CFO **Sergey Zinkovich** will present the Company's financial and operating results for the second quarter and six months ended June 30, 2012 in a conference call today at 12.30 pm London 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 presentation of financial and operating results for the second quarter and six months ended June 30, 2012

Conference ID: 4561456

Please use one of the following dial-in numbers to connect to the conference:

Russia
8-10-800-2-198-4011 (toll free)

United Kingdom
+44-20-7190-1595 (local access)
0800-358-5263 (toll free)

USA
+1-480-629-9822 (local access)
+1-877-941-6013 (toll free)

Webcast

The press and analyst conference will also be broadcast live over the Internet, and will be available as a recording on the Company's website after the conference.

To register and participate in the webcast please follow the link:
http://www.audio-webcast.com/cgi-bin/visitors.ssp?fn=visitor&id=1828

You can connect to the conference or view its recording using a mobile phone, iPhone or iPad.

Materials

The Company's financial and operating results for the second quarter and six months ended June 30, 2012 and the presentation materials will be available from 7:00 am London time on August 30 on the Company's official website: www.nordgold.com .

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For further information on Nordgold please visit the Company's website - http://www.nordgold.com

Notes to Editors

About Nordgold

Nordgold (LSE: NORD) is a pure-play emerging-markets gold producer established in 2007. The Company has expanded rapidly through acquisitions and organic investment, achieving a rate of growth unmatched in the industry during that period. In 2011 Nordgold's gold production reached 754 Koz.

The Company's proved and probable gold reserves as of January 1, 2012 totalled 12.7 Moz, while measured, indicated and inferred resources were estimated at 29.5 Moz.

The company operates 8 active mines and has 2 development projects, 5 advanced exploration projects and a diverse portfolio of early exploration projects and licenses in Russia, Kazakhstan, Burkina Faso and Guinea. Nordgold employs about 10,000 workers in CIS and West Africa.

Nord Gold N.V.

Consolidated interim condensed financial statements
as at and for the six months ended June 30, 2012

Nord Gold N.V.

Consolidated interim condensed financial statements as at and for the six months ended June 30, 2012

Contents

Nord Gold N.V.

Consolidated interim condensed income statements
Six months ended June 30, 2012 and 2011
(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Note	Six months ended June 30,		Three months ended June 30,	
		2012 (unaudited)	**2011 (unaudited)**	**2012 (unaudited)**	**2011 (unaudited)**
Sales	4	528,539	543,433	264,664	299,402
Cost of sales		(342,105)	(314,527)	(177,116)	(176,126)
Gross profit		**186,434**	**228,906**	**87,548**	**123,276**
General and administrative expenses	5	(31,910)	(6,209)	(16,949)	(13,470)
Taxes other than income tax		(33,753)	(35,344)	(17,348)	(16,845)
Other operating income/(expenses), net	6	1,360	(7,672)	4,055	(9,040)
Profit from operations		**122,131**	**179,681**	**57,306**	**83,921**
Finance income	7	2,315	20,838	370	1,598
Finance costs	7	(31,295)	(31,690)	(41,594)	(18,154)
Profit before income tax		**93,151**	**168,829**	**16,082**	**67,365**
Income tax expense		(27,899)	(38,806)	(10,524)	(22,000)
Profit for the period		**65,252**	**130,023**	**5,558**	**45,365**
Attributable to:					
Shareholders of the Company		35,923	82,606	(3,449)	25,957
Non-controlling interest		29,329	47,417	9,007	19,408
Weighted average number of shares outstanding during the period (millions of shares)	11	358.794	358.794	358.794	358.794
Earnings per share					
Basic and diluted profit per share (US dollars)	11	0.10	0.23	(0.01)	0.07

Nord Gold N.V.

Consolidated interim statements of comprehensive income
Six months ended June 30, 2012 and 2011
(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	**2011 (unaudited)**	**2012 (unaudited)**	**2011 (unaudited)**
Profit for the period	**65,252**	**130,023**	**5,558**	**45,365**
Foreign exchange differences	(25,983)	36,146	(81,903)	10,896
Changes in fair value of cash flow hedges	(1,330)	-	(1,330)	-
Revaluation of available-for-sale financial investments	(16,385)	(17,188)	(14,949)	(14,272)
Deferred tax on revaluation of available-for-sale investments	2,389	3,617	2,212	3,636
Other comprehensive (loss)/income for the period, net of tax	**(41,309)**	**22,575**	**(95,970)**	**260**
Total comprehensive income for the period	**23,943**	**152,598**	**(90,412)**	**45,625**
Attributable to:				
Shareholders of the Company	3,237	98,839	(78,725)	26,444
Non-controlling interest	20,706	53,759	(11,687)	19,181

Nord Gold N.V.

