PREMIUM GOLD MINING COMPANY

nordgold
more than gold

2015 Integrated Report

CONTENTS

1. Strategic Report

2. Business Overview

3. Performance and Efficiency

4. Responsible Mining

5. Governance

6. Financial Statements

Appendix

1

STRATEGIC REPORT

Returns to shareholders in 2015

US$ 87.8 MLN

including US$58.5 mln of dividends
and US$29.3 mln through buyback

1.1 2015 IN BRIEF

Maintaining Nordgold's position at the lower end of the global cost curve

Gold sold

972.9 KOZ +1%

AISC

US$ 793/OZ -11%

Cash flow from operating activities

US$ 417.9 MLN +27%

EBITDA

US$ 519.8 MLN +7%

Free cash flow

US$ 158.1 MLN -13%

Strong free cash flow while investing in construction of new low-cost Bouly mine with production expected to start in H2 2016

EBITDA Margin (%)

46% +5.9 p.p.

Normalised net profit attributable to shareholders

US$ 195.0 MLN +50%

Net debt

US$ 584.0 MLN -7%

Further reduction of net debt reflects strong free cash flow

Investments in supporting local communities

US$ 1.8 MLN

Returns to shareholders

US$ 87.8 MLN

including US$58.5 mln of dividends and US$29.3 mln through buyback

Performance highlights

Financial highlights, US$ million	2015	2014
Revenue	1,129.3	1,216.1
Gross profit	351.5	370.4
EBITDA	519.8	487.0
EBIDTA margin, %	46.0	40.1
Net profit	188.7	123.0
TCC, US$/oz	604	673
AISC, US$/oz	793	887
Cash flow from operating activities	417.9	328.0
Free cash flow	158.1	180.7
Capital expenditures	258.3	157.8
Net debt/LTM EBITDA	1.1x	1.3x

Operational highlights	2015	2014
Gold production, koz	950.0	984.5
Gold sold, koz	972.9	960.4
Ore mined, kt	19,935	18,421
Ore processed, kt	22,127	22,001
Grade, g/t	1.58	1.74
Recovery, %	81.7	81.7

Non-financial highlights	2015	2014
LTIFR, lost-time injury frequency rate	1.60	1.23
LTI, total number of lost time injuries	29	23
Investments in supporting local communities, US$ thousand	1,781[1]	634
Total number of employees	8,396	8,757

[1] Including US$740 thousand of Nordgold Community development programmes and US$1,041 thousand of Social tax accrued in 2015 in Guinea.

Events calendar

Significant events

January

- **French Government approves** the Columbus Gold's **Agreement with Nordgold on Montagne d'Or Project** in French Guiana
- Nordgold delivers **record operating results** for 2014, with production **up 7% to 984.5 koz** driven by improved operational efficiency at all mines

February

- Nordgold's **Berezitovy mine** wins gold exploration and mining licence in Russia
- Despite the backdrop of falling gold price, Nordgold delivers both on an operational and financial level, with record gold production, a very strong **EBITDA increase of 24% and over US$180 million of free cash flow**

April

- Nordgold increases **Ore Reserves by 3% to 13.0 Moz** of gold since 2012 despite depletion of 2.3 Moz due to the success of 2013-2014 exploration programmes, which were mainly focused on standalone growth projects
- Nordgold appoints **Howard Golden the Exploration Director**
- Nordgold provides strategic update during **Investor Day** in London

May

Nordgold starts HR project **"Gold Reserve"**

June

Nordgold increases **stake in Northquest to 42.9%** from 23.8%

July

- Nordgold announces **results of the NI 43-101 compliant Preliminary Economic Assessment of the Montagne d'Or deposit** in French Guiana
- Nordgold receives **construction permit for Gross project**

November

Nordgold increases **stake in Northquest to 52.3%**

December

Nordgold announces its intention to make **an all-cash offer for Northquest**

Industry events & participation

February 9–12
Cape Town
African Mining Indaba

February 10
Moscow
Precious Metals Summit

March 1–4
Toronto
PDAC

June 15
Amsterdam
AGM

June 30
London
Natural Resources Forum

September 21–23
Denver
Denver Gold Forum

October
Moscow
- MINEX Russia Forum 2015
- Russian CFO Summit 2015

November 30
London
Mines and Money

Awards

- Berezitoviy took 4th place in the ranking of “The League of the Best” among the Far Eastern Federal District companies in the nomination “Production of ores and precious metals, ores of rare metals sands”
- Nordgold was named as Corporate Philanthropy Leaders 2015 for the contribution to charity and debut of the project Social bell (Berezitovy)
- Nordgold was named “The Attractive Employer 2014” according to the study of Superjob.ru

1.2 MESSAGE FROM THE CHAIRMAN

David Morgan

Chairman of the Board

I believe that Nordgold has a winning formula.

Our results suggest that we are making the right investments in the right places, and have the right team to deliver on our promises – from exploration to operation, and in the management of our costs.

This year we have taken significant steps towards building a more focused and profitable business. We have also made substantial progress towards our goal of being a leading creator of value for our stakeholders in the gold sector.

All of this is within a low gold price environment following the sharp correction in 2013. Price remains one of the biggest challenges for the industry – and for our Company. However, we believe we have positioned ourselves well to not only withstand but also to overcome these challenging circumstances.

During the year Nordgold delivered a very strong operational performance, which is testament to the improvements we have been making across the business. We were focused on managing our costs effectively and I am delighted with progress we have made. Our all-in sustaining costs (AISC) for the 2015 financial year were US$793 per ounce compared to US887 per ounce in 2014, firmly establishing ourselves in the lower quartile of the global cost curve.

Safety remains an absolute priority. Our objective is to successfully pursue a policy of Zero Harm, and to ensure the occupational health and safety of all our employees and contractors. Despite our efforts, it is with great sadness I confirm during the past year there were four fatalities, compared to one in 2014, and our Lost Time Injury Frequency Rate (LTIFR) also increased, albeit marginally. We offer our deepest condolences to the bereaved families and the colleagues concerned, and accept that this performance is not good enough. We are determined to take even greater action to instill an absolute commitment to safety across all our mine sites.

We will enhance HSE training programmes for employees at all the mines and begin a roll out of integrated HSE software. We will also continue to invest in the mechanisation of underground operations and to improve our underground control systems.

In accordance with our goal, we have continued to create value for shareholders. Nordgold returned US$58.5 million in dividends to shareholders in 2015 and a further US$29.3 million through the 2015 buyback programme of global depository receipts (GDRs).

Despite the challenging times being experienced by the entire mining industry, our strong balance sheet and consistent generation of free cash flow, enables us to continue investing in our exciting pipeline of low-cost development projects.

In 2015, our main efforts in this regard were on the Bouly project in Burkina Faso, which we believe will follow the success of our flagship Bissa mine and allow us to continue profitable growth. We expect to complete construction on schedule and within budget and begin production in the second half of 2016. Another significant project is the Gross mine in Russia, where construction will start in spring 2016 with production scheduled for early 2018.

The commissioning of the Bouly and Gross mines would increase our production by more than 35 percent and further reduce our overall AISC. We have also successfully continued development of our other growth projects, including the Montagne d'Or project in French Guiana and the Pistol Bay exploration project in Canada.

We are committed to a strong sustainable future. Growing our reserves base through exploration and through investments in new global opportunities are key components of that. The past year has been very positive, and saw us more than replace our mined ounces with increased reserves.

One of the main aims of our business model is to organise our work according to the best principles and standards of sustainable development and responsible mining. We place significant value on the resources that we mine, the care of our employees, and the respect of local communities.

Good corporate governance has always been a priority for the Board, and we remain committed to ensuring that we continue to meet international standards of best practice. We believe that this will help to maximise shareholder value, ensure long-term business prosperity, and maintain the trust and goodwill of our stakeholders. This requires constant improvement to keep pace with changing regulations and, for example in 2015, we upgraded our Remuneration policy.

Nordgold is still a young company, but I believe that our strategy will allow us to continue to deliver excellent results.

I would like to express my appreciation to the members of the Board of Directors for the support and dedication that they showed throughout the year. I would also like to thank all our employees for the great job that they do and their commitment to our Company. They are an indispensable part of the Company's successful development. Finally I would like to thank our shareholders for their continued support.

David Morgan

Chairman of the Board

1.3 MESSAGE FROM THE CEO

Nikolai Zelenski

Chief Executive Officer, Nordgold

I am pleased to report that 2015 was a highly successful year for Nordgold and one in which our performance demonstrated the resilience of the business to the challenges which low gold prices pose to the entire industry.

We achieved outstanding results in 2015. Record EBITDA of US$520 million and operating cash flow of US$418 million are a testament to the quality of our mines, the efficiencies of our processes and our ongoing focus on costs. These factors, combined with macroeconomic benefits including the devaluation of local currencies and oil price decrease, allow us to have one of the lowest costs of production in the industry, with an AISC of US$793 per ounce in 2015. This low cost position enables Nordgold to be a consistent and robust generator of free cash flow, meaning that we can continue to deliver attractive returns to shareholders while at the same time investing in our high-quality development project pipeline and exploration programmes to sustain future profits.

We are not only a low-cost, Tier 1 gold producer, but also a growth company, and continue to make great progress in enhancing our reserve base and development of new projects. The 2015 exploration programmes successfully achieved the target of delivering significantly more gold than was mined during the year. Our Ore Reserves increased by one million ounces to 14.0 Moz on top of the 1.1 Moz replenishment of mined out ore.

In the near-to-medium term we will benefit from three well-defined projects that will require only modest development capex. In particular, construction of the Bouly mine in Burkina Faso is firmly on track and we expect production to start in the second half of 2016 as planned. In spring 2016, construction of the low-cost, large-scale Gross mine in Russian will start, with production beginning up to two years later. We are also looking forward to completing a feasibility study for the Montagne d'Or project in French Guiana in Q4 2016. Importantly, all of our development projects are very capital efficient, competitively positioned at the low end of the cost curve and are expected to generate robust returns for Nordgold shareholders.

In addition, we are moving forward with several promising early-stage exploration projects in Russia, West Africa and Canada. With a pipeline such as this, Nordgold expects to be able to generate a number of high-quality new assets over the next decade, giving us confidence in our long term sustainability.

As always, safety is a strategic priority for us all at Nordgold. Particular attention is focused on our three underground mines, which, we recognise, create higher safety risks, but where we are determined to take every opportunity to make them as safe as possible.

Sustainable development is an essential part of our business and core to our values. Creating sustainable value equates to being responsible stewards of the environment, complying with the highest applicable safety standards, making positive economic and social contributions to communities, and engaging openly and transparently with all our stakeholders. We believe that only a socially responsible business, which operates in full co-operation with all of its stakeholders, can be successful in the long term.

We remain focused on implementing the clear strategy we have in place for the long-term growth and future prosperity of the Company. In 2016 we will continue to pay close attention to improving occupational safety and health, production efficiency, and promoting a culture which fosters an ethos of team work and mutual respect – these are the values that make Nordgold a special place to work.

I wish to thank our employees, suppliers and contractors, local communities and regional authorities for their continued support and contributions over the past year, as we strive to be a valued partner of choice.

We remain confident in our ability to achieve sustainable growth in the future for the benefit of all our stakeholders.

Nikolai Zelenski

Chief Executive Officer

1.4 STRATEGY

Strategy overview

Our long-term objective is to be a best-in-class, globally competitive gold mining company and an industry leader in terms of efficiency and asset portfolio quality.

Our strategy is designed to deliver this through strong, sustainable production growth, and financial results that provide robust returns to our shareholders. We will continue to identify, acquire and explore assets, from which we are well positioned to create value.

The safety and development of our employees remain key strategic priorities as we consider our professional and experienced team to be essential to the implementation of Nordgold's strategy.

Our key strategic priorities in a low-price environment are as follows:

Positive free cash flow generation

Our target each year is to generate positive FCF at all operating mines through the cost-management approach we began implementing in 2014, and by maintaining our focus on efficiency improvements. The range of initiatives includes cost optimisation, mining model updates, BSN measures, astute capex allocations, and working capital optimisation.

Effective leverage management

Nordgold takes a proactive approach to managing its debt through effective portfolio management to obtain more favorable terms wherever possible. The Company 2015 net debt reduced by 7% to US$584.0 million reflecting strong free cash flow. Nordgold leverage was at 1.1x Net debt/LTM EBITDA as of December 31, 2015.

Consistent shareholder returns

We aim to deliver consistent returns to our shareholders through the regular distribution of quarterly dividends. The current dividend payout ratio is 30% of net profit attributable to shareholders. We are not limited by our bond and debt term in respect of holders on dividend.

Continued growth and portfolio quality improvement

Our aim is to maintain the high quality of our asset portfolio through the pursuit of a balanced pipeline of exploration and development projects, and by increasing the lives of existing mines through focused exploration programmes. We will also seek and evaluate potential purchases of premium-quality reserves and resources that comply with our criteria.

Capital Markets Strategy

In 2015, Nordgold developed a clear strategy to increase the Company's market capitalisation with the intention of:

- seeking a premium listing on the London Stock Exchange and index inclusion, facilitated by increasing our free float to over 30%; and
- committing to best-in-class performance and delivery on promises.

Implementation and key achievements

In 2015 we continued to deliver on our strategic objectives.

Our focus on cost reduction and implementation of operational efficiencies, as well as the depreciation of local currencies in countries where we operate, helped us to achieve a further AISC (all-in sustaining costs) reduction of 11% year-on-year. Such a cost improvement more than offset the adverse impact of the low gold price and helped us to increase our EBITDA margin to 46.0% in 2015 from 40.1% in 2014.

We remain committed to our priorities – enhancing our asset portfolio, and providing robust returns to shareholders. In 2015, we took significant steps with our project developments:

- beginning construction of the Bouly project in Burkina Faso;
- obtaining all necessary permits and successfully testing the pilot plant for the Gross project in Russia;
- finalising the pre-feasibility study at Montagne d'Or in French Guiana; and
- progressing with an exploration at Pistol Bay in Canada.

We returned US$87.8 million to our shareholders, including US$29.3 million through a share buyback and by paying 2015 dividends at USc15.61 per GDR.

Positive free cash flow generation at all operating mines

2015 targets

Further upside for positive FCF generation at all operating mines in 2015

Continue to improve efficiency

2015 achievements

- Strong free cash flow of US$158.1 million in 2015 while investing in construction of the Bouly mine and despite a lower gold price
- Consolidated AISC declined by 11% year-on-year to US$793/oz
- Seven out of nine mines generated positive FCF in 2015
- Continued implementation of efficiency improvement measures at all mines

2016 targets

Delivering positive FCF at all operating mines through:

- Production growth in the range of 950-1,010 koz
- Launch of the new Bouly mine with average annual production of approximately 120 koz over a life of mine of 10 years at AISC of US$730/oz
- Consolidated AISC in the range of US$800/oz-US$850/oz
- Further implementation of cost reduction and efficiency improvement programme

Comments to 2015 achievements

In 2015, we continued to pursue efficiency programmes, which helped us to cut our costs and retain our position in the lowest quartile of the global cost curve. In addition, our consolidated AISC fell by 11% year-on-year, to US$793/oz in 2015, versus US$887/oz in 2014, driven by the devaluation of local currencies against the US dollar. All of our mines achieved strong operational results, with seven out of nine generating positive FCF in 2015. The only outliers were Aprelkovo, with zero FCF, and Taparko with negative FCF.

- At Taparko: gold production was down primarily as a result of a lower ore volumes mined, leading to a lower head grade as plant capacity was met from processing historical low-grade stockpiled ores, as well as the decreased recovery due to processing ores with increased refractory and preg-robbing characteristics from historic stockpiles and from some horizons in the Taparko pits. Also, in 2015 Taparko accelerated waste mining from cutbacks for future ore supply, resulting in the higher stripping ratio year-on-year. In 2016 Taparko plans to almost double the volume of ore mined; and head grade is expected to be above 2.0 g/t, driven by high-grade ore mined from the Bouroum satellite pit and an increase in throughput achieved by investing in processing improvements.
- At Aprelkovo: gold production fell due to lower volumes of ore processed, lower grades and recovery as a result of processing a larger percentage of lower porosity fresh ore. In 2016 Aprelkovo is to process oxide ores from the southwest extension pits and mining below the 500m reference level from the main Aprelkovo pit. Gold production will also be supported by an increased availability of crushers as well as additional improvement initiatives.

We continued to implement efficiency improvement programmes for all our business processes. One of our priorities in 2015 was the continued development of our employees, as we believe that our people are a vital element of our long-term profitable growth. Key measures included:

- Implementing SAP at all business units. Enhanced automation will lead to operational and cost savings.
- Efficiency improvements were introduced at our open mines in Russia by flattening organisational structures. We are looking to continue to introduce similar improvements at our underground mines.
- We implemented a new incentive system, and launched performance and development programmes with employees, including skill and competence matrixes.
- We also measured the engagement level of our personnel at all of our business units through an employee survey. This helped us to identify areas for improvement which, we believe, would enhance labour productivity and operational efficiency.

Comments to 2016 targets

In 2016, we will continue to implement measures to deliver positive FCF at all operating mines. We expect production growth year-on-year, driven by the opening of the Bouly mine, as well as additional ounces from existing mines through the development of satellites and improvements in processing facilities. Further cost reductions will come from the Group business management system (BSN).

We remain committed to increasing efficiency in order to further reduce costs at all of our mines.

Effective leverage management

2015 targets

Continue to reduce leverage through effective debt management

2015 achievements

- The net debt/LTM EBITDA ratio fell to 1.1x as at the end of 2015 from 1.3x at the end of 2014
  - Net debt decreased by 7% to US$584.0 million
  - Cash position improved to US$361.7 million

2016 targets

Continue to efficiently manage leverage:

- Target net debt/LTM EBITDA in the range of 0.5-1.0x
- Improve liquidity position

Comments to 2015 achievements

In 2015 we improved our debt position organically by maintaining robust free cash flow generation (US$158.1 million for the full year). As a result we reduced our net debt/LTM EBITDA ratio to 1.1x by the end of 2015 compared with 1.3x at the end of 2014.

Comments to 2016 targets

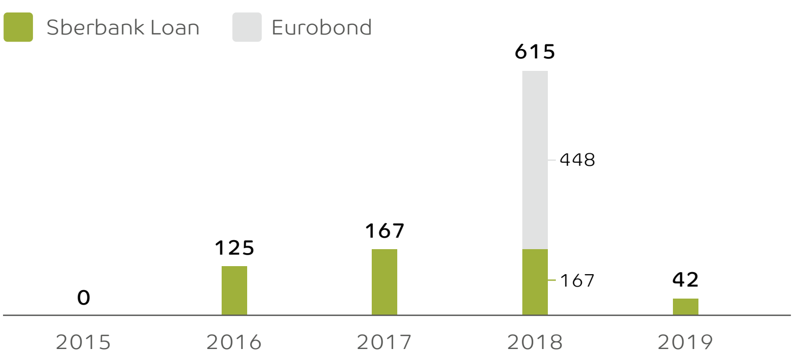
In 2016, we will continue to pursue an effective debt management strategy with a target long-term level of net debt/LTM EBITDA ratio in the range of 0.5-1.0x.

In subsequent years we expect our net debt/EBITDA ratio to be quite volatile as Nordgold's capex will be higher than in 2015 due to the planned capital investments into the Bouly mine and the Gross mine construction. Nevertheless, we will continue to effectively manage our leverage and liquidity positions.

Nordgold had US$362 million of cash and cash equivalents at the end of 2015. Our operating cash flow generation abilities are supported by maintaining a low-cost position on the global cost curve. Thus, we are confident in our ability to finance our capital expenditures, as well as the debt repayments in 2016 and 2017.

The main part of Nordgold's debt (Sberbank loan and Eurobond), which totals US$615 million, is to be repaid in 2018. We are currently considering refinancing options in order to optimise our debt/equity structure.

Nordgold Debt Maturity Schedule, US$ million



Consistent shareholder returns

2015 targets

Dividend payout ratio of 30% of net profit attributable to shareholders

Introduced share buyback programme

2015 achievements

100% of targets achieved:

- Paid dividends on quarterly basis
- The total dividend for 2015 was USc15.61 per share/ GDR; the total payout was US$58.5 million
- US$29.3 million were returned to Company shareholders through 2015 buyback programme

2016 targets

- Maintain dividend payout ratio of 30% of net profit attributable to shareholders on quarterly basis
- Approved 2016 buyback programme for a maximum total amount of US$15 million

Comments to 2015 achievements

In 2015 we followed the dividend policy we introduced in 2014 and paid dividends of 30% of normalised net profit attributable to shareholders quarterly. The total dividend for FY2015 was USc15.61 per share, and the total payout was US$58.5 million. Equivalent figures in 2014 saw Nordgold pay USc10.31 per share in the form of dividends with the total payout of US$39.0 million.

On February 24, 2015, the Board approved a share and GDR buyback programme to increase the liquidity of Company shares. A return of capital to shareholders in the form of share repurchases is a respectable supplement to stable dividend payments. In 2015, Nordgold purchased a total of 10,282,212 GDRs and returned US$29.3 million to its shareholders through a continuing buyback programme.

The 2015 buyback programme ended on December 31, 2015, and all bought-back GDRs were cancelled in line with relevant Dutch legislation.

On November 17, 2015, the Board approved a new GDR buyback programme for up to 5,000,000 GDRs to a maximum total amount of US$15 million at a price of up to US$5.0 per GDR. The buyback programme will end as soon as the aggregate purchase price of GDRs acquired by the Company has reached the amount of US$15 million or, ultimately, by November 17, 2016. We also remain focused on continuing to deliver a dividend to shareholders in accordance with the established dividend policy.

Continued growth and portfolio quality improvement

2015 targets

Focus on near mine exploration at operating mines with the aim of replacing mined-out ore reserves

Proceed with Bouly project

Gross project permitting and pilot stage operation

Continue to invest in the development pipeline and explore M&A opportunities

2015 achievements

- The 2015 exploration programmes achieved the target of delivering increased ore reserves at operating mines, which more than replaced our mined-out ounces
- Bouly feasibility study completed in Q2 2015 and construction of new mine is ongoing with aim to launch operations in H2 2016
- Gross project in Russia was fully permitted and two years of successful trial production confirmed robust project economics
- Good progress with other projects, including Montagne d'Or, where a pre-feasibility study was finalised in June 2015 and a feasibility study started in Q4 2015 with aim to be delivered by the end of 2016

2016 targets

Continue to pursue ore reserve replacement and resources conversion at operating mines and to develop a high-quality project pipeline:

- increase mineral resources and ore reserves
- complete construction of the Bouly mine and launch production
- start construction of the Gross mine
- continue to invest in the pipeline

Comments to 2015 achievements

In 2015 we continued to develop our globally diversified asset base across four continents and six countries.

However, the primary focus of our exploration programmes shifted from the main growth projects, where the target of delivering substantial ore reserves was achieved by 2015, to ore reserve replacement and the extension and conversion of mineral resources at operating mines. We also invested in our pipeline of low-cost development projects despite the weaker price environment.

Important progress in 2015 included:

- The Bouly project feasibility study – completed in Q1 2015. This demonstrated excellent economic fundamentals even in the low gold-price environment. We began construction of the Bouly mine in Q2 2015 and progressed on schedule and within budget during Q3 and Q4 2015 with the intention of starting production in H2 2016.

- The Gross project in Russia was fully permitted in 2015. The 2015 pilot stage production delivered a gold recovery of over 80% as well as lower production costs compared to feasibility studies, giving us confidence in the potential of the mine.
- The Preliminary Economic Assessment for the Montagne d'Or project in French Guiana, which was finalised in 2015, demonstrated positive economic data, and Nordgold is therefore looking to complete a NI 43-101 compliant feasibility study in Q4 2016. In January 2016, Nordgold became an operator of the project.
- The 2015 exploration programme at Pistol Bay in Canada confirmed its potential as a high-quality deposit of substantial scale with high-grade ore, a moderate stripping ratio and excellent metallurgy. Nordgold increased its stake in Northquest (owner of the Pistol Bay project) to 52.3% on a non-diluted basis in November 2015, providing continuing support to the development of the project.
- Nordgold also finalised a feasibility study for three areas in Burkina Faso in 2015: Yeou (Taparko mine satellite), Zinigma and Ronguen (Bissa mine satellites). Mining licence applications for all projects were submitted in 2015. These projects should provide high-quality ores for the Bissa and Taparko processing facilities to extend their Life of Mine.

Comments to 2016 targets

In 2016 we will continue to focus on extending the life of existing mines through exploration around them and their satellites.

The launch of production at Bouly in the second half of 2016 will add over 120 koz per year annually to Nordgold production. In 2016 we will also start construction of the Gross mine with production beginning up to two years later.

While organic growth is a key focus for Nordgold, we will continue to look to acquire quality projects as well as pursuing effective in-house exploration. We consider the current weakness in the gold price to be an opportunity to acquire new projects to further improve our portfolio pipeline.

Capital Markets Strategy

In order to drive the Group forward and maximise value for our shareholders, we shall continue to focus on our strategic initiatives to provide sustainable and profitable growth, notwithstanding the low-price environment.

In 2015, the Board approved initiatives to increase the Company's market capitalisation and to position it for market success. The strategy includes pursuing a premium listing on the London Stock Exchange and an inclusion into the FTSE index. We believe our intention to seek a premium listing will materially improve the valuation of the business, and positively impact the returns to our shareholders.

Nordgold has begun work on changing its jurisdiction from the Netherlands to the United Kingdom in anticipation of pursuing a premium listing on the London Stock Exchange and FTSE index inclusion. The move to the United Kingdom could take about a year. The Company shall update on further procedures related to securing a premium listing in due course.

1.5 MARKET OVERVIEW

Gold production is Nordgold's main business. Therefore, what is happening in the global gold market is of considerable importance to us.

The price of gold is determined by supply and demand, which we consider in detail below. However, the top line is that the gold price fell by more than 10% to US$1,061/oz as of the 2015 year-end, and averaged US$1,160 during the year – 4.5% below the average price for 2014.*

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 2016. Savings and speculation affect both the gold price and its consumption, unlike other metals, and add additional unpredictability to the dynamics of gold price forecasting.

Gold demand

Demand for gold falls into four categories:

- jewellery;
- central bank purchases;
- investment;
- technology.

Overall demand – at 4,212.2 tonnes – was approximately the same in 2015 as in the previous year. Jewellery accounted for 57% of the total in 2015; the investment category represented approximately 20%.

The first half of 2015 was challenging for the industry, with gold consumption falling by 6% year-on-year[1]. This weak performance was the result of a number of factors:

- extreme weather conditions negatively influenced demand from the Indian jewellery sector;
- economic slowdown and financial market turbulence led to lower jewellery demand in China;
- reduced in demand from the Middle East as a result of low oil prices; and
- currency fluctuations affecting demand in several countries, including Russia and Turkey.

In addition, a more positive outlook for the US economy, combined with the expectation of federal interest rate rises and higher risk appetite, negatively influenced global investment demand.

During the second half of the year, however, demand rose across most sectors – except technology. In H2 demand was up by 6% year-on-year and 7% above H2 2013, with the most significant growth coming from investment demand. Net purchases by official institutions and central banks also accelerated in H2 2015. The People's Bank of China, for example, announced that it had accumulated over 600 tonnes of gold during the preceding six years.

* Source: The London Bullion Market Association
[1] Unless otherwise indicated, indicators' source: World Gold Council. Gold Demand Trends. Full year 2015

Gold demand

	Tonnes				US$ million			
	2015	2014	YoY Change	YoY Change, %	2015	2014	YoY Change	YoY Change, %
Jewellery	2,414.9	2,480.8	-65.9	-3%	90,067.2	101,006.5	-10,939	-11%
Technology	330.7	346.4	-15.7	-5%	12,335.5	14,104.5	-1,769	-13%
Investment	878.3	815.4	62.9	8%	32,756.5	33,197.5	-441	-1%
Central banks/other institutions	588.4	583.9	4.5	1%	21,943.8	23,774.0	-1,830	-8%
Total gold demand	**4,212.2**	**4,226.4**	**-14.2**	**0%**	**157,103.0**	**172,082.6**	**-14,980**	**-9%**

Source: Metals Focus; GFMS, Thomson Reuters; ICE Benchmark Administration; World Gold Council

Jewellery

Global demand for gold in jewellery declined by 3% year-on-year, though the picture was mixed. While performance during the first half was weak, the third and fourth quarters combined produced the strongest second half-year total for gold jewellery in 11 years.

Jewellery demand in Turkey, the Middle East and Russia suffered from economic factors, but price-sensitive consumers in India and China took advantage of lower prices. In 2015 as a whole jewellery demand in India grew by 5% year-on-year, and reached 654.3 tonnes, the highest level since 2010. November and December were particularly upbeat as the start of the Diwali festival and the wedding season was immediately preceded by a drop in the gold price. In China gold jewellery demand was also quite resilient in the face of slowing economic growth. However, the total annual Chinese demand was down 3% year-on-year to 783.5 tonnes.

Central banks and other institutions

Central bank net purchases for 2015 were 588.4 tonnes – 1% higher than 2014 – with demand again stronger in the second half of the year. Economic and political risks continued to worry global markets and prompted a greater interest in gold as a part of a portfolio of reserves. Russia, for the second year in a row, was the leading net purchaser, with full-year purchases (at 206 tonnes), significantly higher than the 173 tonnes acquired in 2014.

Weak oil prices and ongoing geopolitical risks have prompted greater use of gold for risk- management purposes. China, which began regularly reporting purchases in July, bought 103.9 tonnes in H2 2015, having announced that it had accumulated 604 tonnes over the preceding six years. Another active player was Kazakhstan, which purchased 30 tonnes of gold during the year. Jordan significantly raised its gold reserves, by 21.8 tonnes, in the first three quarters of 2015.

Net sales were insignificant compared to purchases. Two Latin American countries, El Salvador and Colombia, sold 5.4 tonnes and 6.9 tonnes respectively, as result of economic pressures. Germany was another seller and sold 3.2 tonnes under its coin-minting programme.

Top-10 reported official gold holdings (as at December 2015)

		Tonnes	% of reserves
1	United States	8,133.5	72%
2	Germany	3,381.0	66%
3	IMF	2,814.0	–
4	Italy	2,451.8	64%
5	France	2,435.6	60%
6	China	1,762.3	2%
7	Russia	1,392.9	13%
8	Switzerland	1,040.0	6%
9	Japan	765.2	2%
10	Netherlands	612.5	55%

Source: IMF IFS; World Gold Council

Investment

In 2015 investment in gold was up 8% year-on-year, from 815.4 tonnes to 878.3 tonnes. Annual growth in bar and coin demand expanded marginally, and the regional pattern of demand was similar to jewellery gold demand. Bar and coin demand grew in India and the US, while it declined in Russia, Turkey and Middle East. The most significant improvement was seen in the Greater China region and China was the largest single market for bar and coin demand. Although annual demand, at 201 tonnes, was well below the 2013 record of 406.7 tonnes, it was nevertheless 21% up year-on-year. The weakness of the yuan, which raised the market concern over an economy prospects, was a key driver in this market, while concerns over the stock market provided additional support.

ETF – exchange-traded fund – flows were less negative in comparison with the previous period, which was positive for the demand. As a whole, ETF outflows were 133.4 tonnes in 2015 compared with 185.1 tonnes in 2014. In early 2016 it seems investor interest in gold-backed ETFs has started to grow as the market seeks wealth preservation/risk diversification instruments.

Technology

Gold demand in the technology sector represented around 8% of total gold consumption in 2015 at 330.7 tonnes – a reduction of 5% year-on-year.

Gold is used, for example, in the electronics sector, wireless sector, bonding wire and dentistry.

As the gold price remained higher than US$1,000 per ounce, technology companies opted for gold substitution and chose cheaper materials.

The global economic slowdown has also impacted demand for final products in key sectors.

Gold supply

Global gold supply comprises mine production and gold recycling. The annual total fell 4% year-on-year, to 4,258.3 tonnes – its lowest level since 2009. Mine production in 2015 saw its slowest annual growth rate since 2008, at just 1% year-on-year, to 3,186.2 tonnes. In Q4 mine production fell by 2% year-on-year, which was the first quarterly decline since Q3 2008.

The decline was widespread geographically and was the result of a variety of factors, such as mine closures, technical issues, and lower ore grades. Recycling continues to be squeezed, given the weak gold prices, and annual gold recycling dropped by 7% year-on-year to 1,092.8 tonnes in 2015, hitting its lowest level since 2007.

As the gold market remains challenging, we expect mine supply to continue to fall in the next years. Mining companies' recent focus on cost-cutting has resulted in the closure of higher cost production. Reduced budgets for exploration and project development have led to lower production from current mines and the prospect of further restrictions on future production.

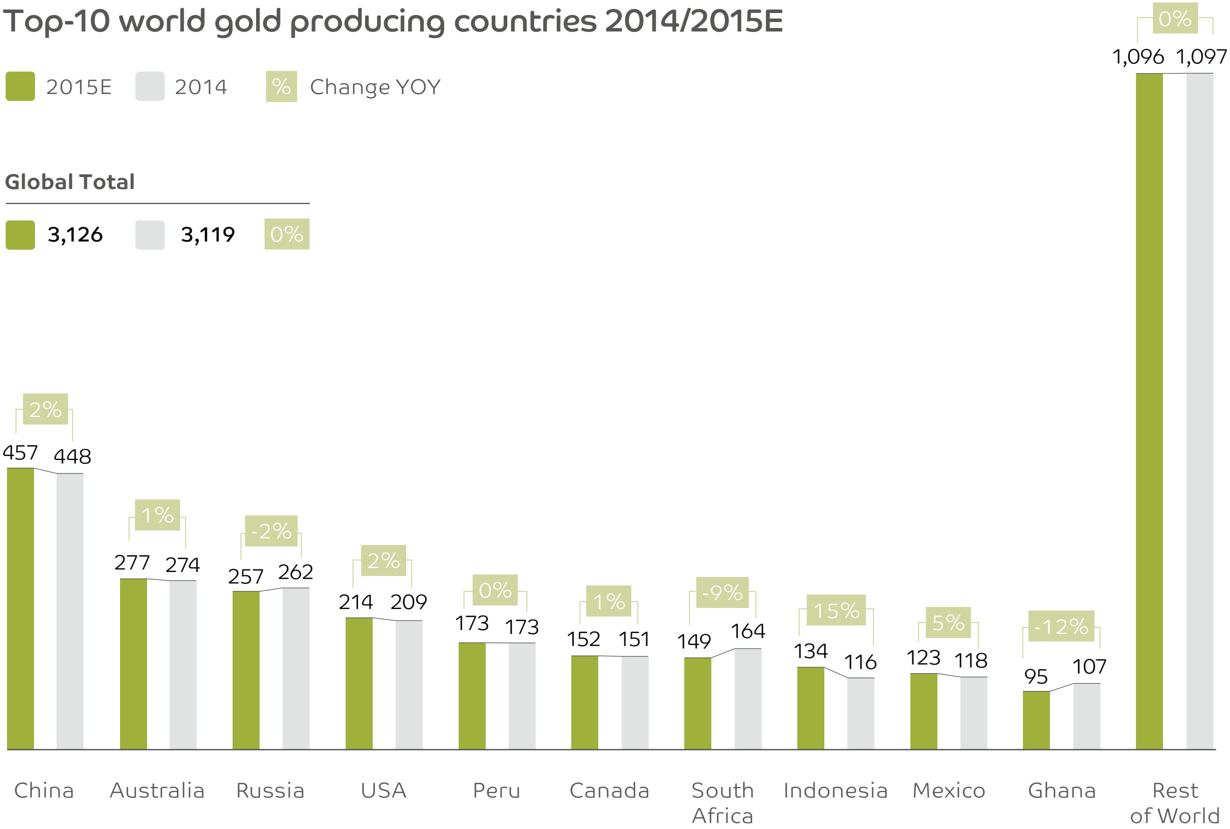
China remains the world's largest producer although production in 2015 was almost flat year-on-year at 456.5 tonnes. Russia is still in the top-three producing countries with an output of 256.7 tonnes.

Gold supply, tonnes

	2015	2014	YoY Change	YoY Change, %
Mine production	3,186.2	3,140.5	45.7	1%
Net producer hedging	-20.8	103.6	-	-
Total mine supply	3,165.4	3,244.1	-78.7	-2%
Recycled gold	1,092.8	1,169.7	-76.9	-7%
Total supply	**4,258.3**	**4,413.9**	**-155.6**	**-4%**

Source: Metals Focus; GFMS, Thomson Reuters; ICE Benchmark Administration; World Gold Council

Top-10 world gold producing countries 2014/2015E



Source: GFMS

Gold price and price trends

The average price of gold price fell gradually throughout 2015, and ended the year down by 4.5% year-on-year from US$1,266/oz to US$1,160/oz.

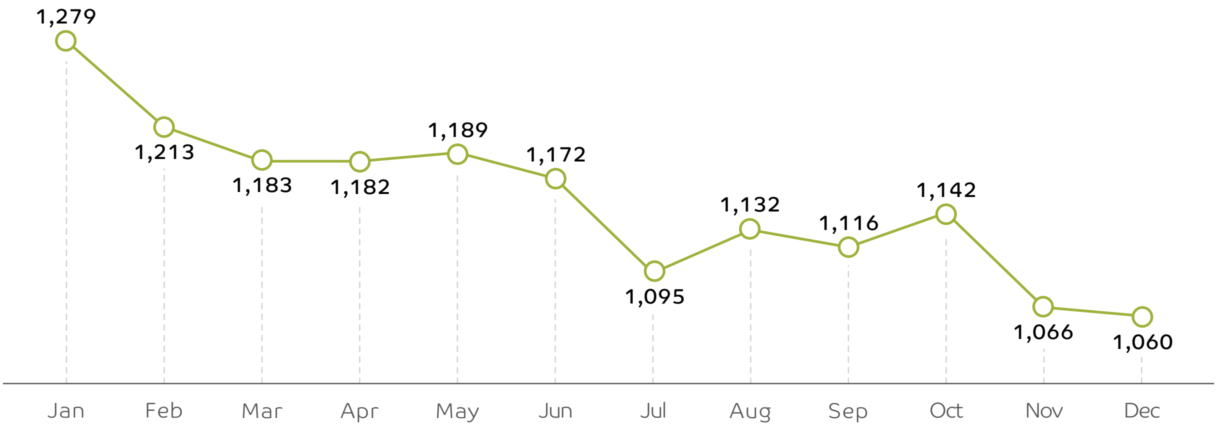
The low point was in July, when prices slumped to US$1,095/oz. There was a partial recovery in August-October, but then prices tumbled again and in December gold reached the five-year low of US$1,046/oz.

Quarterly average price, US$/oz

	2015	2014	YoY Change, %
Q1'15	1,218.5	1,293.1	-6%
Q2'15	1,192.4	1,288.4	-7%
Q3'15	1,124.3	1,281.9	-12%
Q4'15	1,106.5	1,201.4	-8%

Source: ICE Benchmark Administration; Thomson Reuters Datastream; World Gold Council

Average monthly gold price 2015, USD/oz



Source: LBMA

Apart from the supply demand dynamics discussed earlier, the gold price performance is also impact by the relative performance of the US dollar and interest rates. Historically, gold is negatively correlated with the US dollar, and demand for gold usually increases on concerns about inflation. The price of gold is generally positively correlated with the oil price, with gold moving higher when oil prices increase. However, during times of oil oversupply, which we are currently observing, any real correlation between gold and oil breaks down.

Investors' expectations of a US Federal Reserve interest rate hike put an additional negative pressure on the gold price in H1 2015, as gold is believed to not perform well in a period of increasing interest rates. However, as of early 2016, there is no strong consensus on future Fed actions, which will be defined by the economic situation in the US and globally. Given the uncertainty over economic prospects and increasing concern over the future decline of gold mine supply, prices rose by almost 20% to US$1,252/oz in the first three months of 2016.

Gold spot price in US$/oz, London PM fix

Source: Reuters Datastream, LBMA, World Gold Council

2 BUSINESS OVERVIEW

Gold sold

972.9 KOZ

Best-in-class, internationally diversified and low-cost gold producer

2.1 ABOUT NORDGOLD

Since it was established in 2007, Nordgold has evolved from a high-growth, gold mining company in emerging markets to a best-in-class, internationally diversified low-cost almost million ounce gold producer.