Consolidated interim statements of financial position
Six months ended June 30, 2012 and 2011
(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Note	June 30, 2012 (unaudited)	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents		50,524	217,133
Accounts receivable		83,455	74,328
Inventories		480,821	375,281
VAT recoverable		75,990	57,031
Short-term financial investments		17,896	4,043
Income tax receivable		10,055	3,051
Total current assets		718,741	730,867
Non-current assets			
Property, plant and equipment		671,621	574,831
Intangible assets		1,225,751	1,242,820
Long-term financial investments		68,531	86,371
Investment in joint venture		4,575	4,769
Restricted cash		4,726	3,857
Deferred tax assets		2,621	2,709
Other non-current assets		1,487	1,657
Total non-current assets		1,979,312	1,917,014
Total assets		2,698,053	2,647,881
Liabilities and shareholders' equity			
Current liabilities			
Short-term debt finance	10	59,692	316,328
Accounts payable		183,089	172,697
Income tax payable		13,279	18,238
Provisions		24,243	24,538
Total current liabilities		280,303	531,801
Non-current liabilities			
Long-term debt finance	10	371,247	84,062
Provisions		61,886	61,283
Deferred tax liabilities		192,947	201,034
Other non-current liabilities		11,500	13,474
Total non-current liabilities		637,580	359,853
Total liabilities		917,883	891,654
Equity			
Share capital		1,244,501	1,244,501
Additional capital		862,340	862,340
Foreign exchange differences		(92,214)	(71,367)
Retained earnings		(514,430)	(550,353)
Revaluation reserves		18,503	30,342
Total equity attributable to shareholders of the Company		1,518,700	1,515,463
Non-controlling interest		261,470	240,764
Total equity		1,780,170	1,756,227
Total equity and liabilities		2,698,053	2,647,881

Nord Gold N.V.

Consolidated interim condensed statements of cash flows
Six months ended June 30, 2012 and 2011
(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Six months ended June 30,	
	2012 (unaudited)	**2011 (unaudited)**
Operating activities		
Profit for the period	65,252	130,023
Adjustments for non-cash movements:		
Finance costs, net	28,980	10,852
Income tax expense	27,899	38,806
Depreciation and amortization	93,980	87,354
Impairment of non-current assets	205	838
Net loss from associates and joint ventures	116	287
Gain on disposal of subsidiaries	-	(412)
Loss on disposal of property, plant and equipment	394	425
Movements in provisions for inventories, receivables and other provisions	3,314	(14,656)
Impairment of available-for-sale financial assets	621	5,777
Changes in operating assets and liabilities:		
Accounts receivable	(10,218)	(20,083)
Inventories	(100,300)	(30,952)
VAT recoverable	(20,384)	(11,999)
Accounts payable	5,727	17,477
Net other changes in operating assets and liabilities	3,534	475
Cash flows from operations	99,120	214,212
Interest paid	(51,359)	(6,438)
Income taxes paid	(45,382)	(33,453)
Cash flows from operating activities	2,379	174,321
Investing activities		
Additions to property, plant and equipment	(153,084)	(60,253)
Additions to exploration and evaluation assets	(63,909)	(43,464)
Additions to other intangible assets	(151)	(136)
Additions to financial investments	(14,101)	(9,716)
Acquisition of entities under common control	-	37
Proceeds from disposal of property, plant and equipment	26	1,196
Proceeds from disposal of financial investments	400	915
Proceeds from disposal of subsidiaries, net of cash disposed	-	457
Interest received	2,032	1,460
Cash used in investing activities	(228,787)	(109,504)
Financing activities		
Proceeds from debt finance	375,765	81,730
Repayment of debt finance	(318,383)	(30,725)
Payment of finance lease liabilities	-	(380)
Acquisition of non-controlling interest	-	(32,910)
Equity transaction costs paid	-	(4,587)
Cash flows from financing activities	57,382	13,171
Net (decrease) / increase in cash and cash equivalents	(169,026)	77,988
Cash and cash equivalents at beginning of the period	217,133	212,204
Effect of exchange rate fluctuations on cash and cash equivalents	2,417	7,832
Cash and cash equivalents at end of the period	50,524	298,024

Nord Gold N.V.