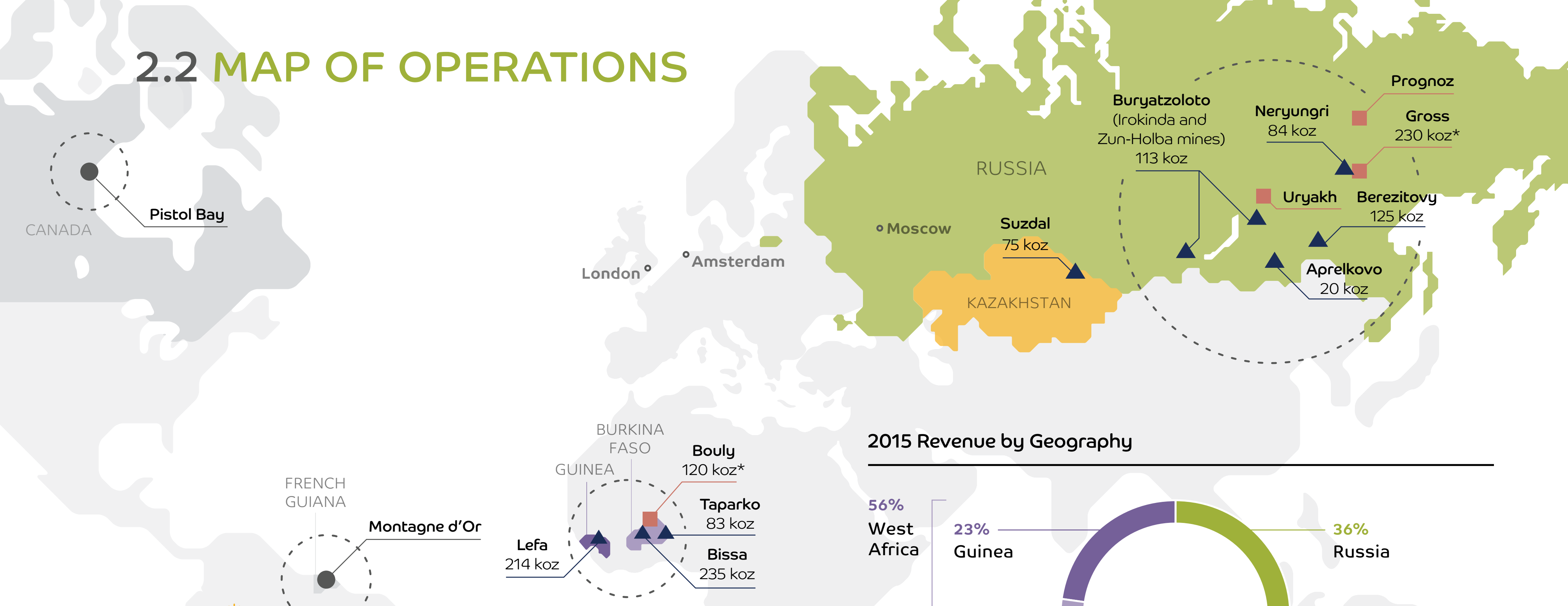
Nordgold operates nine mines in Russia, Kazakhstan, Burkina Faso, and Guinea. The Company has one new mine under construction in Burkina Faso and another, in Russia, ready for construction work to begin. In addition it has four advanced exploration projects, and a diverse portfolio of early exploration projects and licences in Burkina Faso, Russia, French Guiana and Canada.

Nordgold has a large JORC Mineral Resource base of 28.54 Moz of gold and Ore Reserves of 14.0 Moz, as well as an exciting pipeline of low-cost development projects, which we constantly move forward.

We are proud of our capable team of professionals, which accounts over 8,000 employees.

Nordgold commenced trading as an independent public company through a listing GDRs on the London Stock Exchange (LSE: NORD LI). The Company`s current free float is approximately 9.25%.

2.2 MAP OF OPERATIONS



Type of asset

Interactive

Show all

Operating Mines

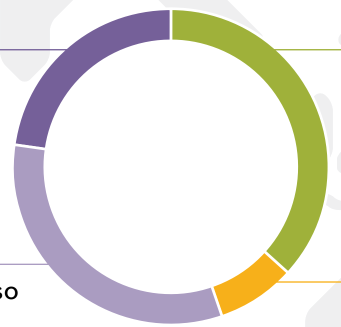
Exploration Areas

Developing Assets

Exploration Assets

* Expected average annual production

2015 Revenue by Geography



2015 Total production

9 operating mines

2 projects in engineering /construction

4 projects in FS and PEA/exploration phase

950 KOZ

2.3 MISSION, VISION AND VALUES

Mission

Nordgold's mission is to provide sustainable growth for the business and its value to shareholders and all other stakeholders.
For us, success is more than gold. Our values run deeper than effective gold production

We want our employees to know that their safety is our absolute priority	We want the trust of investment community	We want to contribute to the communities in which we operate and become a trusted local partner	We want to look after the environment
Employee welfare	**Investor confidence**	**Community development**	**The Environment**
As an employer of thousands of people, Nordgold bears the responsibility of ensuring their safety. We want our people to realise their potential in conditions which are both comfortable and safe.	We are able to deliver low production costs and superior returns on invested capital in any gold price environment. We firmly believe in the importance of growth and maintain a strong pipeline of development projects.	Being a responsible member of the communities in which we operate is central to the way we do business. We see it as a vital part of our role to invest in these communities and help them to develop.	Taking care of the environment is a core value for Nordgold. We take as much care as possible to ensure that we do not damage the environments in which we work.

Vision

Nordgold's ambition is to become a best-in-class gold mining company, one with:

- A portfolio of high quality, long life and low cost assets
- Leading operating practices and an absolute focus on safety
- The best and brightest talent
- The trust of its investors built by a persistent dedication to shareholder values

Why we believe in success:

- Positive experience of operating in diverse emerging market jurisdictions where high quality deposits can still be found
- Proven track record of identifying and building greenfield projects
- Management team with strong business development, geological and technical capabilities

Values

At Nordgold, we have always thought globally. Our people share our vision and understand that Nordgold is more than just gold. All company's decision — from hiring a new employee to a new major project — are informed by our guiding principles

Respect for People

We place high value on people and the creation of the atmosphere of mutual respect and dialogue

Safety

We never compromise employee safety

Professionalism and Efficiency

We are committed to the highest working and management standards to ensure a sustained growth of the business and achievements of our long term targets

Trust and Collaboration

We value the trust of all our stakeholders and strive to create a positive working environment based on cooperation, reciprocity and responsibility

2.4 BUSINESS MODEL

Effective and sustainable performance over many years is testament to the success of our business model, despite challenging circumstances in the mining industry, and it confirms the profitability and viability of Nordgold's strategy (for more details, see the Strategy section).

Our business model describes a value-creation process based on the transformation of five types of capital, and has a primary focus on the generation of positive free cash flow and the sharing of revenue with our shareholders.

The model comprises:

- a management system aimed at achieving the most efficient use of available capital
- input capital
  - financial capital (see Financial performance)
  - manufactured capital (see Mineral resources and ore reserves update, Operational performance)
  - human capital (see Respect for people)
  - social capital (see Stakeholder engagement and Communities)
  - natural capital (see Environment)
- a value chain based on the transformation of available capital (the Company's main activity)
- value chain output and business outcomes

One of the main principles of our business model is organising our work in accordance with the principles and standards of sustainable development and responsible mining.

Business model (overview)

Input suppliers

Investors
- Shareholders and bondholders
- Investors
- Financial Community

Business Partners
- Suppliers
- Industry bodies

Employees
- Employees
- Trade unions
- Contractors

Society
- Governments and local authorities
- Local communities
- Media, NGO, and other opinion formers

For more information see Key Stakeholders Groups

Input capital

Financial capital
Share capital
US$ **1,280,801**

Liabilities (long-term and short-term)
US$ **1,228,021**

Manufactured capital
9 OPERATING MINES
including open pits, underground mines, processing plants, and other facilities

Human capital
Number of employees
8,396

Social capital
Nordgold's reputation

Open, honest and mutually beneficial engagement with stakeholders

Social and legal licenses

Natural capital
Electricity consumption
603 GWH

Water used
2,1 THOUSAND M³

Business activities

Output

Production output	Economic value generated
Gold produced **950.0 KOZ**	Revenue US$ **1,129.3 MLN**
	EBITDA US$ **519.8 MLN**
	Net profit US$ **188.7 MLN**

Business outcomes

Returns to shareholders
Dividends
US$ **58.5 MLN**

GDRs Buyback
US$ **29.3 MLN**

Payments to lenders (interests)
US$ **47.0 MLN**

Capital expenditure
US$ **258.3 MLN**

Including:

Investments in growth projects
US$ **114.8 MLN**

Investments in modernisation
US$ **143.5 MLN**

Payments to employees
US$ **164.7 MLN**

Number of employees trained
7,199

Payments to government
US$ **140.9 MLN**

Investments to local communities
US$ **1,781 MLN**

Ecological investments and payments
US$ **87 THOUSAND**

Reduction in the consumption of natural resources

Description of business activities

The effective organisation of our business activities ensures the optimal use of invested capital to obtain positive results and the implementation of our strategic goals. The key elements of the business process are:

1. Exploration and evaluation

The first step is the development of a high-quality resource base. Prospective gold-bearing ores are identified and exploration is carried out. Our experience,proven geological knowledge and capabilities in the regions where we are active, allow us to identify deposits with the greatest potential. Our strong balance sheet and consistent free cash flow generation enable us to continue investing in our pipeline of low-cost development projects, despite the weaker price environment. We support our asset portfolio through near-mine exploration, to extend the lives of our operating mines and through acquiring prospective greenfield projects.

The evaluation and modelling of opportunities to extract gold from ore in order to maximise net present value begins at the same time as exploration activities.

2. Design and construction

We have a proven track record of delivering on our promises, both in operations and in project development from exploration to construction to ramp-up. The design and construction of mines in line with feasibility studies is carried out on time and within budget. We have always selected the most expedient, profitable and innovative technologies, in addition to implementing BSN to maintain operational efficiency at mines.

3. Mining

We use our experience and technical expertise to ensure the efficient extraction of gold ore from open pits and underground mines. At the same time, we pay close attention to the occupational health and safety of our employees and always ensure that work activities conform to health and safety standards.

4. Processing

Once the gold ore is mined, it is processed into semi-pure doré (unrefined gold bars) and dispatched to metal refineries. We use the following gold processing techniques: gravitation, flotation, bio oxidation, cyanidation and high temperature caustic conditioning (HiTeCC).

5. Refining

The gold doré is refined by contractors to the required purity level and then processed into gold bullion.

6. Sales

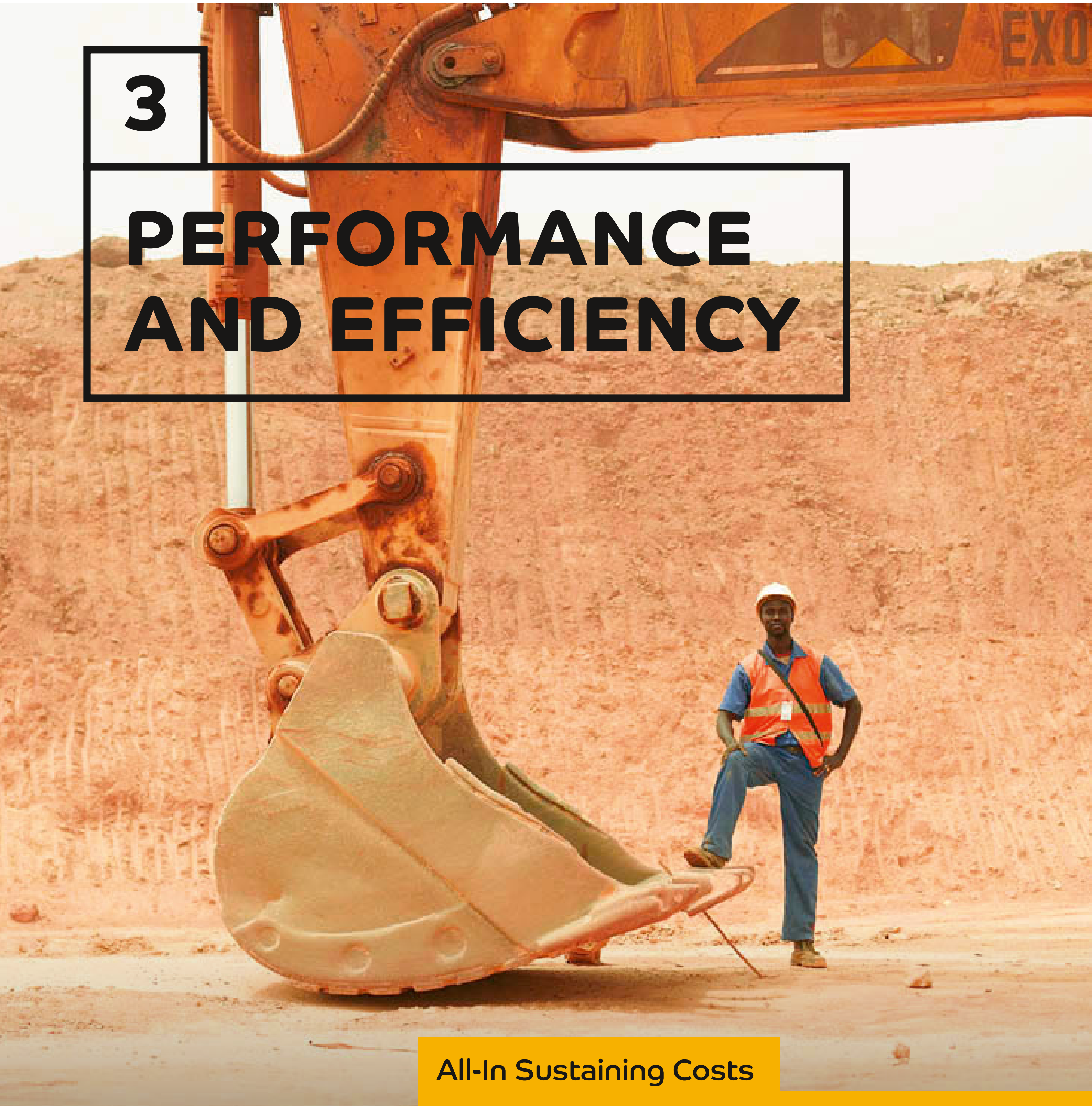
Gold is mainly sold to banks and refineries (traders) located in Switzerland, Russia and Kazakhstan.

7. Rehabilitation

Rehabilitation of used land is a key aspect of mine planning and development from the beginning of exploration to the end of operations. Closure plans take into account employment within communities and land rehabilitation. Plans are developed and improved throughout the life of a mine.

3

PERFORMANCE AND EFFICIENCY



All-In Sustaining Costs

US$793/oz

Maintaining our position at the lower end of the global cost curve

3.1 OPERATIONAL PERFORMANCE

Nordgold — a Premium Gold Mining Company

Low Cost Producer

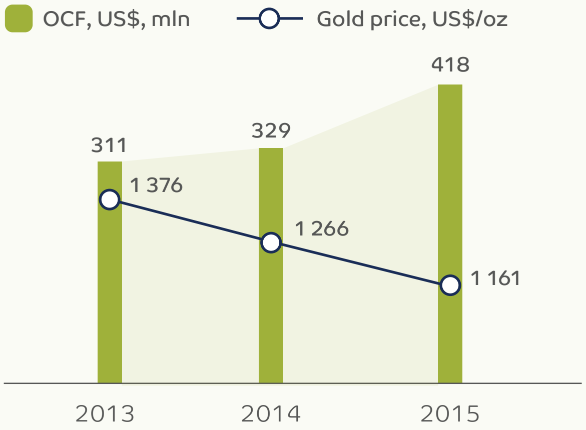
US$793/oz -11%

One of the lowest All-in Sustaining Costs in 2015 compared to peers

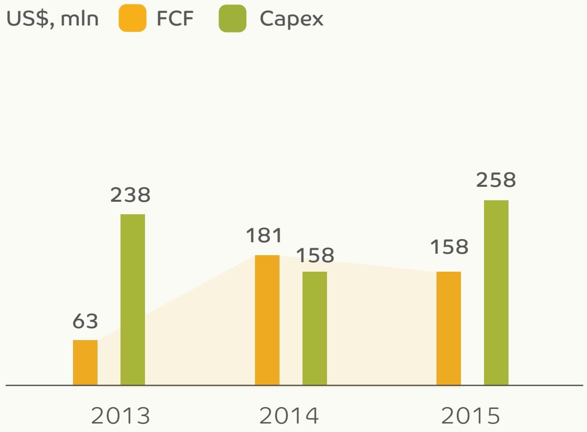
US$158.1 MLN

Free Cash Flow achieved in 2015 while investing in construction of Bouly mine

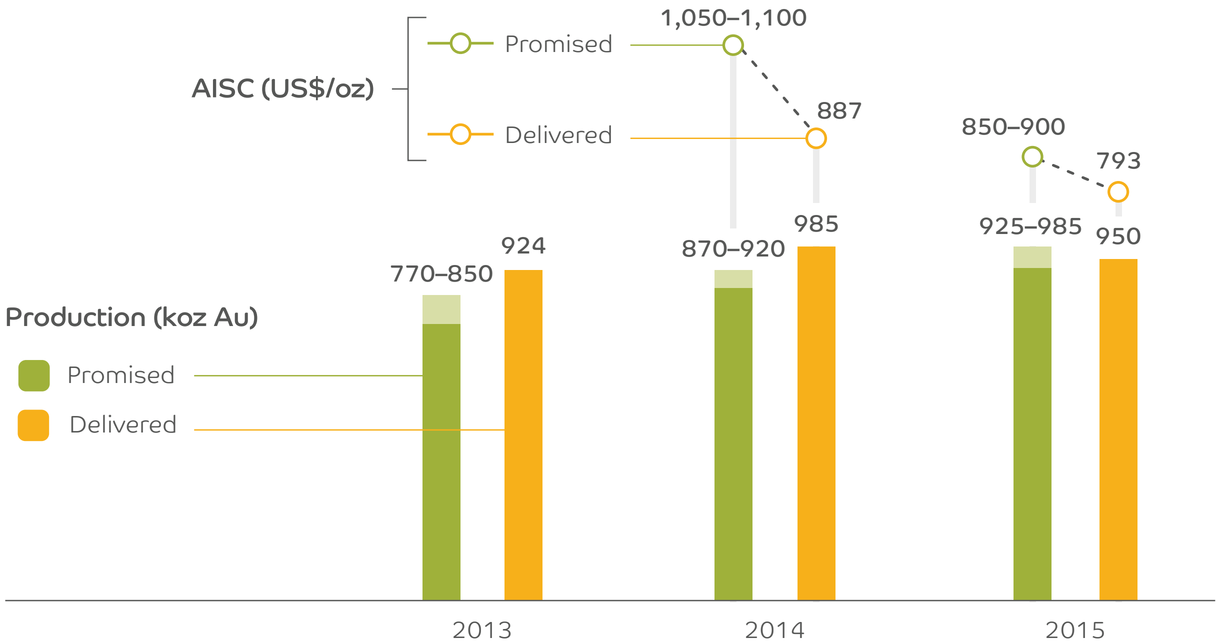
Operating Cash Flow (OCF) increased despite the falling gold price as a result of higher sales and lower costs



Meaningful positive Free Cash Flow (FCF) is generated due to strong OCF and low maintenance capex



Track record of delivering production and surpassing cost guidance

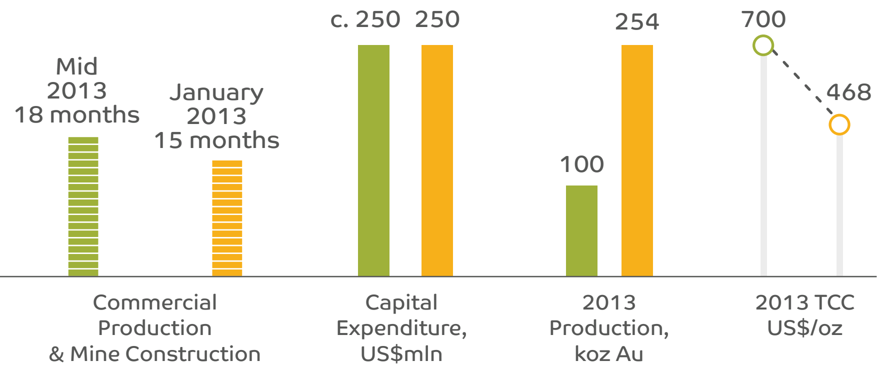


Proven Track Record of Delivering

Bissa mine was constructed ahead of time and budget

21 MONTHS

Bissa payback period



Development projects	Advanced exploration projects	Early exploration projects
• Delineated resource • Feasibility underway or completed • Production in 1-2 years	• Significant drilling performed • Scoping underway • Production in 3-5 years	• Potential resource identified • Target delineation • Production in 6-8 years
Russia and CIS		
• Gross	• Prognoz • Uryakh • Nerchinsk (brownfield/satellite) • Kolbachy (satellite)	• Onot-Kitoy • Zhanok • South-Uguy
West Africa		
• Bouly • Ronguen (brownfield/satellite) • Yeou (satellite) • Zinigma (satellite)	• Yimiougou (brownfield/satellite) • Goengo-Kangarse (brownfield/satellite) • Noungou (satellite)	• Kaya • Tanzaka • Banora Corridor • Lefa Corridor (brownfield/satellite)
French Guiana		
• Montagne D'Or		
Canada		
	• Pistol Bay	

Operating KPIs, key changes in 2015, and influential factors

Operating KPIs

Operating highlights[1]	2015	2014	Change, YoY
Ore mined, kt	19,935	18,421	8%
Stripping ratio, t/t[2]	4.74	4.49	6%
Ore processed, kt[3]	22,127	22,001	1%
Grade, g/t	1.58	1.74	(9%)
Recovery, %	81.7	81.7	0.0 pp
Gold production, koz	950.0	984.5	(4%)
Gold sold, koz	972.9	960.4	1%
Average realised gold price per ounce sold, US$/oz	1,161	1,266	(8%)
Revenue, US$ mln	1,129.3	1,216.1	(7%)
TCC, US$/oz	604	673	(10%)
All-in Sustaining Costs (AISC), US$/oz	793	887	(11%)

[1] May include the effect of rounding.
[2] Calculated for total ore mined and waste mined at open pits only.
[3] Includes ore processed at Berezitovy heap leach mine.