Consolidated interim condensed statements of changes in equity
Six months ended June 30, 2012 and 2011
(Amounts expressed in thousands of US dollars, except as stated otherwise)

	Attributable to the shareholders of Nord Gold N.V.						Non-controlling interest	Total
	Share capital	**Additional capital**	**Foreign exchange differences**	**Retained earnings**	**Revaluation reserves**	**Total**		
Balance at January 1, 2011	1,244,501	862,340	(46,671)	(715,643)	47,266	1,391,793	231,031	1,622,824
Profit for the period (unaudited)	-	-	-	82,606	-	82,606	47,417	130,023
Foreign exchange differences (unaudited)	-	-	26,610	-	-	26,610	9,536	36,146
Revaluation of available-for-sale financial investments (unaudited)	-	-	-	-	(13,557)	(13,557)	(3,631)	(17,188)
Deferred tax on revaluation of available-for-sale investments (unaudited)	-	-	-	-	3,180	3,180	437	3,617
Total comprehensive income for the period (unaudited)						98,839	53,759	152,598
Acquisition of entities under common control	-	-	-	(630)	-	(630)	-	(630)
Acquisitions of non-controlling interest without a change in control (unaudited)	-	-	-	5,420	-	5,420	(38,330)	(32,910)
Balance at June 30, 2011 (unaudited)	1,244,501	862,340	(20,061)	(628,247)	36,889	1,495,422	246,460	1,741,882
Balance at January 1, 2012	1,244,501	862,340	(71,367)	(550,353)	30,342	1,515,463	240,764	1,756,227
Profit for the period (unaudited)	-	-	-	35,923	-	35,923	29,329	65,252
Foreign exchange differences (unaudited)	-	-	(20,847)	-	-	(20,847)	(5,136)	(25,983)
Changes in fair value of cash flow hedges (unaudited)	-	-	-	-	(1,330)	(1,330)	-	(1,330)
Revaluation of available-for-sale financial investments (unaudited)	-	-	-	-	(12,302)	(12,302)	(4,083)	(16,385)
Deferred tax on revaluation of available-for-sale investments (unaudited)	-	-	-	-	1,793	1,793	596	2,389
Total comprehensive income for the period (unaudited)						3,237	20,706	23,943
Balance at June 30, 2012 (unaudited)	1,244,501	862,340	(92,214)	(514,430)	18,503	1,518,700	261,470	1,780,170

1. Operations

Nord Gold N.V. (the "Company") and its subsidiaries (together referred to as the "Group") comprise a Dutch public limited liability company as defined in the Netherlands Civil Code, and companies located abroad. The Company was established as a private limited liability company in 2005 named Sakha Gold B.V. and was renamed to a public liability company Severstal Gold N.V. on July 30, 2009 and further to a limited liability company Nord Gold N.V. on September 29, 2010.

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

As at December 31, 2011 the Company's ultimate parent company was JSC Severstal, an integrated steel and mining company with key assets in Russia, the US and Europe (the "Severstal Group"). The immediate parent company was Lybica Holding B.V., Severstal Group's 100% owned subsidiary. The Company's ultimate controlling party was Alexey Mordashov.

In November 2011, the Severstal Group decided to spin off the Group by exchange of 100% shares of Nord Gold N.V. for JSC Severstal shares and GDRs based on the relative fair values. In January 2012, the Company completed exchange of 10.6 % of its shares with non-controlling shareholders which became traded on the London Stock Exchange in the form of GDRs. The exchange between Lybica Holding B.V. and Rayglow Limited, an entity controlled by Alexey Mordashov, of JSC Severstal shares for 89.4% of the Company's shares ("Shares") was completed in March 2012 and those Shares were then sold to Canway Holding B.V., a company controlled by Alexey Mordashov who remains the ultimate controlling party.

The Group's principal activity is the extraction, refining and sale of gold. Mining and processing facilities are located in Burkina Faso, Guinea, the Republic of Buryatia, the Republic of Yakutia, the Amur region and the Transbaikal region of the Russian Federation, Kazakhstan.