2015 performance

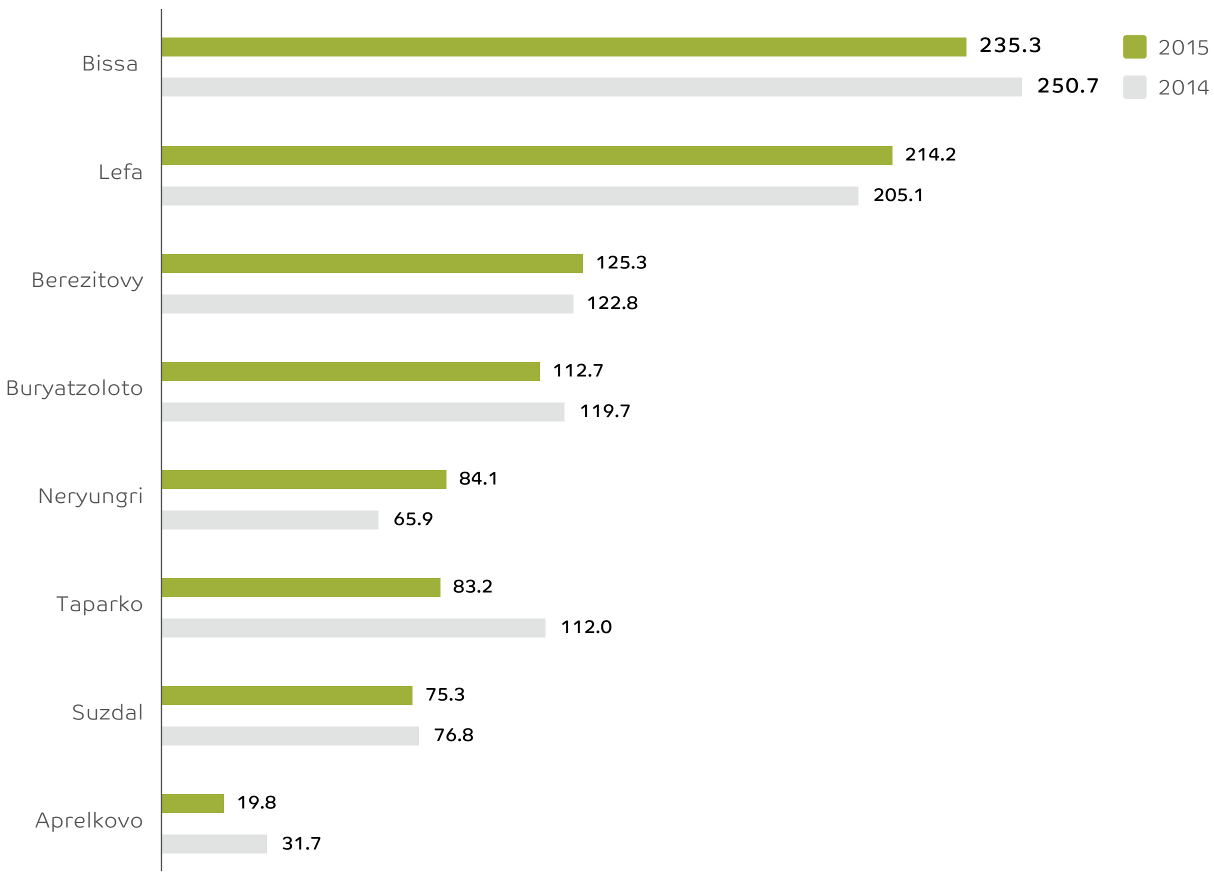
In 2015 Nordgold produced 950 thousand gold equivalent ounces (koz), which was in line with the full year ("FY") production guidance range of 925-985 koz and was 4% lower than the previous year's production volume. The main decrease in gold production was posted at Taparko mine as result of temporarily lower ore volumes mined, a lower head grade, as well as higher stripping as Taparko accelerated waste mining from cutbacks for future ore supply.

Nordgold maintained its position within the industry's lowest cost quartile with consolidated AISC down 11% YoY to US$793/oz in 2015. Seven out of Nordgold's nine mines achieved AISC improvement in 2015.

Key plans for 2016

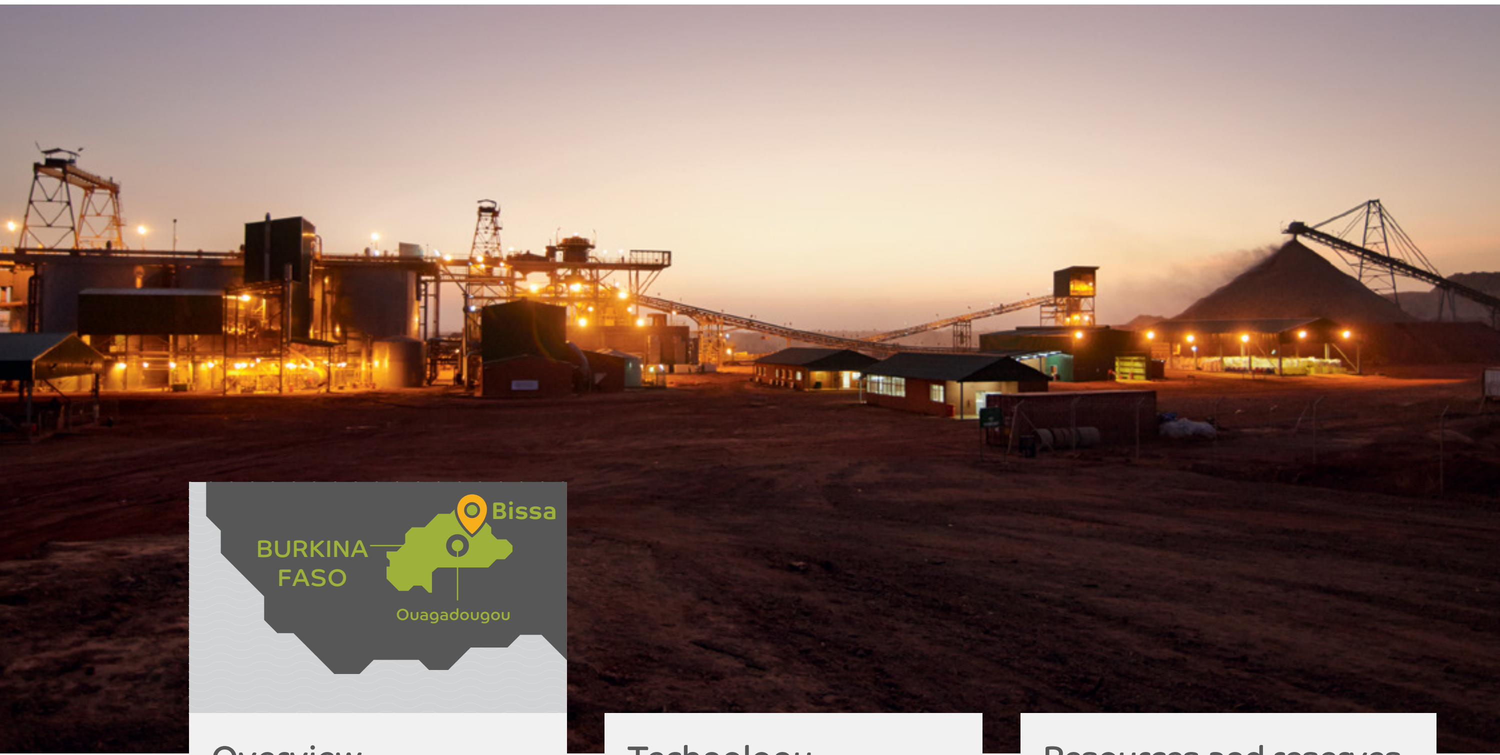
- Nordgold expects gold production for the full year 2016 to be in the range of 950-1,010 koz.
- In 2016 production growth will largely be driven by the following key factors:
  - The new heap leach Bouly mine, the construction of which began in Q2 2015 and continues on schedule and within budget, is expected to launch production in H2 2016.
  - Additional growth from operating mines is expected through the following developments:
    - Taparko will benefit from 2015 investments in developing the mine's satellite pits, crusher circuit improvements made in 2015 and a pebble crusher commissioning planned for H1 2016 will enable throughput rates to be increased while processing harder ores.
    - Lefa continues to target an increase in volumes of ore mined as well as an improvement in head grade. The plant productivity and ore blend consistency will improve further in 2016 due to the reclaim feeder, which was launched in December 2015, despite processing harder ores. Suzdal will increase recovery and gold production due to the completion of the full scale HiTeCC Leaching plant, with commercial production scheduled for Q3 2016. The Hot Leach plant will allow Suzdal to process both historical and future tailings at an annual rate of 100 kt.
- Also, Nordgold will continue to benefit from its Business System of Nordgold (BSN) programmes, and plans to target EBITDA effect of approximately US$48 million in 2016 through implementing best-in-class operating processes. We seek to reinforce our operational improvements and cost saving initiatives through increased attention to employees' development and engagement.

Gold production in 2015–2014, koz



Assets overview

West Africa: Bissa



Overview

Location
85 km north of Ouagadougou

Start-up
January 2013

Infrastructure
Easy access to the national highway, on-site power generation

Technology

Mine type
Open pit

Processing technology
Crushing,
milling,
CIL circuits

Resources and reserves

Proven+probable reserves
2,067 koz at 1.33 g/t

M+I+I resources
2,952 koz at 1.27 g/t

The Bissa mine is located approximately 85 km north of Ouagadougou, the capital of Burkina Faso, and is accessible via Route Nationale 22, a sealed road. Ouagadougou airport has flight connections to major European cities.

Bissa Gold SA, which owns both the Bissa mine and the Bouly deposit, is 90% owned by Nordgold and 10% belongs (under law) to the state. It was officially commissioned in 2013.

The Bissa process flowsheet is a simple, robust Carbon-in-Leach (CIL) design, well suited to the treatment of free milling gold. The process consists of primary crushing before feeding to a SAG/Ball (SAB) grinding circuit, classifying the ground slurry product, and thickening, leaching, and carbon adsorption to recover soluble gold and silver. Ore-mining activity at Bissa is concentrated in four main pits: Southwest, Zone 51 and Zone 52 pits, and Gougre Pit opened in 2015.

Operating highlights	2015	2014	Change, YoY
Ore mined, kt	4,545	3,789	20%
Stripping ratio, t/t	4.50	4.48	0%
Ore processed, kt	4,097	3,756	9%
Grade, g/t	1.94	2.45	(21%)
Recovery, %	86.9	88.9	(2.0 pp)
Gold production, koz	235.3	250.7	(6%)
Gold sold, koz	235.2	250.8	(6%)
Average realised gold price per ounce sold, US$/oz	1,165	1,269	(8%)
Revenue, US$mln	274.1	318.2	(14%)
TCC, US$/oz	493	448	10%
All-in Sustaining Costs (AISC), US$/oz	584	570	2%

2015 performance

The Bissa mine exceeded its planned operational capacity of 200 koz with a production volume of 235.3 koz, despite mining 55% of the processed ore from the Z51 and Z52 pits, resulting in a lower YoY head grade.

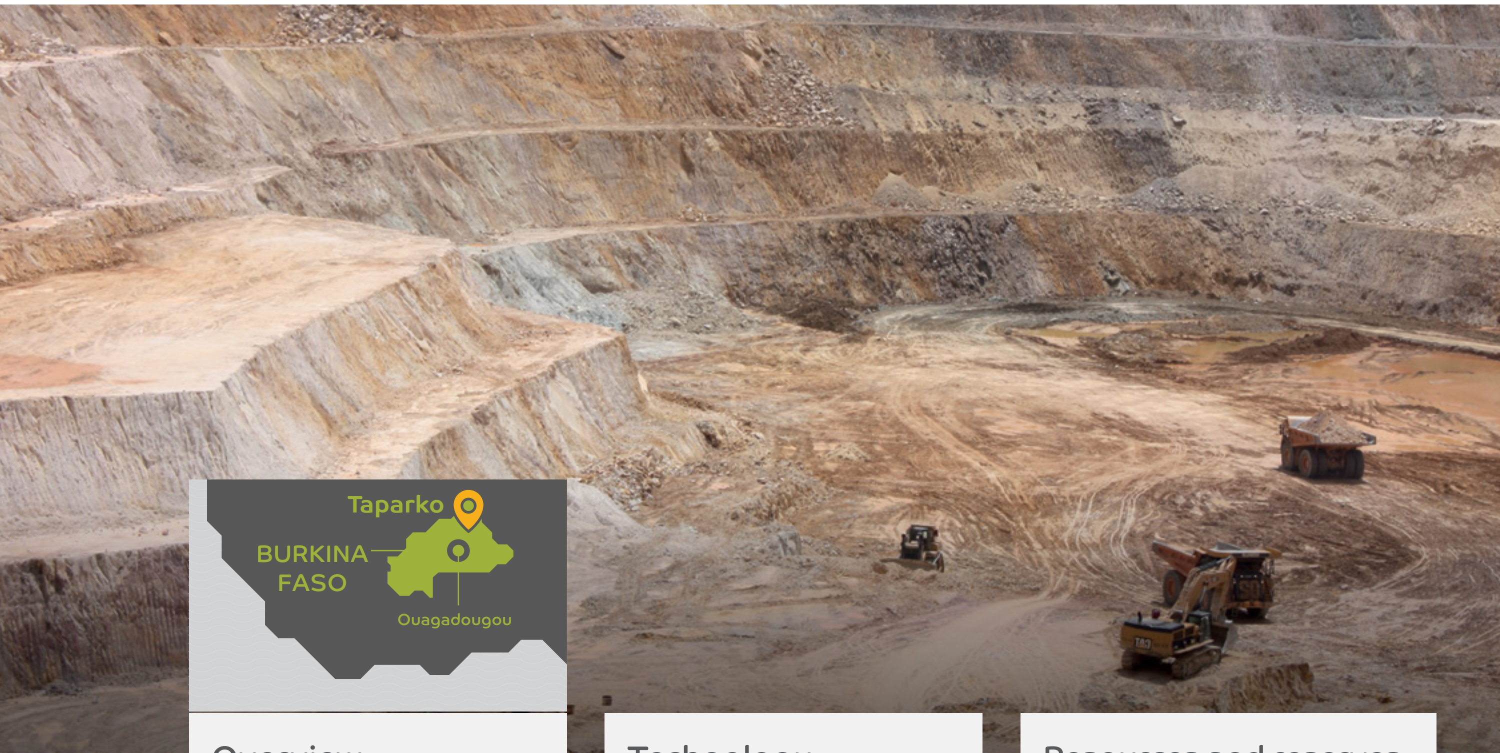
In 2015 ore mined at Bissa increased by 20%, to 4,545 kt, while ore processed rose by 9% YoY, to a new record of 4,097 kt. In line with the optimised processing strategy, the plant was fed the highest margin ore, while lower grade ores were stockpiled for future/end of mine life processing. The average stripping ratio was 4.50 t/t, the same as in 2014.

Key plans for Bissa in 2016

- Production of approximately 200 koz in the full year.
- Average head grade is expected to be 2.0 g/t, while an increasing hardness of ore from the deepening of pits will result in slightly lower total throughput of 3.9 Mt.
- Acceleration of cutback programmes at the South West and Gougre pits to open up high-grade mill feed sources aimed at greater mining flexibility.
- Installation and commissioning of a seventh leach tank in Q2 2016, which will help maintain recoveries at approximately 85%, while lower recovery harder ore from the South West pit is processed.
- Improvements in grade control and blasting practices, movement monitoring, mining productivity, and optimisation of processing conditions – all supported by training programmes.
- Investments in upgrading the mobile maintenance workshop, acquiring an additional drill rig to improve blasted stock volumes, as well as a tailing dam wall raise, a crusher bin upgrade, and installation of a rock breaker.

Assets overview

West Africa: Taparko



Overview

Location
Approx. 200km northeast of Ouagadougou

Start-up year
2007

Infrastructure
Access from the national highway, on-site power generation

Technology

Mine type
Open pit

Processing technology
Crushing,
ball milling and CIL circuits

Resources and reserves

Proven+probable reserves
502 koz at 2.88 g/t

M+I+I resources
897 koz at 2.52 g/t

The Taparko mine is located in the Namantenga province of Burkina Faso, approximately 200 km northeast of Ouagadougou, the capital of the country. The mine is situated in a sparsely populated area readily accessible by road from the capital. The Bouroum pit, a satellite of Taparko, is located approximately 49 km northwest of the main Taparko site, where all mining and milling infrastructure is located. It is accessible from Taparko via a gravel road.

Production began at Taparko in 2007. The mine is operated by SOMITA SA, a company owned 90% by Nordgold's subsidiary High River Gold; a 10% stake belongs (under law) to the Burkina Faso Government.

The Taparko mine comprised four open pits and several cutbacks. The processing plant operates crushing, ball milling, and CIL circuits. Development of the Bouroum mine site, satellite of Taparko, commenced in Q4 2013.

Operating highlights	2015	2014	Change, YoY
Ore mined, kt	987	1,988	(50%)
Stripping ratio, t/t	19.07	6.41	198%
Ore processed, kt	1,657	1,767	(6%)
Grade, g/t	1.82	2.34	(22%)
Recovery, %	82.2	85.9	(3.7 pp)
Gold production, koz	83.2	112.0	(26%)
Gold sold, koz	82.7	111.7	(26%)
Average realised gold price per ounce sold, US$/oz	1,152	1,267	(9%)
Revenue, US$mln	95.2	141.5	(33%)
TCC, US$/oz	1,002	705	42%
All-in Sustaining Costs (AISC), US$/oz	1,410	919	53%

2015 performance

In 2015 gold production at Taparko fell by 26% YoY to 83.2 koz, due to lower volumes of ore mined during the period of higher stripping resulting in meeting the plant capacity from processinghistorical low-grade stockpiled ore. At the same time, Taparko accelerated waste mining from cutbacks for future ore supplies, resulting in a run-of-mine increase of 34% to 19.8 Mt and the average stripping ratio almost tripled YoY. The recovery ratio fell by 3.7 pp, to 82.2%, due to the processing of ore with increased refractory and preg-robbing characteristics from historic stockpiles and some horizons in the Taparko pits.

Key plans for Taparko in 2016

- Target matching ore mined with processing capacity and increase volumes of ore mined to almost 2.0 Mt, up from 1.0 Mt in 2015.
- Mine high-grade ore from the Bouroum satellite pit, 35-3 and 35-4 cutbacks, as well as two cutbacks at the GT South pit. As a result, the 2016 average stripping ratio is expected to be approximately 15 t/t.
- Crusher circuit improvements made in 2015 and a pebble crusher commissioning planned for H1 2016 will enable throughput to be increased to 1.8 Mt (2015: 1.7 Mt), while processing harder ores.
- The average head grade is expected to be above 2.0 g/t, driven by high-grade ore mined from the Bouroum cutbacks.
- Recovery is expected to be approximately 84%.
- Continue to invest in reserve replacement from early stage exploration at Goengo and Kangarse, evaluation of the Goengo West, Bissinga and Zemce satellite pits, and near mine exploration focused on mineral resource conversion drilling in existing pits.

Assets overview

West Africa: Lefa

Overview

Location
700km northeast of Conakry

Start-up year
2008

Infrastructure
All-season road with close access to an air strip, on-site power generation

Technology

Mine type
Open pit

Processing technology
Crushing,
2 SAG mills,
2 ball mills and CIL circuits

Resources and reserves

Proven+probable reserves
3,003 koz at 1.50 g/t

M+I+I resources
4,636 at 1.42 g/t

The Lefa gold mine is located in the West African country Republic of Guinea, approximately 700 km northeast of the capital (and largest city) Conakry, and it is connected to an all-season road that has close access to an air strip. The Lefa mine began commercial production in 2008 and it was acquired by Nordgold in 2010.

The Lefa gold mine operates a typical modern open pit with three major mining areas and several smaller, higher-grade satellite pits, which will provide supplementary feed for the mill over the life of the project.

There is an eight-kilometer conveyer belt from Lero-Karta pits to the processing plant. Lefa's processing plant consists of a crushing circuit, two SAG mills, two ball mills, and a CIP circuit. Also there are waste rock dumps, a specially constructed tailing storage facility and a water management system.