2. Basis for preparation of the consolidated interim condensed financial statements

Statement of compliance

These consolidated interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements.

The Board of Directors is responsible for the preparation of the condensed consolidated half-year financial statements for the six months ended June 30, 2012, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The responsibility of the Board of Directors includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors is also responsible for the preparation of the Highlights report. This semi-annual report endeavors to present a fair review of the situation of the business at balance sheet date and of the state of affairs in the half-year under review. Such an overview contains a selection of some of the main developments in the first six months of the financial year and can never be exhaustive. The Highlights report also contains the current expectations of the Board of Directors for the second half of the financial year. As required by provision 5:25d (2)(c) of the Dutch act on financial supervision (Wet op het financieel toezicht) and on the basis of the foregoing, the Board of Directors confirms that to its knowledge:

1. The condensed consolidated half-year financial statements for the six months ended June 30, 2012, which have been prepared in accordance with IAS 34 interim financial reporting, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

2. The Highlights report includes a fair overview of the situation at the balance sheet date, the course of affairs during the first six months of the financial year of the company and the undertakings included in the consolidation taken as a whole, and the expected course of affairs for the second half of 2012 as well as an indication of important events that have occurred during the six months ended June 30, 2012, and their impact on the condensed consolidated half-year financial statements for the six months ended June 30, together with a description of the principal risks and uncertainties for the second half of 2012, and also includes the major related parties transactions entered into during the six months ended June 30, 2012.

Accounting policies

The accounting policies applied by the Group in these consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2011, except that the Group has adopted those new/revised standards mandatory for financial annual periods beginning on January 1, 2012. The adoption of the pronouncements did not have a significant impact on the Group’s condensed consolidated interim financial statements.

Since April 2012, the Group has held derivative financial instruments. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The fair value of derivative financial instruments is classified as a non-current asset or long-term debt if the remaining maturity of the derivative financial instrument is more than 12 months and as a current asset or liability if the remaining maturity of the derivative financial instrument is less than 12 months after the balance sheet date.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognized liability (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The ineffective part is recognized immediately in the statement of income. If a hedging relationship is terminated and the derivative financial instrument is not sold, future changes in its fair value are recognized in the statement of income.

The effective part of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective part is recognized in the income statement within finance income or costs. Amounts accumulated in equity are reclassified to the statement of income in the same periods the hedged item affects profit or loss. The gain or loss relating to the effective part of derivate financial instruments is recognized in the income statement within the line where the result from the hedged transaction is recognized.

When a hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the hedged transaction is ultimately recognized in the income statement. When a hedged transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the income statement.

Critical accounting judgements, estimates and assumptions

The preparation of consolidated interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011 except described below.

During 2012 the Group revised useful lives of certain mineral rights following an updated independent report on mineral reserves and resources valuation. The effect of the change in accounting estimate on these condensed consolidated interim financial statements was an increase in depreciation expense in amount of US$ 6.4 million.

Effective April 1, 2012 the Company changed its functional currency from Euro to US dollars. The presentation currency for the Group remains US dollars. The change in functional currency is appropriate based on the fact that since April 2012 most of the Company's investing and financing activities and cash flows are denominated in US dollars while the impact of the operational activities on the Company's financial position remains insignificant. Having considered the aggregated effect of all the factors management concluded that the Company's functional currency had changed to US dollars. Management believes that this change more clearly reflects the Company's financial position and significantly reduces its exposure to currency risk. The change in functional currency has been accounted for prospectively since April 1, 2012. The Company will no longer have currency exchange effects deriving from USD denominated monetary assets and liabilities. Conversely, monetary assets and liabilities denominated in other currencies than USD may now generate such currency effects. As the presentation currency of the Group is US dollar the change of the Company's functional currency from Euro to US dollars has no impact on the Group's equity and comparative information for previous periods.

Financial risk management

The Group's 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 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 in relation to the risks faced by the Group.

Since April 2012, the Group designates certain derivatives as hedges of a particular risk associated with the exposure to variability in cash flows that is attributable to particular risks associated with recognized debt financing and which could affect profit or loss. The Group's hedging strategy is designed to reduce the variability of cash flows associated with debt financing from third parties denominated in foreign currencies and/or issued on terms of variable interest rates. The list of potential hedging counterparties includes major large and stable banks; the credit risk associated with these counterparties is considered to be very low.