Operating highlights	2015	2014	Change, YoY
Ore mined, kt	6,019	4,199	43%
Stripping ratio, t/t	3.15	3.32	(5%)
Ore processed, kt	6,558	6,459	2%
Grade, g/t	1.15	1.13	2%
Recovery, %	88.3	86.8	1.5 pp
Gold production, koz	214.2	205.1	4%
Gold sold, koz	223.5	195.7	14%
Average realised gold price per ounce sold, US$/oz	1,164	1,262	(8%)
Revenue, US$mln	260.1	247.0	5%
TCC, US$/oz	643	850	(24%)
All-in Sustaining Costs (AISC), US$/oz	832	1,133	(27%)

2015 performance

Lefa continued to perform strongly in 2015. The mine increased gold output by 4% YoY to 214.2 koz, as a result of an improvement in all mining and processing parameters. Run of mine increased by 38% YoY to 24,999 kt in 2015, while the volume of ore mined rose by 43% to 6,019 kt, resulting in a 5% decrease in the stripping ratio to 3.15 t/t. Volumes of ore processed increased by 2% to 6,558 kt. The average head grade in 2015 reached 1.15 g/t, vs. 1.13 g/t in 2014, while recovery increased by 1.5 pp YoY to 88.3%.

Key plans for Lefa in 2016

- Continue to target higher ore volumes mined and a slight increase in head grade. Plant productivity and ore blend consistency will improve further in the year due to the reclaim feeder launched in December 2015, and despite the processing of harder ores.
- Planned average recovery will decrease by around 2 pp due to processing increased amounts of lower recovery, harder ores.
- A slight increase in the stripping ratio is planned as the mine will complete cutbacks at the Camp de Base, Kankarta North and Fayalala South & Central pits, and continue to develop a number of stages at the Karta, Lero, and Lero South pits, as well as mine Firifirini pit.
- Implement operational improvements, including LoM (life of mine) ore feed and plant design optimisation, upgrading of the pebble crusher and powerhouse, and investment by Q4 2016 in a new oxygen plant for a leach area to replace peroxide additions.
- Designing and permit a new tailings dam facility by the end of the year.
- Ore reserve replacement from early stage exploration, extensional exploration, and mineral resource conversion drilling in current pits.

Assets overview

Russia: Buryatzoloto

Overview

Location

Irokinda: 1,000km northeast of the Buryatia capital – Ulan-Ude,

Zun-Holba: 315km by road from the Trans-Siberian Railway

Start-up year
1991 (Zun-Holba) and
1996 (Irokinda)

Infrastructure
Easy access by road, access to power grids, water supply

Technology

Mine type
Underground

Processing technology
Crushing,
ball milling, and CIL circuits

Resources and reserves

Proven + probable reserves
(Zun-Holba)
176 koz at 5.04 g/t
(Irokinda)
309 koz at 6.05 g/t

M+I+I resources
(Zun-Holba)
533 koz at 10.82 g/t
(Irokinda)
470 koz at 9.37 g/t

The Buryatzoloto gold mining business, located in the Republic of Buryatia in Russia, is the oldest asset in Nordgold's portfolio. It comprises two underground mines, Irokinda and Zun-Holba, both of which were acquired by Nordgold in late 2008.

Irokinda is located approximately 75 km from the town of Taksimo, where the Baik al-Amur Railway station and airport are situated. Zun-Holba is approximately 315 km from the village of Kultuk (located on the Trans-Siberian Railway), and 400 km from the city of Irkutsk. Both mines are accessible via all-season roads. Production began at the site of the Irokinda mine in 1996 and at Zun-Holba in 1991.

Both mines are relatively mature underground operations, have processing plants, each with crushing, grinding, gravity and flotation circuits. The Zun-Holba plant also has a CIL circuit and related facilities.

Operating highlights	2015	2014	Change, YoY
Ore mined, kt	683	694	(2%)
Ore processed, kt	691	686	1%
Grade, g/t	5.18	5.58	(7%)
Recovery, %	92.3	92.9	(0.6 pp)
Gold production, koz	112.7	119.7	(6%)
Gold sold, koz	122.8	109.3	12%
Average realised gold price per ounce sold, US$/oz	1,172	1,281	(9%)
Revenue, US$mln	143.9	140.0	3%
TCC, US$/oz	629	793	(21%)
All-in Sustaining Costs (AISC), US$/oz	780	992	(21%)

2015 performance

Buryatzoloto produced 112.7 koz of gold at two underground mines, Irokinda and Zun-Holba, in 2015, a 6% fall YoY, primarily due to lower grade (down 7% to 5.18 g/t) and recovery (down 0.6 pp to 92.3%), which was partially offset by higher ore processed (up 1% to 691 kt).

Key plans for Buryatzoloto in 2016

- Further operational improvements targeted the same volume and grade of mining material at improved efficiencies.
- The recovery will slightly increase.

Zun-Holba

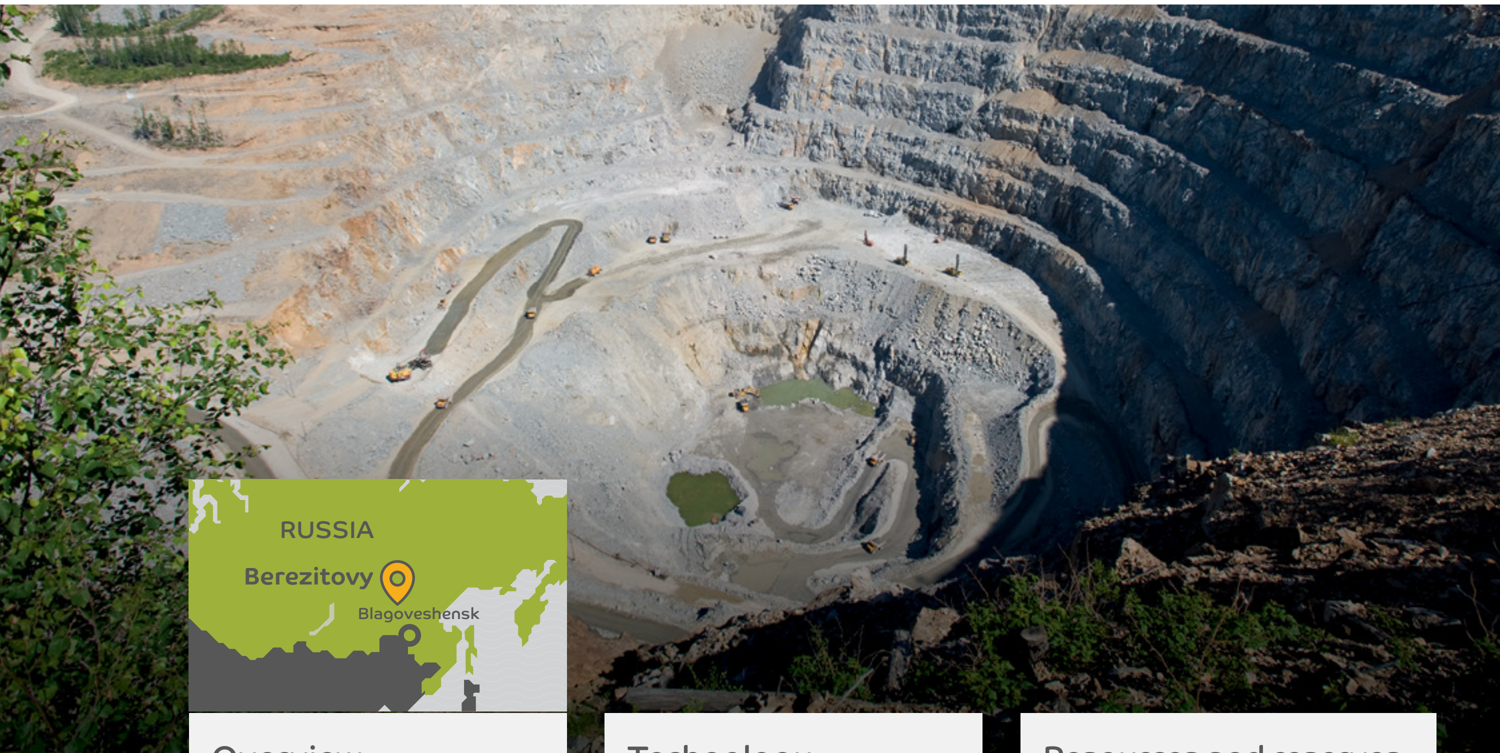
- Implement mechanisation projects to increase mining productivity, with a special focus on mining quality and effective reporting systems.
- Acceleration of the mechanised development of Zun-Holba 2 in order to access deep horizons.
- Purchase two new 30t dump trucks and one 5m^3 loader.
- The mine will continue to develop exploration Declines from which deep targets in the Dalnaya, Kvartsevaya, Kontaktovoe and Severnoe-3 zones can be drilled out in the most efficient manner.

Irokinda

- Continuation of decline development and ore production from lower horizons from Vein #3 and Vein Serebryakovskaya.
- Purchase a CAT D6 dozer and CAT 725 articulated trucks for surface ore transportation.
- Reconstruction of the crushing complex to enable an increase in crushing volumes and a reduction in the size of crushed materials.
- Optimisation of the gravity circuit aimed at recovery improvement.
- Construction of weightometers for the mining fleet and conveyors in order to increase the accuracy of operational statistics.
- Ore reserves replacement from exploration drilling at the high-grade Vysokaya Vein, development of the Medvegya and Sluchainaya Veins, and continued study of Veins 2 and 3, Hrebtovaya, Serebryakovskaya, and Petrovskaya.

Assets overview

Russia: Berezitovy



Overview

Location
100km from Skovorodino railway station

Start-up year
2007

Infrastructure
All-season (mostly paved) road, power grid connection

Technology

Mine type
Open pit

Processing technology
Crushing,
SAG/ball milling and CIP circuits

Resources and reserves

Proven + probable reserves
612 koz at 1.59 g/t

M+I+I resources
771 koz at 1.64 g/t

Nordgold's Berezitovy mine is located in the Amur region of Russia, just 50 km from the Trans-Siberian railway, and is accessible via an all-season road.

The Berezitovy mine began commercial production in 2007, and was acquired by Nordgold in late 2008.

The Berezitovy mine has a single well-established open pit. The Berezitovy processing plant contains crushing, SAG and ball milling and CIP circuits and a complete water and waste management infrastructure. The mine recently expanded its processing operations to include the treatment of low-grade ore by heap leaching.

Operating highlights	2015	2014	Change, YoY
Ore mined, kt	1,110	1,421	(22%)
Stripping ratio, t/t	12.26	9.05	35%
Ore processed, kt	1,684	1,898	(11%)
Grade, g/t	2.23	2.26	(1%)
Recovery, %	89.5	90.2	(0.7 pp)
Gold production, koz	125.3	122.8	2%
Gold sold, koz	129.5	118.5	9%
Average realised gold price per ounce sold, US$/oz	1,158	1,263	(8%)
Revenue, US$mln	150.0	149.6	0%
TCC, US$/oz	430	572	(25%)
All-in Sustaining Costs (AISC), US$/oz	617	713	(13%)

2015 performance

Berezitovy had a record year, increasing gold production by 2% YoY to 125.3 koz, including approximately 4.5 koz of gold doré produced and unrefined at the end of 2014 (refined in Q1 2015).

The head grade and recovery fell slightly, by 1% and 0.7 pp YoY, respectively. The annual stripping ratio rose by 35% YoY due to Phase 3 open pit waste stripping which had to be performed to secure ore supplies for 2016 and 2017.

Key plans for Berezitovy in 2016

- Gold production to fall slightly, due to processing lower grade ore (approximately 2.0 g/t) as the mine completes mining from Stage 1 and begins ore production from Stage 3, with mill throughput supported by an ore supply from historical stockpiles.
- CIP recovery is expected to grow, following 2015 investments in recovery improvement projects
- The mine's SAG mill girth-gear replacement is scheduled for Q2 2016, with an eight-day plant shut-down.
- A Feasibility Study for underground mining operations will be designed and submitted to the authorities.
- Sampling, mapping, and a LIDAR survey are planned for the large Khaikta license north of the mine.

Assets overview

Russia: Neryungri

Overview

Location
125km northeast of the Ikabya station on the BAM railway

Infrastructure
Access by an all-season overland cross country route or by helicopter, on-site power generation

Technology

Mine type
Open pit

Processing technology
Crushing,
cyanide heap leach

Resources and reserves

Proven + probable reserves
769 koz at 0.73 g/t

M+I+I resources
1,390 koz at 0.89 g/t

Neryungri is an open-pit gold mine in the Republic of Yakutia in Siberia. It is located approximately 200 km from the town of Chara, and is accessible via an all-season road which was completed in 2011. The Company acquired the mine in 2007.

Neryungri has a processing plant with crushing and heap-leaching extraction capabilities. Operations at Neryungri utilise the simplest heap-leaching extraction method available, owing to the highly oxidised low-grade ore. Production at the mine is subject to significant seasonal variations due to harsh winter temperatures. The majority of the crushing and stockpiling of ore occurs from May to September each year, and the majority of gold production occurs from July to December, as the cyanide spray used in heap leaching cannot penetrate the frozen ore.

Operating highlights	2015	2014	Change, YoY
Ore mined, kt	4,703	3,551	32%
Stripping ratio, t/t	2.61	3.57	(27%)
Ore processed, kt	4,211	3,848	9%
Grade, g/t	0.69	0.73	(5%)
Recovery, %	75.0	75.0	0 pp
Gold production, koz	84.1	65.9	28%
Gold sold, koz	84.1	65.9	28%
Average realised gold price per ounce sold, US$/oz	1,145	1,255	(9%)
Revenue, US$mln	96.2	82.7	16%
TCC, US$/oz	553	721	(23%)
All-in Sustaining Costs (AISC), US$/oz	641	855	(25%)

2015 performance

Neryungri delivered outstanding results in 2015, primarily due to the realisation of the satellite Gross project pilot stage operation, during which ore mined at the Gross deposit was processed at the Neryungri heap leach facility. In 2015, gold production rose by 28% YoY to 84.1 koz (including 8 koz of gold doré produced and unrefined at the end of 2014, which was refined in Q1 2015), driven by higher ore mined (32% YoY growth) and higher processed volumes (4,211 kt, vs. 3,848 kt last year). The mine decreased its stripping ratio in 2015 by 27% YoY to 2.61 t/t.

In 2015, Neryungri ore processed totalled 4,211 kt at 0.69 g/t, comprising 1,986 kt of ore at 0.64 g/t from Gross and 2,225 kt of ore at 0.73 g/t from Tabornoe. The target set for 2015 Gross' pilot stage operation was exceeded. In 2015, 2.7 million tonnes of ore were mined at the Gross deposit and 41 koz of gold produced at the heap leach facility of the satellite Neryungri mine (versus the targeted 35 koz).

Key plans for Neryungri in 2016

- Expected lower ore mined and processed volumes as the pilot stage of Gross operations is completed. Some of the Gross ore volumes will be replaced by increased ore mining from Tabornoye pit. Lower processing volumes and recovery, will result in a slightly lower gold output.
- The average stripping ratio is planned to be 3.96 t/t.
- Construction of a new heap leach pad. Neryungri plans to start mining Trench 7 and the Tyomny zone, as well as performing additional exploration for Trench 7, and east & southwest flanks of the Tabornoe pit.
- Further investment in near-mine exploration and additional drilling to upgrade reserves.

Assets overview

Russia: Aprelkovo

Overview

Location
120km east of the regional centre of Chita

Infrastructure
10km from a railway, access to power grids and water supply

Technology

Mine type
Open pit

Processing technology
Crushing,
cyanide heap leach

Resources and reserves

Proven + probable reserves
49 koz at 0.73 g/t

M+I+I resources
303 at 0.97 g/t

Aprelkovo is an open-pit gold mine in Russia's Transbaikal region. The mine, which was acquired in 2007, is situated approximately 120 km east of the regional centre of Chita and can be easily accessed via a paved road. The deposit is located approximately 3 km to the south of the navigable River Shilka. The Trans-Siberian Railway is located on the north bank of the River Shilka, with the nearest stations being Shilka (the regional centre), Kholbon, and Priiskvaya, at distances of 20 km, 7 km and 45 km, respectively, from the deposit.

The mine contains processing infrastructure with crushing and heap-leaching extraction capabilities.

Operating highlights	2015	2014	Change, YoY
Ore mined, kt	1,352	2,267	(40%)
Stripping ratio, t/t	3.36	3.56	(6%)
Ore processed, kt	1,485	1,851	(20%)
Grade, g/t	1.09	1.23	(11%)
Recovery, %	47.7	47.7	0 pp
Gold production, koz	19.8	31.7	(38%)
Gold sold, koz	19.8	31.8	(38%)
Average realised gold price per ounce sold, US$/oz	1,154	1,289	(10%)
Revenue, US$mln	22.9	40.9	(44%)
TCC, US$/oz	669	994	(33%)
All-in Sustaining Costs (AISC), US$/oz	804	1,094	(27%)

2015 performance

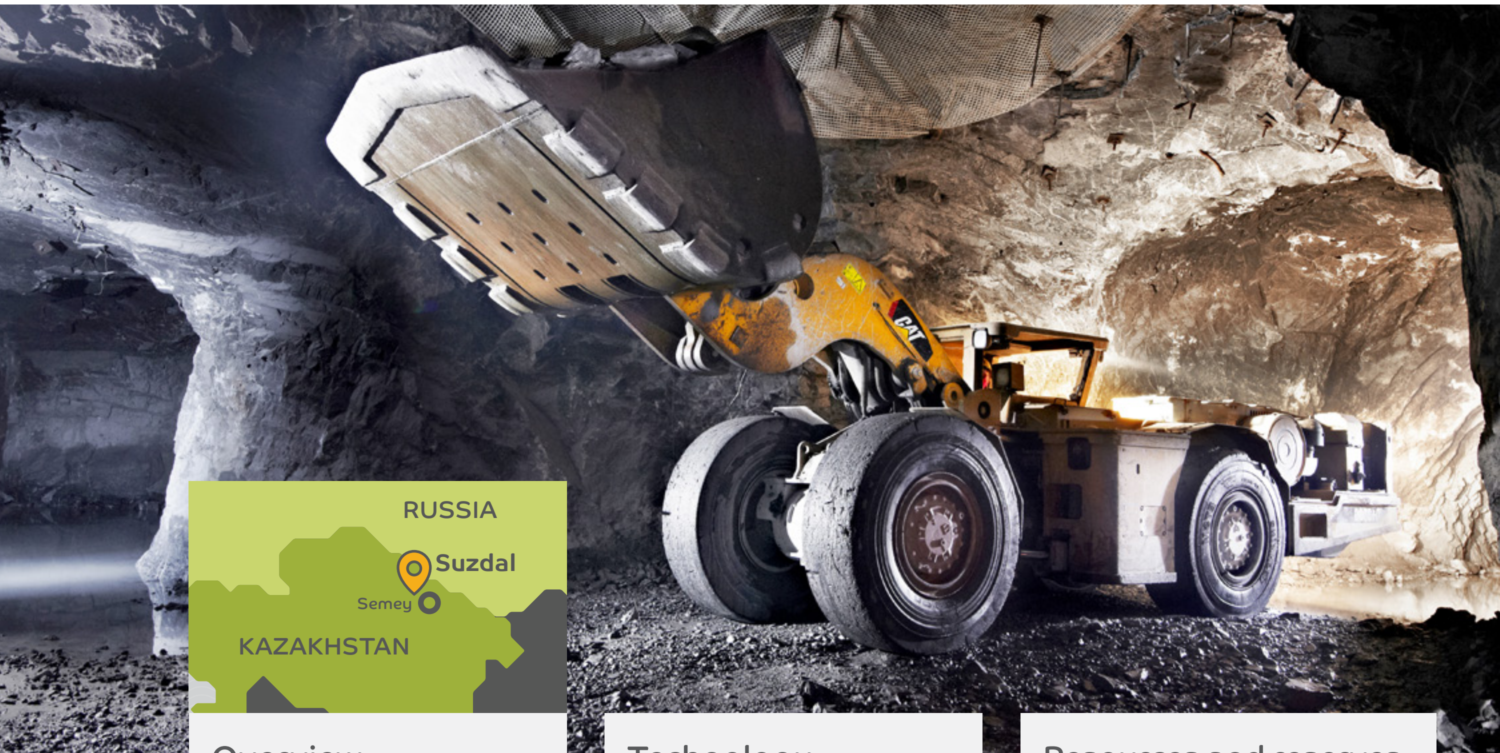
Gold production at Aprelkovo fell by 38% in 2015 to 19.8 koz, mainly due to lower grade and lower ore processed and recovery as a result of processing a larger percentage of lower porosity fresh ore.