3. Segment reporting

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

- *Neryungri and Aprelkovo*. Includes gold mining entities OOO Neryungri-Metallic and ZAO Mine Aprelkovo located in the Republic of Yakutia and the Transbaikal region of the Russian Federation and operating mines with heap-leaching technology for gold processing. OOO Neryungri-Metallic operates open-pit gold mine Tabornoye and Gross gold development project. Mine Aprelkovo operates open-pit gold mine Pogromnoye.
- *Suzdal and Balazhal*. Includes Celtic Group operating Suzdal underground gold mine located in Kazakhstan with flotation, BIOX and CIL technology for gold processing and geographically aggregated with Semgeo operating Balazhal gold deposit in Kazakhstan.
- *Buryatzoloto*. Gold mining entity located in the Republic of Buryatia of the Russian Federation, includes two underground gold mines: Zun-Holba with gravity, flotation and CIP technology for gold processing and Irokinda with gravity and flotation technology for gold processing.
- *Berezitovy*. Open-pit gold mine located in the Amur region of the Russian Federation with CIP technology for gold processing.
- *Taparko*. Open-pit gold mine located in Burkina Faso, West Africa with CIL technology for gold processing.
- *Lefa*. Includes Crew Gold Group operating Lefa open-pit gold mine located in Guinea, West Africa with CIP technology for gold processing.
- *Bissa and Burkina Faso Greenfields*. Includes Bissa gold development project and a number of gold deposits on exploration and evaluation stage located in Burkina Faso, West Africa.
- *Russian Greenfields*. Includes a number of gold deposits on exploration and evaluation stage located in the Russian Federation.

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

The following is an analysis of the Group's sales and profit for the period by segment:

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	**2011 (unaudited)**	**2012 (unaudited)**	**2011 (unaudited)**
Sales				
Neryungri and Aprelkovo	49,992	49,790	28,076	31,880
Suzdal and Balazhal	62,919	60,180	29,756	40,166
Buryatzoloto	101,891	94,467	49,098	51,211
Berezitovy	74,833	76,815	40,463	45,305
Taparko	101,108	103,222	46,833	50,964
Lefa	137,796	158,959	70,438	79,876
Total	528,539	543,433	264,664	299,402

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	**2011 (unaudited)**	**2012 (unaudited)**	**2011 (unaudited)**
Profit for the period				
Neryungri and Aprelkovo	(951)	5,203	838	3,966
Suzdal and Balazhal	3,517	13,364	(727)	7,734
Buryatzoloto	34,937	45,772	16,113	16,208
Berezitovy	24,078	36,852	2,159	17,558
Taparko	39,975	54,483	16,242	25,960
Lefa	(13,633)	3,855	(11,043)	(7,781)
Bissa and Burkina Faso Greenfields	(10,926)	2,903	(11,947)	4,174
Russian Greenfields	(969)	121	(1,209)	(113)
Unallocated items and consolidation adjustment	(10,776)	(32,530)	(4,868)	(22,341)
Total	65,252	130,023	5,558	45,365

The following is an analysis of the Group's total assets by segment:

	June 30, 2012 (unaudited)	**December 31, 2011**
Segment total assets		
Neryungri and Aprelkovo	608,408	470,214
Suzdal and Balazhal	430,128	393,168
Buryatzoloto	299,798	284,016
Berezitovy	192,269	235,703
Taparko	255,883	223,153
Lefa	952,264	921,894
Bissa and Burkina Faso Greenfields	259,444	157,234
Russian Greenfields	42,946	36,400
Unallocated items and consolidation adjustment	(343,087)	(73,901)
Total	2,698,053	2,647,881

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

4. Sales

Sales by product were as follows:

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011 (unaudited)
Gold	525,018	537,741	263,038	295,764
Silver	3,521	5,692	1,626	3,638
Total	528,539	543,433	264,664	299,402

Sales by delivery destination and customers were as follows:

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011 (unaudited)
Switzerland: Metalor Technologies S.A.	140,307	60,180	76,589	40,166
Switzerland: MKS Finance S.A.	137,796	158,959	70,438	79,876
Russia: NOMOS bank	118,793	221,072	59,509	128,396
Russia: VTB	74,833	-	40,463	-
Russia: Sberbank	33,090	-	17,665	-
Switzerland: Standard Bank	23,720	103,222	-	50,964
Total	528,539	543,433	264,664	299,402

5. General and administrative expenses

General and administrative expenses were as follows:

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011 (unaudited)
Wages and salaries	13,440	10,437	6,756	6,022
Services	11,696	8,196	6,680	4,390
Social security costs	2,539	733	1,285	513
Materials and consumables	619	585	482	284
Depreciation and amortization	451	345	217	166
Change in bad debt allowance	414	(16,518)	(16)	315
Other expenses	2,751	2,431	1,545	1,780
Total	31,910	6,209	16,949	13,470

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

Change in bad debt allowance for six months ended June 30, 2011 includes a reversal of allowance on debt partially repaid by Prognoz Silver LLC to Buryatzoloto under the contract for exploration work on the Prognoz silver project in amount of US$ 16.8 million.

6. Other operating expenses, net

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011 (unaudited)
Impairment of exploration and evaluation assets	(2,094)	(838)	-	-
Social expenses	(734)	(390)	(256)	(306)
Impairment of available-for-sale investments	(621)	(5,777)	(602)	(701)
Loss on disposal of property, plant and equipment	(394)	(425)	(380)	(327)
Charity donations	(214)	(34)	(92)	-
Net loss from joint ventures	(116)	(287)	-	(148)
Net (loss) / gain from contractual compensations and fines	(86)	1,036	(38)	(1,251)
Reversal of impairment of property, plant and equipment	1,889	-	1,889	-
Net gain on disposal of inventories	116	331	206	146
Loss from inventories write off	-	(6,274)	-	(6,274)
Reversal of provisions and contingencies	-	4,863	-	-
Net gain on disposal of subsidiaries	-	412	-	-
Other	3,614	(289)	3,328	(179)
Total	1,360	(7,672)	4,055	(9,040)

Reversal of impairment of property, plant and equipment for the six months ended June 30, 2012 is related to specific items of property, plant and equipment of the Suzdal and Balazhal segment. The reversal was recognized due to performed repairs and improvement of the technical condition of the items instead of expected complete replacement.

Impairment of available-for-sale investments for the six months ended June 30, 2011 totally consists of impairment of investment in Sacre-Coeur Minerals Ltd. recognized basing on significant decline in its market value.

Reversal of provisions and contingencies for the six months ended June 30, 2011 includes partially reversed provisions for legal claims recognized within final purchase price allocation of Crew Gold Corporation due to certain compromise agreements with the claimants achieved by the management of the Group in 2011.

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

7. Finance income and costs

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011 (unaudited)
Foreign exchange gain	-	17,935	-	-
Interest income	2,315	2,903	370	1,598
Finance income	2,315	20,838	370	1,598
Interest expenses	(13,613)	(16,014)	(6,598)	(8,310)
Equity transaction costs	-	(15,676)	-	(8,002)
Foreign exchange loss	(17,682)	-	(34,996)	(1,842)
Finance costs	(31,295)	(31,690)	(41,594)	(18,154)
Total	(28,980)	(10,852)	(41,224)	(16,556)

Equity transaction costs for the six months ended June 30, 2011 includes costs incurred in connection with probable future equity transaction and written off in 2011 as the management of the Group has no further intention to finalize the transaction.

8. Related party transactions

Transactions with related parties, except Parent Company and Joint Venture, were the following:

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011 (unaudited)
Cost of sales	(1,979)	(1,193)	(318)	(288)
General and administrative costs	(358)	(454)	(187)	(205)
Other operating expenses	(29)	-	-	3
Interest income	532	1,154	3	6
Interest expense	(5,655)	(11,279)	-	(5,976)
Purchases:				
non-capital expenditures	(2,366)	(1,647)	(505)	(490)
capital expenditures	-	(98)	-	(2)

Transactions with the Joint Venture Prognoz-Silver LLC were the following:

	Six months ended June 30,		Three months ended June 30,	
	2012 (unaudited)	2011 (unaudited)	2012 (unaudited)	2011 (unaudited)
Repayment of debt	-	16,822	-	-
Other operating income	-	2,299	-	-

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

There were no transactions with the Parent Company.