Key plans for Aprelkovo in 2016

- Process oxide ores from the Southwest extension pit and from the main Aprelkovo pit (mining below the 500m RL) and the Zone 10 pit (after approvals are granted), as well as ores from historical low-grade stockpiles.
- The volume of gold production will be supported by a higher availability of crushers (as a result of crusher relocation projects implemented in 2015), and additional ounces from heap leach inventory supported by processing improvement initiatives, which include testing an experimental leaching solution.
- The 2016 drilling programme will comprise 2,800 meters to extend the Aprelkovo mine life, including ore extension south of the main pit, the Zone 10 pit, below the 500m RL level for deep ore positions, and a new zone south of the main pit.

Assets overview

Kazakhstan: Suzdal



Overview

Location
55km southwest of Semey (formerly Semipalatinsk) in northern Kazakhstan

Start-up year
2006

Infrastructure
Easy access by road, power grid connection

Technology

Mine type
Underground

Processing technology
Crushing,
ball milling,
flotation,
BIOX, and CIL circuits

Resources and reserves

Proven + probable reserves
763 koz at 5.97 g/t

M+I+I resources
1,106 koz at 5.11 g/t

The Suzdal gold mine is an underground mine located in eastern Kazakhstan. The mine has good infrastructure, including an all-season road and access to a railway station and airport in the city of Semey (55 km to the northeast).

Suzdal operates underground mine. A processing plant with crushing, grinding, flotation, BIOX, CCD, and CIL circuits. Suzdal operations are among the most technologically advanced at Nordgold – the plant possesses the necessary technology to process refractory sulphide ore, and the BIOX processing circuit at the mine was the first in Eurasia.

The Suzdal mine is owned 100% by Alel, which is in turn held 100% by Nordgold. Nordgold assumed responsibility for Suzdal in 2009.

Operating highlights	2015	2014	Change, YoY
Ore mined, kt	536	512	5%
Ore processed, kt	575	546	5%
Grade, g/t	6.42	6.73	(5%)
Recovery, %	66.4	64.0	2.4 pp
Gold production, koz	75.3	76.8	(2%)
Gold sold, koz	75.4	76.7	(2%)
Average realised gold price per ounce sold, US$/oz	1,150	1,252	(8%)
Revenue, US$mln	86.7	96.1	(10%)
TCC, US$/oz	634	702	(10%)
All-in Sustaining Costs (AISC), US$/oz	766	868	(12%)

2015 performance

Suzdal produced 75.3 koz of refined gold in 2015, compared with 76.8 koz in 2014. Gold doré production in 2015 rose to 79.3 koz, vs. 76.8 koz in 2014, due to higher volumes of ore processed (up 5% to 575 kt) and higher recovery (up 2.4 pp to 66.4%), which more than offset lower grades (down 5% to 6.42 g/t).

Key plans for Suzdal in 2016

- Suzdal gold production will benefit from higher CIL recovery due the commissioning the HiTeCC Leaching (Hot Leach) project. The project is scheduled for completion in H1 2016 with commercial levels of production scheduled for Q3 2016. The Hot Leach plant will allow Suzdal to process both historical and future tailings at an annual rate of 100 kt.
- Further ore production from the historical Ore body 4 and the commencement of processing these ores after trial processing as a separate stream into the plant for BIOX adaptation.
- Exploration and development of ore bodies of 1-3 deep levels (-200 m to -260 m RL), as well as ore definition drilling in ore bodies 2 and 4.

3.2 EXPLORATION ACTIVITIES AND DEVELOPMENT PIPELINE

Mineral resources and ore reserves update[1]

Nordgold continuously focused on improving its Mineral Resources and Ore Reserves as it is one of the focal points of our strategy. We invest in exploration programmes concentrated primary on near mine and satellite deposits of operating mines, as well as on the main growth projects targeting addition and conversion of Ore Reserves.

Nordgold currently has 9 operating mines, 2 development projects in construction / ready for construction phase and 4 development projects ready to launch in 2-5 years, 6 advanced exploration projects (3 satellites and 3 standalones) and 5 early exploration projects.

In 2015, Nordgold invested US$31.0 million in exploration and evaluation, including US$21.0 million in sustaining exploration (in-mine and near-mine Ore Reserves conversion) and US$10.0 million in greenfields exploration. Our investment enabled us to increase Ore Reserves by 8% or 1 Moz to 14.0 Moz of gold since 2014 on top of replenishment of mined out ore of 1.1 Moz in 2015 and largely maintain Mineral Resources at 2014 level replacing mined out ounces.

2015 successful exploration programmes resulted in significant Ore Reserves additions at Bissa, Lefa, Zun-Holba, and Suzdal mines. A significant Ore Reserves upgrade was made at the Neryungri mine (Tabornoe deposit), which reserves more than doubled during the reporting year from 312 koz to 769 koz after conducting a new Feasibility Study. Partial replenishment of mined out Ore Reserves took place at Berezitovy, Irokinda and Taparko mines. Maiden underground Ore reserves of 107 koz at 5.4 g/t were added to Berezitovy balance.

Measured and Indicated Resources increased by 1% or 252 koz to 22.0 Moz as at the end of 2015. Total mineral resources decreased by 2% or 477 koz and equaled to 28.54 Moz mainly due to a decrease of Mineral Resources of the Lefa and Berezitovy mines related to re-designed pit shells defined by a lower gold price (down by US$100/oz compared with 2014 to US$1,500/oz).

Largest increase in Mineral Resources came from Burkina Faso (up 7% or 514 koz to 8.1 Moz) due to successful exploration and resource definition at the satellite deposits and near existing pits of the Bissa and Taparko mines. Mineral Resources of Buryatzoloto's Irokinda mine increased substantially, as well as Neryungri and Aprelkovo.

We continue to perform exploration works for our satellite projects as well. Initial resources of 177 koz for two new satellite deposits – Kangarse and Goengo – were added to Taparko mine balance. Mineral Resources of 299 koz of new Yimiougou and Noungou deposits located near the Bissa mine were added to the Company balance.

During 2015, Feasibility Studies were completed for the three Burkina Faso satellite projects – Yeou (Taparko mine satellite), Zinigma and Ronguen (Bissa mine satellites). Mining Licence applications for these projects were submitted in 2015. These projects will provide high-quality ores for the Bissa and Taparko processing facilities to extend their Life of Mine.

Nordgold Silver Ore Reserves saw slight depletion from 23.6 to 23.4 Moz. Total Silver Mineral Resources remained unchanged at the level of 246 Moz.

[1] Ore Reserves were estimated using a gold price of US$1,200/oz, a US$50/oz reduction from the 2014 estimate of US$1,250/oz, and operational costs for the first 9 months of 2015. Development projects (Bouly and Gross) Ore Reserves based on the gold price from their Feasibility Study. Mineral Resources estimated within pit shells that are defined by an US$1,500/oz price, costs and relevant modifying factors used for their estimates. Development projects (Bouly and Gross) Mineral Resources based on the gold price from their Feasibility Study.

Mineral Resources and Reserves are reported in accordance with the standards described by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012 Code)*.

Proven and probable ore reserves, koz

	2015	2014	Change, %
Burkina Faso	3,887	3,570	9
Guinea	3,003	2,600	15
Kazakhstan	763	700	9
Russia	6,355	6,098	4
Nordgold Total	14,007	12,968	8

Measured, indicated and inferred resources, koz

	2015			2014	Change, %
	Measured and indicated	Inferred	Total (M+I+I)	Total (M+I+I)	
Burkina Faso	5,201	2,937	8,137	7,623	7
Guinea	3,893	901	4,794	5,528	-13
Kazakhstan	1,121	661	1,782	1,786	0
Russia	11,789	2,016	13,805	14,057	-2
Nordgold total	22,004	6,514	28,518	28,994	-2

* JORC-compliant Mineral Resources and Ore Reserves audit was undertaken in 2015 – Reserves and Resources Statement dated 31 December 2015.

Development pipeline

In 2015, we also continued to advance our exciting projects pipeline that should underpin our future profitable growth. The Group will benefit in the near-medium term from three well defined low-cost growth projects – Bouly, Gross and Montagne d'Or – that require only modest development capex.

Excellent economic results from the Feasibility Study for the Bouly project in Burkina Faso finalised in 2015 and maiden Ore Reserves of 1.32 Moz and Mineral Resources of 3.5 Moz have enabled Nordgold to start construction of the new Bouly mine in Q2 2015 with gold production expected to commence in the second half of 2016. Nordgold invested US$84.5 million in the Bouly mine construction in 2015 and will invest approximately US$70 million in 2016 to finalise construction.

Gross is another central project for the Company, construction of which will begin in spring 2016. The large-scale Gross project was fully permitted in 2015 and de-risked by a successful two years processing trial, which delivered gold recovery of over 80% with low production costs. Gold Ore Reserves at Gross decreased by 68 koz to 4.4 Moz as at December 31, 2015 from 4.5 Moz as at December 31, 2014, while Mineral Resources decreased by 66 koz to 8.5 Moz of gold as at December 31, 2015 from 8.6 Moz as at December 31, 2014 mainly due to depletion during 2015 pilot stage operation.

Additional US$6.9 million were invested in exploration at the Montagne d'Or earn-in project and US$7.3 million at the Pistol Bay project in Canada.

Visible progress was made at Montagne d'Or project development. The NI 43-101 compliant in-pit gold resource estimate (based on US$1,300/oz gold price) utilising a cut-off grade of 1.0 g/t was announced in 2015. A large-scale revaluation of Mineral Resources of Montagne D'Or was made, which were largely converted from Inferred to Indicated. The 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. Montagne d'Or Mineral Resources are not included in Nordgold's Mineral Base until the option to earn-in 55.01% is executed by no later than March 2017. In the reporting year, we have also completed the NI 43-101 compliant Preliminary Economic Assessment of the project and have arranged for delivering final Feasibility Study in Q4 2016.

Following positive results from the exploration programme at Pistol Bay in 2015, which confirmed its potential of being a high quality deposit of substantial scale with high grade ore, a moderate stripping ratio and excellent metallurgy, Nordgold increased its stake in Northquest (owner of the Pistol Bay project) to 52.3% on a non-diluted basis in November 2015, providing continuing support to the project development. The NI 43-101 resource estimate is expected in 2016 with attributable part of it to be included in 2016 Nordgold's Mineral Base.

2016 key exploration priorities

Nordgold will continue to focus on near mine and satellite deposits exploration at operating mines with the aim of replacing mined out Ore Reserves annually. We will also continue to advance our exciting growth pipeline.

While our strategy of organic growth remains our primary focus, our strong cash flow generation and balance sheet means we are able to carefully review new opportunities to acquire premium-quality reserves and resources at competitive valuations to further enhance our reserve base.

The Company has strict criteria for potentially viable gold projects: they must be located in mining-friendly jurisdictions with non-refractory ore and 2 Moz of potential resources in an open pit, at a grade of approximately 2 g/t and with a low to moderate stripping ratio. Such highly efficient assets will allow us to pay back the invested capital in the short term and to continue delivering strong returns to our shareholders.

Gold Reserves Estimate (31 December 2015) in accordance with the Guidelines of the JORC Code (2012)

Area	Mine	Ore Type	Cut off grade Au (g/t)	Ore (kt)	Proved				Probable				Proved+Probable		
					Au (g/t)	Au (kg)	Au (koz)	Ore (kt)	Au (g/t)	Au (kg)	Au (koz)	Ore (kt)	Au (g/t)	Au (kg)	Au (koz)
Russia	Aprelkovo	Oxide (In-situ)	0.3	-	-	-	-	540	0.78	419	13	540	0.78	419	13
		Transitional (In-situ)	0.5	-	-	-	-	-	-	-	-	-	-	-	-
		Sulphide (In-situ)	0.6	-	-	-	-	368	0.98	362	12	368	0.98	362	12
		Stockpiles (All Types)	0.5	1,168	0.63	739	24	-	-	-	-	1,168	0.63	739	24
	Mine Total			**1,168**	**0.63**	**739**	**24**	**908**	**0.86**	**781**	**25**	**2,076**	**0.73**	**1,520**	**49**
	Berezitovy	Oxide (In-situ)	0.5	-	-	-	-	-	-	-	-	-	-	-	-
		Transitional (In-situ)	0.5	-	-	-	-	-	-	-	-	-	-	-	-
		Sulphide OP (In-situ)	0.5	669	2.14	1,430	46	6,482	1.55	10,064	324	7,151	1.61	11,494	370
		Sulphide UG (In-situ)	2.1	-	-	-	-	615	5.40	3,318	107	615	5.40	3,318	107
		Stockpiles (All Types)	0.5	4,181	1.01	4,223	136	-	-	-	-	4,181	1.01	4,223	136
	Mine Total			**4,850**	**1.17**	**5,653**	**182**	**7,096**	**1.89**	**13,382**	**430**	**11,946**	**1.59**	**19,035**	**612**
	Neryungri (Tabornoe deposit)	Oxide (In-situ)	0.4	2,737	0.74	2,035	65	29,927	0.73	21,870	703	32,663	0.73	23,905	769
		Stockpiles (All Types)	0.4	-	-	-	-	-	-	-	-	-	-	-	-
	Mine Total			**2,737**	**0.74**	**2,035**	**65**	**29,927**	**0.73**	**21,870**	**703**	**32,663**	**0.73**	**23,905**	**769**
	Gross	Oxide (In-situ)	0.4	7,794	0.74	5,759	185	181,318	0.73	132,362	4,256	189,112	0.73	138,122	4,441
		Stockpiles (All Types)	0.5	-	-	-	-	-	-	-	-	-	-	-	-
	Mine Total			**7,794**	**0.74**	**5,759**	**185**	**181,318**	**0.73**	**132,362**	**4,256**	**189,112**	**0.73**	**138,122**	**4,441**

Area	Mine	Ore Type	Cut off grade Au (g/t)	Ore (kt)	Proved				Probable				Proved+Probable		
					Au (g/t)	Au (kg)	Au (koz)	Ore (kt)	Au (g/t)	Au (kg)	Au (koz)	Ore (kt)	Au (g/t)	Au (kg)	Au (koz)
	Zun-Holba	Sulphide (In-situ)	2.6	445	4.96	2,207	71	642	5.10	3,273	105	1,087	5.04	5,480	176
		Stockpiles (All Types)	1.2	-	-	-	-	-	-	-	-	-	-	-	-
	Mine Total			**445**	**4.96**	**2,207**	**71**	**642**	**5.10**	**3,273**	**105**	**1,087**	**5.04**	**5,480**	**176**
	Irokinda	Sulphide (In-situ)	2.6	490	8.19	4,015	129	1,079	5.09	5,491	177	1,569	6.06	9,507	306
		Stockpiles (All Types)	1.1	18	5.00	90	3	-	-	-	-	18	5.00	90	3
	Mine Total			**508**	**8.08**	**4,105**	**132**	**1,079**	**5.09**	**5,491**	**177**	**1,587**	**6.05**	**9,597**	**309**
AREA TOTAL				**17,501**	**1.17**	**20,499**	**659**	**220,970**	**0.80**	**177,160**	**5,696**	**238,471**	**0.83**	**197,659**	**6,355**
Burkina Faso	Bissa Mine	Weathered (In-situ)	-	4,713	1.30	6,116	197	15,429	1.08	16,592	533	20,143	1.13	22,708	730
		Transitional (In-situ)	-	566	1.59	901	29	2,547	1.36	3,464	111	3,113	1.40	4,366	140
		Fresh (In-situ)	-	334	2.41	807	26	6,395	1.67	10,693	344	6,730	1.71	11,500	370
		Stockpiles (All Types)	-	5,580	0.81	4,542	146	-	-	-	-	5,580	0.81	4,542	146
	Bissa Satellites	All Types	-	277	1.17	323	10	12,110	1.69	20,508	659	12,388	1.68	20,831	670
		Stockpiles (All Types)	-	314	1.11	348	11	-	-	-	-	314	1.11	348	11
	Sub Total			**11,785**	**1.11**	**13,038**	**419**	**36,482**	**1.40**	**51,257**	**1,648**	**48,267**	**1.33**	**64,294**	**2,067**
	Bouly	Weathered (In-situ)	-	-	-	-	-	39,826	0.53	21,000	675	39,826	0.53	21,000	675
		Transitional (In-situ)	-	-	-	-	-	32,767	0.58	19,076	613	32,767	0.58	19,076	613
		Fresh (In-situ)	-	-		-		1,238	0.73	902	29	1,238	0.73	902	29
		Stockpiles (All Types)	-	-	-	-	-	-		-	-	-	-	-	-
	Sub Total							**73,831**	**0.56**	**40,979**	**1,318**	**73,831**	**0.56**	**40,979**	**1,318**

Area	Mine	Ore Type	Cut off grade Au (g/t)	Ore (kt)	Proved				Probable				Proved+Probable		
					Au (g/t)	Au (kg)	Au (koz)	Ore (kt)	Au (g/t)	Au (kg)	Au (koz)	Ore (kt)	Au (g/t)	Au (kg)	Au (koz)
	Taparko Mine	Weathered (In-situ)	-	-	-	-	-	228	2.30	524	17	228	2.30	524	17
		Transitional (In-situ)	-	-	-	-	-	48	2.18	104	3	48	2.18	104	3
		Fresh (In-situ)	-	-	-	-	-	2,788	3.18	8,863	285	2,788	3.18	8,863	285
		Stockpiles (All Types)	-	560	1.10	618	20	-	-	-	-	560	1.10	618	20
	Taparko Satellites	All Types	-	-	-	-	-	1,776	3.08	5,468	176	1,776	3.08	5,468	176
		Stockpiles (All Types)	-	23	1.57	36	1	-	-	-	-	23	1.57	36	1
	Sub Total			**583**	**1.12**	**654**	**21**	**4,840**	**3.09**	**14,958**	**481**	**5,422**	**2.88**	**15,612**	**502**
AREA TOTAL				**12,368**	**1.11**	**13,692**	**440**	**115,153**	**0.93**	**107,194**	**3,446**	**127,521**	**0.95**	**120,886**	**3,887**
Guinea	Lero Karta	All Types	0.35	-	-	-	-	28,025	2.10	58,892	1,893	28,025	2.10	58,892	1,893
		Stockpiles (All Types)	-	887	0.52	459	15	-	-	-	-	887	0.52	459	15
	Fayalala	All Types	0.35	-	-	-	-	12,321	1.24	15,339	493	12,321	1.24	15,339	493
		Stockpiles (All Types)	-	3,303	0.61	2,010	65	-	-	-	-	3,303	0.61	2,010	65
	Kankarta	All Types	0.35	-	-	-	-	3,931	1.18	4,633	149	3,931	1.18	4,633	149
		Stockpiles (All Types)	-	161	0.67	108	3	-	-	-	-	161	0.67	108	3
	Firifirini	All Types	0.44	-	-	-	-	3,240	1.76	5,688	183	3,240	1.76	5,688	183
	Toume Toume	All Types	0.44	-	-	-	-	887	1.50	1,332	43	887	1.50	1,332	43
	Heap Leach	Stockpiles (All Types)	-	9,422	0.52	4,928	158	-	-	-	-	9,422	0.52	4,928	158
AREA TOTAL				**13,773**	**0.54**	**7,505**	**241**	**48,404**	**1.77**	**85,884**	**2,761**	**62,177**	**1.50**	**93,389**	**3,003**

Area	Mine	Ore Type	Cut off grade Au (g/t)	Ore (kt)	Proved				Probable				Proved+Probable		
					Au (g/t)	Au (kg)	Au (koz)	Ore (kt)	Au (g/t)	Au (kg)	Au (koz)	Ore (kt)	Au (g/t)	Au (kg)	Au (koz)
Kazakhstan	Suzdal	Sulphide (In-situ)	2.9	969	5.62	5,445	175	2,024	5.87	11,886	382	2,993	5.79	17,331	557
		Stockpiles (All Types)	2.0	88	4.32	378	12	-	-	-	-	88	4.32	378	12
		Tailings Retreatment	2	894	6.75	6,030	194	-	-	-	-	894	6.75	6,030	194
	Sub Total			1,951	6.08	11,853	381	2,024	5.87	11,886	382	3,975	5.97	23,739	763
AREA TOTAL				1,951	6.08	11,853	381	2,024	5.87	11,886	382	3,975	5.97	23,739	763
TOTAL - ALL PROJECTS				45,593	1.17	53,549	1,722	386,550	0.99	382,124	12,286	432,143	1.01	435,673	14,007

Gold Resources Estimate (31 December 2015) in accordance with the guidelines of the JORC Code (2012)*