9. Related party balances

Balances with related parties, except Parent Company and Joint Venture, were the following:

	June 30, 2012 (unaudited)	December 31, 2011
Cash and cash equivalents	180	46,281
Short-term accounts receivable	703	640
Short-term loans given	-	447
	883	47,368
Short-term accounts payable	440	503
Short-term debt finance	7	257,516
Long-term debt finance	-	84,062
	447	342,081

All outstanding balances with related parties are to be settled in cash. The Group did not hold any collateral for amounts owed by related parties.

There were no balances with the Parent Company.

10. Debt finance

Short-term debt financing was as follows:

	June 30, 2012 (unaudited)	December 31, 2011
Notes and bonds issued	58,537	58,812
Loans	-	232,910
Accrued interest	590	24,606
Bank overdrafts	565	-
Total	59,692	316,328

Long-term debt financing was as follows:

	June 30, 2012 (unaudited)	December 31, 2011
Bank and other credit organizations financing	335,194	-
Loans	-	73,889
Accrued interest	-	10,173
Derivative financial liabilities	37,626	-
Unamortized balance of transaction costs	(1,573)	-
Total	371,247	84,062

In March 2012, the Company received a US$ 375 million loan facility from Sberbank denominated in Russian roubles maturing in 2015 with a grace period of 21 months and quarterly repayments thereafter. The loan bears an interest at a variable rate of 3-month Mosprime + 3.8% per annum payable on quarterly basis. The loan is secured by pledge of the Group's ownership in High River Gold Mines Ltd (not less than 50% + 1 share of all High River Gold Mines Ltd outstanding shares) and by guarantees of certain Group's subsidiaries. The proceeds from the facility were used to repay the Group's outstanding debt financing to Severstal Group in amount of US$ 358.4 million. This completed debt financing arrangements between the Group and Severstal Group as at March 31, 2012. In April 2012, the Group signed cross-currency swap agreements with Sberbank and Raiffeisenbank for the full amount of the Sberbank loan facility. As a result the loan denomination currency was effectively changed from Russian roubles to US dollars at the exchange rate of approximately 29.3:1 and the interest rate was fixed at approximately 5.6%. The swap agreements with Sberbank are secured by the same collaterals as the loan agreement. The swap agreement with Raiffeisenbank is not secured by any collateral.

The company fully met the covenants criteria as per 30 June 2012.

In July 2012, the Company received a US$ 152 million loan facility from Sberbank denominated in Russian roubles maturing in 2015 with a grace period of 21 months and quarterly repayments thereafter. The loan bears an interest at a variable rate of 3-month Mosprime + 3.3% per annum payable on quarterly basis. The loan has the same security as the US$375 mln loan received in March 2012. The proceeds from the facility will be used to finance the Group's capital expenditures and other investments. In July 2012, the Group signed a cross-currency swap agreement with Sberbank for the full amount of the loan facility. As a result the loan denomination currency was effectively changed from Russian roubles to US dollars at the exchange rate of approximately 32.7:1 and interest rate was fixed at 5.2%. The swap agreement with Sberbank is secured by the same collaterals as the loan agreement.

Short-term and long-term loans and accrued interest at December 31, 2011 are all from related parties (Note 9).

Fair value hierarchy

As at June 30, 2012, the derivative financial liability represents fair value of cross-currency swaps held by the Group for hedging of currency and interest rate risks attributable to the loan agreement with Sberbank. This derivative financial liability and the Sberbank loan facility are categorized by the valuation methods into Level 2 of the fair value hierarchy: inputs, other than quoted prices (unadjusted) in active markets for identical assets or liabilities, that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Hedge accounting

As at June 30, 2012, the outstanding derivative financial instruments qualify for hedge accounting under IFRS. To apply for hedge accounting requires the hedge to be highly effective. For the six months ended June 30, 2012 the result recorded in the income statement as a result of ineffectiveness of hedging is: cash flow hedge, US$ 0 million.

Sensitivity analysis

A sensitivity analysis on the derivative financial instruments portfolio yields the following results assuming an instantaneous 1% decline of the Russian rouble against the US dollar from its levels as at June 30, 2012, and an instantaneous 100 basis points increase of the Russian rouble interest rates respectively (stated in millions of US dollars):

	Equity / Net profit	
	100 BP increase	**100 BP decrease**
Change in RUB interest rate	6.8	(6.8)

	Equity / Net profit	
	1% strengthening	**1% weakening**
Change in RUB/USD rate	3.8	(3.8)

11. Earnings per share

The calculation of basic earnings per share for six months ended June 30, 2012 was based on the profit attributable to ordinary shareholders of US$ 35.9 million (six months ended June 30, 2011: US$ 82.6 million), and a weighted average number of outstanding ordinary shares of 358.8 million (2011: 358.8 million).

The calculation of basic earnings per share for three months ended June 30, 2012 was based on the loss attributable to ordinary shareholders of US$ 3.4 million (three months ended June 30, 2011: profit of US$ 26.0 million), and a weighted average number of outstanding ordinary shares of 358.8 million (2011: 358.8 million).

The Company has no dilutive potential ordinary shares.

	actually issued shares (in million of shares)	shares with effect of share split and reverse share split (in million of shares)	weighted average number of shares with effect of share split and reverse share split (in million of shares)
Issued shares at January 1, 2011	717.588	358.794	358.794
Effect of reverse share split	(358.794)	-	-
Weighted average number of shares for the six months ended June 30, 2011			358.794
Weighted average number of shares for the three months ended June 30, 2011			358.794
Issued shares at January 1, 2012	358.794	358.794	358.794

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

Weighted average number of shares for the six months ended June 30, 2012	358.794
Weighted average number of shares for the three months ended June 30, 2012	358.794

12. Acquisitions and disposals

Acquisitions of non-controlling interests

In January 2011, the Group acquired an additional 6.62% stake in Crew Gold Corporation for a total consideration of US$ 32.9 million resulting in obtaining ownership over 100% of its issued outstanding common shares.

Disposals of subsidiaries

In March 2011, the Group sold High River Gold Group's subsidiary (minor gold-placer mining company) to a third party for a total consideration of US$ 0.5 million.

13. Commitments and contingencies

a. Taxation and litigations

The Group's tax risks and litigations are the same as those disclosed in the consolidated financial statements as at and for the year ended December, 31 2011 except the following developments.

In October 2011, JSC FIC Alel ("Alel") received notifications from region tax authorities regarding additional royalty and additional corporate tax accrual in total amount of US$ 3.1 million. Management believed that the royalty and taxes were not supported by applicable regulation and thus no provision was made. However, the final outcome might significantly depend on the political environment of the Republic of Kazakhstan. In May 2012, Alel's complaint was rejected by the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan. Management decided not to file the application to the court and the amounts were paid off. Following this decision a liability of US$ 2.7 million had been provided for in the six months ended June 30, 2012.

In June 2012, Société Minière de Dinguiraye ("SMD") received a letter from the Guinean Tax authorities which contested the deductibility of certain expenses for corporate income tax purposes in 2008-2010 and claimed tax and penalties for previous years totalling US$ 16.5 million. SMD considers this claim to be inconsistent and unjustified and will contest the decision. Currently, the part of the claim for the amount of US$ 1.4 million is assessed to have a probable negative outcome for the SMD and a provision has been made for the six months ended June 30, 2012. The part of the claim for the amount of US$ 9.0 million was accrued to contingent liability within purchase price allocation on the date of the acquisition of the Crew Gold Corporation business in 2010. For the remaining part of the claim the outcome cannot currently be ascertained and so no provision has been made.

b. Capital commitments

At the reporting date the Group had contractual capital commitments of US$ 102.6 million (December 31, 2011: US$ 78.7 million).

14. Events after the reporting period

As described in note 10, In July 2012, the Company received a US$ 152 million loan facility from Sberbank.

In July 2012, the Company announced its intention to make an offer to acquire the outstanding shares of High River Gold Mines Ltd. (“Shares”) in exchange of either 0.285 Company’s global depositary receipts or C$1.4 in cash for each Share. Further to this intention the Company entered into additional lock-up agreements for 59.9 million Shares representing approximately 7.13% of total High River Gold Mines Ltd. outstanding shares.

There were no other events subsequent to the reporting date, which could influence the economic decisions of users taken on the basis of these consolidated interim condensed financial statements.

These consolidated interim condensed financial statements were approved on 24 August, 2012 and were signed by:

PHILIP BAUM ____________________________
Chairman of the Board of Directors

SERGEY ZINKOVICH
Chief Financial Officer ____________________________