	Deposit	Zone	Cut-Off Grade Au (g/t)	Measured				Indicated				Measured + Indicated				Inferred			
				Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal	
						kg	koz			kg	koz			kg	koz			kg	koz
Russia	Berezitivy	All Zones	0.48	126	2.34	295	9	5,808	1.62	9,404	302	5,934	1.63	9,698	312	2,966	1.51	4,471	144
		UG South	1.50	-	-	-	-	508	4.67	2,371	76	508	4.67	2,371	76	246	6.70	1,645	53
		UG North	1.50	-	-	-	-	-	-	-	-	-	-	-	-	528	2.30	1,217	39
		Stockpiles	0.51	4,173	1.02	4,270	137	-	-	-	-	4,173	1.02	4,270	137	-	-	-	-
	Kolbachy	All Zones	0.30	-	-	-	-	-	-	-	-	-	-	-	-	291	1.10	320	10
	Aprelkovo	All Zones	0.50	551	1.50	828	27	5,268	0.98	5,188	167	5,820	1.03	6,015	193	1,904	0.94	1,785	57
		Stockpiles	0.50	1,168	0.63	739	24	-	-	-	-	1,168	0.63	739	24	-	-	-	-
	Zone 10	All Zones	0.50	-	-	-	-	438	0.90	396	13	438	0.90	396	13	33	1.27	42	1
	Nerchinsk	All Zones	0.50	-	-	-	-	301	1.07	322	10	301	1.07	322	10	79	1.68	132	4
	Gross	All Zones	0.30	9,753	0.71	6,900	222	343,448	0.67	231,690	7,449	353,201	0.68	238,590	7,671	44,591	0.61	27,276	877
	Neryungri (Tabornoe)	All Zones	0.30	2,765	0.89	2,467	79	37,031	0.88	32,463	1,044	39,796	0.88	34,930	1,123	8,939	0.93	8,295	267
	Visokiy	All Zones	0.36	-	-	-	-	-	-	-	-	-	-	-	-	594	1.14	658	21
	Uryakh	OP	0.65	-	-	-	-	3,058	4.07	12,446	400	3,058	4.07	12,446	400	304	2.13	648	21
		UG	2.00	-	-	-	-	8,712	3.71	32,322	1,039	8,712	3.71	32,322	1,039	2,483	3.86	9,584	308
	Zun-Holba	All Zones	1.00	373	8.61	3,210	103	925	12.48	10,919	351	1,298	10.88	14,129	454	119	17.68	2,105	68
		Placer Pionerskoye	1.80	115	3.03	350	11	-	-	-	-	115	3.03	350	11	-	-	-	-

	Deposit	Zone	Cut-Off Grade Au (g/t)	Measured				Indicated				Measured + Indicated				Inferred			
				Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal	
						kg	koz			kg	koz			kg	koz			kg	koz
	Irokinda	All Zones	3.00	357	13.62	4,858	156	581	8.91	5,175	166	937	10.70	10,033	323	604	7.47	4,515	145
	Irokinda	Stockpiles	3.00	18	3.33	60	2	-	-	-	-	18	3.33	60	2	-	-	-	-
AREA TOTAL				**19,399**	**1.24**	**23,976**	**771**	**406,078**	**0.84**	**342,695**	**11,018**	**425,477**	**0.86**	**366,671**	**11,789**	**63,679**	**0.98**	**62,693**	**2,016**
Burkina Faso: Taparko Bouroum	Taparko	All Zones	0.50	73	2.79	204	7	4,827	2.89	13,952	449	4,900	2.89	14,156	455	306	2.67	816	26
	Goengo	All Zones	0.50	-	-	-	-	537	3.38	1,815	58	537	3.38	1,815	58	634	3.16	2,002	64
	Stockpiles (All Types)	All Zones	-	560	1.10	618	20	-	-	-	-	560	1.10	618	20	-	-	-	-
	Yeou	All Zones	0.50	-	-	-	-	759	2.14	1,621	52	759	2.14	1,621	52	60	1.24	74	2
	Kangarse	All Zones	0.50	-	-	-	-	-	-	-	-	-	-	-	-	1,223	1.38	1,686	54
	Bouroum	All Zones	0.50	65	2.22	144	5	1,746	2.46	4,303	138	1,811	2.46	4,447	143	282	2.23	629	20
	Stockpiles (All Types)	All Zones	-	23	1.57	36	1	-	-	-	-	23	1.57	36	1	-	-	-	-
	Nayiry	All Zones	0.50	-	-	-	-	514	1.74	896	29	514	1.74	896	29	12	1.45	17	1
	All Zones		-	721	1.39	1,002	32	8,383	2.69	22,587	726	9,104	2.59	23,589	758	2,516	2.08	5,224	168
Burkina Faso: Bissa	Bissa	All Zones	0.50	6,087	1.41	8,565	275	34,114	1.14	38,720	1,245	40,201	1.18	47,285	1,520	11,576	1.38	16,006	515
	Gougre	All Zones	0.50	823	1.79	1,477	47	4,220	1.71	7,228	232	5,043	1.73	8,705	280	3,129	2.01	6,280	202
	Ronguen	All Zones	0.50	3,536	1.21	4,286	138	3,054	1.48	4,513	145	6,590	1.34	8,799	283	14	4.57	66	2
	Stockpiles (All Types)	All Zones	-	5,894	0.83	4,890	157	-	-	-	-	5,894	0.83	4,890	157	-	-	-	-
	Bouly	All Zones	0.34	-	-	-	-	107,453	0.53	57,293	1,842	107,453	0.53	57,293	1,842	82,189	0.62	51,165	1,645
	Zinigma	All Zones	0.50	-	-	-	-	2,698	1.18	3,175	102	2,698	1.18	3,175	102	182	1.37	250	8

	Deposit	Zone	Cut-Off Grade Au (g/t)	Measured				Indicated				Measured + Indicated				Inferred			
				Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal	
						kg	koz			kg	koz			kg	koz			kg	koz
	Yimiougou	All Zones	0.50	-	-	-	-	3,137	1.79	5,620	181	3,137	1.79	5,620	181	581	1.58	917	29
	Noungou	All Zones	0.50	-	-	-	-	894	2.68	2,400	77	894	2.68	2,400	77	129	2.81	362	12
	All Zones	-	-	16,340	1.18	19,218	618	155,571	0.76	118,949	3,824	171,911	0.80	138,167	4,442	97,800	0.77	75,046	2,413
	Wayin	All Zones	0.50	-	-	-	-	-	-	-	-	-	-	-	-	16,043	0.69	11,070	356
AREA TOTAL				**17,061**	**1.18**	**20,220**	**650**	**163,954**	**0.86**	**141,536**	**4,550**	**181,015**	**0.89**	**161,756**	**5,201**	**116,359**	**0.78**	**91,340**	**2,937**
Guinea	Lero Karta complex	All Zones	0.30	-	-	-	-	41,214	1.75	72,050	2,316	41,214	1.75	72,050	2,316	4,095	1.45	5,936	191
	Firifirini	All Zones	0.30	-	-	-	-	5,373	1.45	7,788	250	5,373	1.45	7,788	250	360	1.88	678	22
	Fayalala complex	All Zones	0.30	-	-	-	-	14,439	1.23	17,751	571	14,439	1.23	17,751	571	1,392	0.96	1,340	43
	Kankarta North	All Zones	0.30	-	-	-	-	724	0.80	582	19	724	0.80	582	19	-	-	-	-
	Kankarta complex	All Zones	0.30	-	-	-	-	7,371	1.09	8,036	258	7,371	1.09	8,036	258	8,135	1.00	8,158	262
	Toume Toume	All Zones	0.60	-	-	-	-	918	1.62	1,487	48	918	1.62	1,487	48	719	1.45	1,045	34
	Fayalala east	All Zones	0.30	-	-	-	-	888	1.07	947	30	888	1.07	947	30	3,598	1.18	4,231	136
	Banora*	All Zones	0.80	2,196	1.69	3,701	119	598	1.51	902	29	2,794	1.65	4,603	148	330	1.60	529	17
	Dihuili Bougoufe*	-	0.80	-	-	-	-	-	-	-	-	-	-	-	-	273	1.94	529	17
	Dar Salaam*	-	0.80	-	-	-	-	-	-	-	-	-	-	-	-	522	1.07	560	18
	Diguili North*	-	0.80	-	-	-	-	-	-	-	-	-	-	-	-	1,782	1.36	2,426	78
	Banora West*	-	0.80	-	-	-	-	-	-	-	-	-	-	-	-	432	1.51	653	21
	Hansaghere*	-	0.80	-	-	-	-	-	-	-	-	-	-	-	-	511	1.10	560	18

	Deposit	Zone	Cut-Off Grade Au (g/t)	Measured				Indicated				Measured + Indicated				Inferred			
				Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal		Tonnage (kt)	Au Grade (g/t)	Au Metal	
						kg	koz			kg	koz			kg	koz			kg	koz
	Sikasso*	-	0.80	0	-	0	0	0	-	0	0	0	-	0	0	584	1.39	809	26
	Solabe*	-	0.80	0	-	0	0	0	-	0	0	0	-	0	0	371	1.51	560	18
	LEFA Corridor -Stockpiles	All Zones	0.60	4,425	0.66	2,924	94	-	-	-	-	4,425	0.66	2,924	94	-	-	-	-
	LEFA Corridor - Heapleach	All Zones	0.30	9,422	0.52	4,931	159	-	-	-	-	9,422	0.52	4,931	159	-	-	-	-
AREA TOTAL				**16,043**	**0.72**	**11,556**	**372**	**71,526**	**1.53**	**109,544**	**3,522**	**87,569**	**1.38**	**121,100**	**3,893**	**23,103**	**1.21**	**28,013**	**901**
Kazakh-stan	Balazhal**	All Zones	1.00	-	-	-	-	182	1.53	279	9	182	1.53	279	9	926	3.53	3,266	105
	Suzdal	All Zones	1.50	1,221	5.38	6,568	211	3,099	5.02	15,555	500	4,320	5.12	22,123	711	1,705	4.20	7,165	230
		Stockpiles	1.50	47	7.42	351	11	-	-	-	-	47	7.42	351	11	-	-	-	-
		Tailings Retreatment	2.00	663	7.17	4,756	153	-	-	-	-	663	7.17	4,756	153	-	-	-	-
	Zherek***	All Zones	0.50	-	-	-	-	3,644	2.02	7,358	237	3,644	2.02	7,358	237	6,116	1.66	10,126	326
AREA TOTAL				**1,932**	**6.04**	**11,676**	**375**	**6,925**	**3.35**	**23,192**	**746**	**8,857**	**3.94**	**34,868**	**1,121**	**8,747**	**2.35**	**20,557**	**661**
TOTAL - Projects				**54,435**	**1.24**	**67,427**	**2,168**	**648,482**	**0.95**	**616,967**	**19,836**	**702,918**	**0.97**	**684,394**	**22,004**	**211,888**	**0.96**	**202,603**	**6,514**

* Mineral Resources quoted here-in were estimated by Hellman and Schofield in conjunction with Crew Gold, reported in NI43-101 Report 'Disclosure of Mineral Resources and Reserves, Lefa Gold Mine, Northeast Guinea, Technical Report Update', November 2009.
** Mineral Resources quoted here-in were estimated by WAI, reported in MM681 Updated CPR Report on the Zherek Asset, Kazakhstan, April 2012.
*** Mineral Resources quoted here-in were estimated by WAI, reported in MM676 Updated CPR Report on the Balazhal Gold Asset, Kazakhstan, April 2012.
NB - Contained metal figures may not calculate due to rounding.
Mineral resources are inclusive of the Reserves.

Overview of development and exploration projects

In line with our strategic objectives, we maintain a robust and balanced pipeline of exploration and development projects, as well as seeking licences for future developments in various regions – specifically Russia, West Africa, French Guiana, and Canada. All of these projects are expected to bring significant increases in the short, medium and long term to our resource base and production profile.

The geographical diversity and outstanding quality of our growth pipeline reflects the strength of our geology and business development teams.

Development projects	Advanced exploration projects	Early exploration projects
Delineated resource Feasibility underway or completed Production in 1-2 years	Significant drilling performed Scoping underway Production in 3-5 years	Potential resource identified Target delineation **Production in 6-8 years**
Russia and CIS		
• Gross	• Prognoz • Uryakh • Nerchinsk (brownfield/satellite) • Kolbachy (satellite)	• Onot-Kitoy • Zhanok • South-Uguy
West Africa		
• Bouly • Ronguen (brownfield/satellite) • Yeou (satellite) • Zinigma (satellite)	• Yimiougou (brownfield/satellite) • Goengo-Kangarse (brownfield/satellite) • Noungou (satellite)	• Kaya • Tanzaka • Banora Corridor • Lefa Corridor (brownfield/satellite)
French Guiana		
• Montagne D’Or		
Canada		
	• Pistol Bay	

Key development projects

Burkina Faso: Bouly

Overview

Infrastructure
Bissa infrastructure is available to support Bouly

Development stage
Construction

Mine type
Open pit, heap leach

Feasibility Study
Completed in Q1 2015

Resources and reserves

Resources
3.5 Moz at 0.57 g/t

Reserves
1.3 Moz at 0.56 g/t

Key expected parameters

Average production
120 koz

Life of mine
10 years

All-in sustaining costs
US$730/oz

Start-up date
H2 2016

Bouly is situated 5 km from Nordgold's Bissa mine in Burkina Faso. This development represents a large, low-grade gold mineralisation, favourable for heap leach treatment.

Excellent economic results from the feasibility study for the project, finalised in 2015, together with maiden Ore Reserves of 1.32 Moz and Mineral Resources of 3.5 Moz, meant that Nordgold began construction of the new Bouly mine in Q2 2015 with gold production expected to start in the second half of 2016.

Development highlights

- The feasibility study completed in Q1 2015 demonstrated excellent economic fundamentals for the project. Bouly's internal rate of return (IRR) is approximately 26%, at a gold price of US$1,100 per oz and 40% at a gold price of US$1,250 per oz.
- The project has had exceptionally favourable cooperation from the local community. Construction began and continued during 2015, on schedule and within budget, and initial production is expected in H2 2016.
- Bouly's average annual production will be around 120 koz over a life-of-mine of 10 years at an AISC of US$730/oz.
- Nordgold invested US$84.5 million in the Bouly mine construction in 2015. Construction capex at Bouly is expected to be approximately US$70 million for FY 2016.

Key development projects

Russia: Gross

Overview

Infrastructure
5 km from Neryungri operating mine, access by all-season road

Development stage
Ready for construction

Mine type
Open pit, heap leach

Resources and reserves

Resources
8.5 Moz at 0.67 g/t

Reserves
4.4 Moz at 0.73 g/t

Key expected parameters

Capital to start production
US$250 million

All-in sustaining costs
US$760 /oz

Average production
230 koz

Life of mine
17 years

Gross is another key development project and is located in southwestern Yakutia, adjacent to our Neryungri open-pit, heap-leach operation, which enables Nordgold to benefit from economies of scale, deep knowledge of local geology, and shared expertise and capabilities from Neryungri's management team.

This low-cost, large-scale project was fully permitted in 2015 and de-risked through a successful two-year processing trial, which delivered gold recovery of over 80% with low production costs. Gross is now ready for construction, which will begin in spring 2016 with production starting up to two years later.

Development highlights

- The feasibility study gave an IRR of approximately 25% at a gold price of US$1,100/oz and an IRR of almost 40% at a gold price of US$1,250/oz.
- The Board has approved construction of the Gross mine. Work will start in spring 2016 with production beginning up to two years later.
- In 2016 Nordgold will invest around US$125 million in the mine's construction. The project will require approximately US$250 million of total capital investment during construction.
- At full production, Gross is expected to mine and process approximately 12 million tonnes of ore, producing about 230 koz of gold per year for 17 years.

Key development projects

French Guiana: Montagne d'Or

Overview

Infrastructure
Airstrip, all-season road, camp

Development stage
Feasibility study

Mine type
Open pit

Ownership
Nordgold has the right to earn 55.01%

Bankable Feasibility Study
To be completed by no later than March 2017

Resources and reserves

Resources
3.8 Moz at 2.14 g/t (Indicated + Inferred)

Reserves
2-4 Moz

Key expected parameters

Average production
273 koz for the first 10 years

Montagne d'Or is a highly-promising development project in the north-west of French Guiana, 180 km west of the capital, Cayenne, and approximately 85 km south of the port of Saint-Laurent-du-Maroni.

A preliminary economic assessment demonstrated positive economic data and Nordgold is therefore looking to complete a feasibility study in Q4 2016 to de-risk the project and further improve its economics.

Development highlights

- Nordgold has a right to earn a 50.01% plus an additional 5% interest in the Montagne d'Or deposit by funding a minimum of US$30 million in expenditures and completing a Bankable Feasibility Study by no later than March 2017.
- Nordgold expenditure on the project up to 31 December 2015 was US$22.9 million. In 2015 infill drilling at the Montagne d'Or Gold Deposit totalled 39 drill holes (3,605 metres), geotechnical and hydrogeology drilling totalled 20 holes (2,018 metres), and there were seven condemnation holes (554 metres).

- Geotechnical and hydrogeological drilling has continued in Q1 2016, followed by infill drilling to upgrade part of indicated resources to the measured category.
- The Preliminary Economic Assessment ("PEA") was finalised on 8 July 2015 and demonstrated positive economic data for an open-pit mine, with an average annual production of 273 koz for the first 10 years.
- An Environmental and Social Impact Assessment (ESIA) is underway and is expected to be completed in Q4 2016.

Key advanced exploration projects

Russia: Uryakh

Overview

Infrastructure
Require construction of an all-season road

Development stage
In-house evaluation

Mine type
Open pit, underground

Resources and reserves

Resources
1.77 Moz at 3.78 g/t

Reserves
1.5 – 2.5 Moz

Uryakh is an advanced exploration project located in the Irkutsk region of Russia, 60 km from the Baikal-Amur Mainline railway.

Project highlights

- The 2008-2014 exploration comprised extensive air and ground-based geophysical surveys, geochemical prospecting, drilling, trenching and geological mapping. Positive metallurgical results were obtained from preliminary data.
- The Uryakh open-pit and underground mineral resources remained unchanged from our 2014 estimate at 1.8 Moz. Open pit minable gold Mineral Resources are contained within a Whittle pit shell and reported above 0.65 g/t Au cut-off grade, while underground mineable gold Mineral Resources are reported above 2.00 g/t Au cut-off grade and are not contained within specified stopes.

Key advanced exploration projects

Russia: Prognoz

Overview

Infrastructure
300km winter road access

Mine type
Potentially underground

Ownership
Nordgold (50%)

Resources and reserves

Resources
205 Moz at 708 g/t of silver in Indicated end Inferred (50^50)

Prognoz is an advanced exploration project located in Yakutia. The Prognoz property hosts silver-lead-zinc vein-type deposits within a shear zone, where the host rock is sandstone.

Project highlights

- Prognoz hosts a significant JORC-classified silver Indicated resources of 102 Moz at 704 g/t and Inferred resources of 103 Moz at 659 g/t have been identified, as well as considerable further resource potential appears to exist nearby.
- Nordgold owns a 50% interest in Prognoz Silver LLC, which holds the Prognoz deposit permit.

Key advanced exploration projects

Arctic Canada: Pistol Bay

Overview

Infrastructure
Accessible by air or sea, with an approximate five- month navigation period. A village, port, airstrip and all-season road are onsite

Development stage
Advanced exploration

Mine type
Open pit, high grade

Resources and reserves

Resources
No NI or JORC compliant resource yet

The Pistol Bay Gold Project is a high-grade exploration project located in northern Canada.

Project highlights

- Positive results from the exploration at Pistol Bay in 2015 confirmed its potential as a high-quality deposit of substantial scale with high-grade ore, a moderate stripping ratio and excellent metallurgy.
- Nordgold increased its stake in Northquest Ltd (100% owner of the Pistol Bay project) to 52.3% on a non-diluted basis in November 2015, providing continuing support to the project development.
- The NI 43-101 resource estimate is expected in 2016 with attributable part of it to be included in 2016 Nordgold’s Mineral Base.
- The 2015 drilling programme extended the known strike length of the Vickers Zone by completing drilling west and east of existing drill holes at the zone.
- The Vickers gold zone and the gold zone in the newly discovered eastern porphyry remain open to the east and to a considerable depth.

3.3 BUSINESS SYSTEM OF NORDGOLD

BSN Overview

The Business System of Nordgold (BSN) is an umbrella term that consolidates a number of projects aimed at increasing operational efficiency through optimising production technology, standardising internal processes, and developing people.

We launched BSN in 2012, based on the principles and values of the Business System of Severstal – our former partner company. During 2013–2015 we continued to commit significant resources to the programme across all of our mines, and as a result received an impressive economic benefit each year (see BSN Achievements in 2015 for more details).

BSN development stages

2012	Launch of Business System of Nordgold
2013	The first stage of BSN implementation was completed. Joint production and project office teams of navigators drove the process, with active collaboration from consulting companies such as McKinsey, Boston Consulting Group, and Proudfoot.
2014	Nordgold began the process of transferring projects to line managers, reducing the number of navigators, and conducting training events for management.
2015	The majority of projects were transferred to line managers. Employees responsible for BSN implementation are now also responsible for best practice sharing, adding projects to the bank of ideas, and launching new projects. BSN navigators are now involved more in support and training than in implementation.

BSN is based on a project approach, with the active involvement of each function. Thus BSN navigators work closely with the Operational, HR, Financial and Purchasing teams, providing methodological, analytical, and project management support.

We discover new ideas for BSN projects in the following ways:

- We look to all our people, from the Board downwards, for ideas to improve safety, increase efficiency, and reduce costs.
- We also seek expert support from outside if we believe a situation requires specialist expertise that we do not possess in-house.
- We use BSN as a platform for best-practice sharing and applying solutions individually to each mine.

In 2015, after discussions with Severstal and an analysis of Severstal best practice, we began redesigning our business systems concept, with the focus shifting to workforce engagement, improvement and people development. Next year we will continue to discuss and implement further changes based on Severstal's experience and the results of a number of visits to Severstal.

Key development areas

As an umbrella concept, BSN is involved in five major areas of improvement that reflect our values and which are linked to Nordgold's strategic objectives.

Modules	Description	Key tools and projects	Expected results
Continuous improvement	Enhancing productivity across the business through greater efficiency and highly effective sustainable processes.	• Idea of the month • 5S concept implementation • Kaizen teams, Visualisation • Standardisation / SAP support • Communication (dialogues) • Regular audits • Reporting	• Change in people's mind-set, cultural transformation • 2% structural effect on EBITDA
Operational improvement	Increasing operational effectiveness by implementing the best operational practices, together with forecasting and planning.	• Turnaround programmes • Overall effectiveness of equipment (OEE) programme • Benchmarking • Debottleneck modelling (volume) • GTS (Global Technology System) centres • Project management of capital projects	• Best operational practices / processes • Budget effect on EBITDA
Costs reduction	Implementing initiatives that reduce production and overhead costs.	• Consumption rates in mining and milling areas • Overhead cost reduction • Headcount reduction • Lyfe-cycle costs optimization • Price reduction • Outsourcing vs. insourcing analysis	• Target cash costs and free cash flow • Budget effect on EBITDA
HSE support	Based on our values, HSE represents a priority area. Its purpose is to achieve a zero fatalities rate, and the best-industry rate for lost time injuries (LTI).	• HSE dialogues • HSE models, reports, audits • White boards and standard operating procedures development • Exchange of best practices	• Zero fatalities • Best industry LTI • Best practice sharing
People development	Creating a team of like-minded people that work together to achieve the Company's goals.	• Lean Academy for supervisors • BSN long-term training at each mine site • Mentorship • BSN participation in talent review	• Development of successors • Training • Cultural transformation

BSN achievements in 2015

In 2015 the positive impact on EBITDA from BSN projects amounted to approximately US$60.9 million, exceeding the initial target of US$55.3 million. All economic effects from BSN projects were divided into two groups: impacts on productivity (US$33.2 million) and impacts on costs (US$27.7 million).

Our key programmes in 2015 included the following initiatives:

- implementation of the OEE project (analysis of productivity / downtimes and developing a strategy to increase equipment operating times)
- plant/crushing debottleneck modelling
- chemicals reduction.

In 2015 we also launched a new initiative to optimise operational management and reporting. We began developing a cost reporting system by looking at and assessing different options for making cost reports, which will provide information about cost analysis by categories and KPIs. In addition we plan to align these cost reports with costs data and integrate them into SAP. These efforts will allow us to improve information availability, which in turn will facilitate more effective management performance at all levels.

Top-5 BSN projects according to size of economic effect, 2015

	Project description	Effect, US$ mln
1	Lefa: Improvement of availability ratio, improvement of pit practices – WENCO (GPS system), control over downtimes, OEE project implementation, production bonus	11.6
2	Bissa: Installation of pebble crusher to improve throughput, and construction of oxygen plant to increase recovery of refractory ore	2.3
3	Lefa: Price reduction for cyanide and other reagents	2.3
4	Taparko: Reduction in overtime	2.3
5	Suzdal: Renovation of flotation circuit and implementation of hot cyanidation project	2.2

The effect of BSN being an integral part of our KPIs from 2014 also enhanced employee involvement in sharing ideas and implementing BSN projects, as staff became more motivated to find the most effective solutions in each area. We support motivation and bottom-up initiatives by means of an Idea of the Month competition, small weekly production bonuses etc.

BSN economic effect by mine

The most significant work was carried out at the Lefa mine, with a total economic effect of US$23.2 million. The table below shows BSN project implementation results for all mines. Due to the joint efforts of our BSN navigators and management teams, seven out of nine mines exceeded the business plan figures in 2015. Taparko and Suzdal did not achieve their targets because of delays and postponements to a number of projects, and therefore the economic effect from these initiatives will be seen in 2016.

BSN implementation results by mine, 2015, US$ million

Mine	BP-2015	Act. 2015	Act. Vs BP, %
Bissa	10.9	13.8	27% ↑
Taparko	10.6	4.9	(54%) ↓
Lefa	21.7	23.2	7% ↑
Aprelkovo	1.8	3.9	117% ↑
Berezitovy	2.2	3.5	59% ↑
Irokinda	1.2	1.8	50% ↑
Neryungri	1.3	4.4	238% ↑
Zun-Holba	1.8	2.3	28% ↑
Suzdal	3.8	3.2	(16%) ↓
Total	**55.3**	**60.9**	**10%** ↑

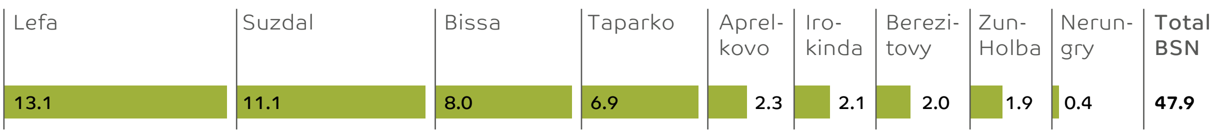
BSN plans for 2016

We expect a further significant positive impact from BSN projects, with a targeted effect on 2016 EBITDA of approximately US$48 million. The bulk of this effect will be achieved through BSN implementation at Lefa, Suzdal and Bissa.

In 2016 BSN will focus on enhancing productivity though mining improvements and processing plant debottlenecking, which should save an additional US$33.4 million. At the same time we will continue with strict cost control and cost optimisation measures, with an estimated effect of US$12.6 million.

For key underperforming mines (Lefa and Berezitovy) we plan to implement availability improvement initiatives – both for mining equipment and crushers/mills.

Proposed BSN project effect, 2016, US$ million



Key projects planned for implementation in 2016:

- Lefa: a reclaim feeder launched in December 2015 should bring an additional 11.3% throughput in 2016
- Suzdal: the launch of a hot cyanidation project in Q2 2016 is set to add 10,557 ounces of produced gold
- Taparko: throughput improvements from double deck installation / commissioning of pebble crusher.

BSN projects and sustainable development

BSN contributes significantly to the sustainable development of the Company through introducing more sustainable and secure processes across all mines and implementing projects that have a positive impact on the Company's social and environmental activities.

Our BSN sustainable development initiatives include:

1. **Developing solar energy solutions at our West African mines.** The goal is to reduce energy costs through partially replacing conventional generation with solar. This will allow us to benefit from the specific features of the climate that we work in. In future we plan to not use diesel/ heavy fuel oil generators and power plants and to switch to using solar heating technologies.
2. **Considering the use of biofuel mining equipment at our new mine in French Guiana.** The potential benefits of a switch from trucks powered by light fuel oil to biodiesel trucks that have a low environmental footprint are currently being looked at. Nordgold is in the process of negotiating with our key OEM supplier on this.
3. **Implementation of a project to supply energy efficient lamps at all mines.** For example we actively use solar panels in Siberia to illuminate roads at Aprelkovo, Nerungry and Berezitovy.
4. **Refusing to buy water in West Africa and purifying water from our lakes.** This project has cost advantages – it allows us not to buy water, to rely on our own resources, and to provide all our employees with water that has been purified by Nordgold itself.
5. **People development projects.** These include:
   - the Lean Academy project to train supervisors in basic Lean / Project Management skills
   - developing an infrastructure for supervisor internships at each mine site
   - mentorship
   - mini-transformation projects with focus on organisational improvement
   - the assessment of supervisors.

The next steps will be to incorporate the Lean Academy training results into personal development plans, develop a training standard, and discuss each supervisor's results during talent reviews.

3.4 FINANCIAL PERFORMANCE (MD&A)

Financial review

The following discussion of the Company's results of operations and financial condition contains forward-looking statements. The Company's actual results could differ materially from those that are discussed in these forward-looking statements. Factors that could cause or contribute to such differences include those presented below and elsewhere in the Annual Report.

Selected financial and operational information

The selected consolidated financial information below sets forth the Nord Gold N.V. historically consolidated financial statements as at and for the years ended 31 December 2015 and 2014. This financial information has been extracted from the Nord Gold N.V. audited annual consolidated financial statements, where it is shown with important notes describing some of the line items. All financial and operational information below is disclosed for the twelve months ended 31 December 2015 and 2014.

Non-IFRS Financial Measures

This Annual Report includes certain measures that are not defined by 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

EBITDA results from operating activities 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, 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 either 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 cost (TCC) measure which Nordgold considers to be the cash costs are 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, change in finished goods and revenue of by-products) from cost of sales, 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 cash cost, plus cash selling general and administrative expenses, plus taxes other than income tax and other cash operating result with addition of capital expenditure spent to sustain the production level. The latter includes maintenance capex at all the mines, exploration capex at operating mines and capitalised stripping together with underground development performed on operating mines.

Net Debt / Adjusted Net Cash or Debt

In order to assess Nordgold's liquidity position, Nordgold's management uses a measure of net cash or debt, which is the sum of cash and cash equivalents and short- and long-term debt finance, which are divided between debt and lease liabilities. Short-term and long-term debt include loans and other credit facilities, accrued interest and bank overdrafts. Adjusted net cash or debt reflects net cash or debt less short-term and long-term loans issued to related parties.

Non-IFRS measures, gold production and CAPEX information for 2015 and 2014 (non-audited)

	2015	2014
Gold Production[1], koz	950.0	984.5
EBITDA[2], US$ thousand	519.8	487.0
EBITDA margin[2], %	46.0	40.1
Total cash costs per ounce produced[3], US$/oz	604	673
All-in sustaining cost per ounce produced, US$/oz	793	887
Net debt[4], US$ thousand	584.0	627.3
Capital expenditure, US$ thousand	258.3	157.8

[1] Including 6,431 thousand gold equivalent ounces of silver production for FY 2014. Including 5,401 thousand gold equivalent ounces of silver production for FY 2015.
[2] Normalised EBITDA and EBITDA margin. For the reconciliation of consolidated profit for the period to EBITDA for the Group and for the Group's operating segments, see "—Reconciliation of consolidated profit to EBITDA" below.
[3] Reconciliation of the Group's total cash costs per ounce of gold produced for the years ended 31 December 2015 and 2014 appears below under "Total cash costs".
[4] Reconciliation of the Group's net debt appears below in "Operating and Financial Review—Liquidity and Capital Resources— Cash resources".

Reconciliation of consolidated profit to EBITDA

The reconciliation from the Group's profit/(loss) for the period to EBITDA

	2015	2014
Profit/(loss) before income tax	274,232	182,911
Finance income	(20,035)	(8,139)
Finance costs	54,400	109,118
Depreciation and amortisation	198,121	201,780
Impairment of tangible and intangible assets	(13,270)	24,136
Impairment charge of work-in-progress recognised in cost of sales	28,508	-
Net loss on disposal of property, plant and equipment	1,027	794
Utilisation of work-in-progress impairment through cost of sales	-	(19,742)
Other income, net	(3,219)	(3,814)
Normalised EBITDA for the year	**519,764**	**487,044**

Total cash costs

	2015	2014	Per cent. change Y-o-Y
Cost of sales	**777,789**	**845,692**	**(8.0%)**
(Less)/plus items in income statement:			
Depreciation and amortisation	(191,073)	(197,899)	3.4%
Provision for asset retirement of obligations	11,023	(1,086)	>100%
Allowance for slow-moving and obsolete inventories	(13,775)	(5,005)	(175.2%)
Work-in-progress and finished goods fair value adjustment	-	17,096	(100.0%)
Unused vacation	-	(11,949)	100.0%
Employees' bonuses	-	(8,734)	100.0%
Exceptional items	(25,354)	(6,353)	(299.1%)
Change in finished goods (less items above capitalised in finished goods)	(7,438)	13,382	(155.6%)
Revenue of by-products	(6,118)	(7,941)	23.0%
Cost of production	**545,054**	**637,203**	**(14.5%)**
General and administrative expenses	**55,103**	**59,886**	**(8.0%)**

	2015	2014	Per cent. change Y-o-Y
(less)/plus items in income statement:			
Depreciation and amortisation	(6,937)	(3,815)	(81.8)%
Corporate overheads	(22,287)	(32,868)	32.2%
Unused vacation	-	(447)	100.0%
Employees' bonuses	-	(1,619)	100.0%
Mining administrative expenses	25,879	21,137	22.4%
Total cash costs	570,933	658,340	(13.3%)
Total gold produced, Oz (without gold equivalent of silver)	944,641	978,063	(3.4%)
Total cash cost produced, US$/oz	604	673	(10.3%)

Operational Information

Mine	Mine type	Technology	Gold production, Koz		Total Cash Costs, US$/oz[1]	
			2015	2014	2015	2014
Bissa	Open pit	CIL	235.3	250.7	493	448
Taparko	Open pit	CIL	83.2	112.0	1,002	705
Lefa	Open pit	CIP	214.2	205.1	643	850
Buryatzoloto	Underground	Gravity, flotation. CIP	112.7	119.7	629	793
Berezitovy	Open pit	CIP	125.3	122.8	430	572
Neryungri	Open pit	Heap leach	84.1	65.9	553	721
Aprelkovo	Open pit	Heap leach	19.8	31.7	669	994
Suzdal	Underground	Flotation, BIOX, CIL	75.3	76.8	634	702
Nordgold			**950.0**	**984.5**	**604**	**673**

[1] Unaudited

Overview

Nordgold (LSE: NORD) is an internationally diversified low-cost gold producer established in 2007 and publicly traded on the London Stock Exchange. Nordgold has a proven track record of operational excellence and benefits from a significant international development pipeline. The Company is relentlessly focused on shareholder value, committed to running safe, efficient, profitable operations, which enable it to generate strong cash flows and in turn, continue to invest in its pipeline of new growth opportunities while generating returns for investors. In 2015, Nordgold produced 950 koz of gold with all-in sustaining costs of US$793 per ounce, maintaining its position at the lower end of the global cost curve.

Nordgold operates 9 mines (5 in Russia, 2 in Burkina Faso and one each in Guinea анв Kazakhstan). It has 2 active development projects (Bouly in Burkina Faso and Gross in Russia), 4 advanced exploration projects and a diverse portfolio of early-stage exploration projects and licences in Burkina Faso, Russia, French Guiana and Canada.

In 2015, revenue decreased by 7% YoY to US$1,129.3 million due to a 8% decrease in the average realized gold price YoY to US$1,161/oz in 2015 (0.1% above The London Bullion Market Association average of US$1,160/oz), which was partially offset by higher sales volumes.

EBITDA in 2015 increased by 7% YoY to a record US$519.8 million mainly driven by improved operational efficiencies and lower costs, as well as the depreciation of local currencies in countries where Nordgold operates, against the US dollar, which more than offset decreased gold prices.

TCC decreased by 10% or by US$69/oz YoY to US$604/oz in 2015 mainly driven by the benefit from the depreciation of local currencies in countries where Nordgold operates, against the US dollar. The TCC reduction was also driven by improved operational and consumption efficiency, lower staff costs, as well as reduced general and administrative ("G&A") expenses. We continue to implement cost optimization and operational improvement programmes at all our mines.

Nordgold's consolidated AISC down by 11% YoY or by US$94/oz to US$793/oz in 2015. Seven out of Nordgold's nine mines achieved AISC improvement in 2015 and the most significant reductions were recorded at Lefa (down 27% or US$301/oz), Neryungri (down 25% or US$214/oz), the two Buryatzoloto mines (down 21% or US$212/oz) and Berezitovy (down 13% or US$96/oz). Bissa AISC increased by 2% YoY or by US$14/oz in 2015 but remained at a very competitive level of US$584/oz.

Basis of presentation of financial information

The Company was incorporated in 2005 but remained dormant until 1 July 2010 when the management of the Severstal Group decided to transfer all its gold mining entities to the Company (as set out in more detail below, see "—Segment Reporting" and "Formation of the Group"). These entities had been acquired by the Severstal Group in 2007 and 2008 from third parties. For the purposes of the consolidated financial statements of the Company, the transfers of the entities conducting gold mining to the Company from the Severstal Group in 2010 have been treated as acquisitions of entities under common control and are accounted for as if such acquisitions had occurred at the beginning of the earliest comparative period presented or, if later, the date control was obtained by the Severstal Group. The consolidated financial statements of the Company included in this Annual Report have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRSs EU") and with Part 9 of Book 2 of the Netherlands Civil Code and properly reflect the financial history of the Group. This includes all acquired entities that are consolidated in the financial statements.

Segment reporting

The Group has nine reporting operating segments, described below from the year in which they were acquired. These segments are the Group's strategic business units.

Factors affecting results of operations

Gold prices

The Group generates substantially all of its revenue from sales of gold bullion in the spot market. As a result, the Group's revenue correlates directly to the price of gold. The market price for gold is typically the price quoted as the London PM price.

Historically, the price of gold has fluctuated widely, and it is affected by numerous factors, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers, governments and others and actions of participants in the gold market. Price variations and market cycles have influenced the financial results of the Group during the period under review, and the Company expects that they will continue to do so in the future.

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 2016. The low gold price environment 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 for continued profitable growth.

Average price of gold obtained by the Group against average London PM price

		Average for the period, US$
2015	Realised price on an annual basis	1,161
	Average market price	1,160
2014	Realised price on an annual basis	1,266
	Average market price	1,266
2013	Realised price on an annual basis	1,376
	Average market price	1,411
2012	Realised price on an annual basis	1,670
	Average market price	1,669
2011	Realised price on an annual basis	1,567
	Average market price	1,572
2010	Realised price on an annual basis	1,251
	Average market price	1,225
2009	Realised price on an annual basis	992
	Average market price	972
2008	Realised price on an annual basis	890
	Average market price	872

The Group's method of selling gold is based on consultation between the chief executive officer and the chief financial officer on their review of trends and available information. The Group does not use commodity hedging contracts to mitigate its exposure to commodity price risk and currently has no plans to do so in the foreseeable future. None of the Group's future production is currently hedged. The Group regularly monitors its annual business plan, which takes into consideration a number of factors, including the price of gold and the Group's cash costs, and if needed would modify its plan according to the market conditions.

Key cost items

The Group's key cost drivers are personnel costs, materials, fuel and energy costs. These costs in aggregate accounted for 44,4 per cent. of the Group's cost of sales in 2014 and 55.4 per cent in 2014. Of the Group's key costs materials, fuel and energy costs are more variable than personnel costs, and vary primarily as a function of the level of production. Primary factors which affect each cost include the rate of inflation and the level of production across the Group. Factors affecting each principal cost are discussed below.

Personnel costs

Personnel costs are the single largest portion of the Group's cost of sales. They are affected by competition for labour with other mining companies in the regions where the Group operates, given the relative scarcity of qualified personnel, and by the remote location of its mines. The Group seeks to control personnel costs by increasing equipment utilisation, eliminating duplication of processes and implementing employee training and efficiency initiatives. The costs of contractor work related to mining are accounted for in the external services line item under cost of sales and include preparation of mining works, transportation, maintenance of equipment, security and general maintenance. To the extent the Group stops using third party service providers for any of these services and instead uses its own employees, there would be a decrease in the cost of external services and potentially a corresponding increase in personnel costs.

Personnel costs are relatively fixed in that, in the short term, they do not vary as greatly depending on the level of production at the mines as the other costs discussed below.

Materials

The cost of materials depends on the amount purchased, which depends on the level of production, as well as macroeconomic factors such as inflation, and the relationship with suppliers. The primary materials on which the Group relies include cyanide and other chemicals for its gold recovery operations, grinding balls and rods and blasting agents. The price of key supplies, such as cyanide, is typically fixed for a year and renegotiated on an annual basis. Positive relationships with suppliers can lead to a decrease in the price of supplies over time, as has been the case with the price of sulphuric acid, another material used in the gold recovery process.

Fuel and energy costs

The Group consumes diesel fuel and heavy fuel oil at certain mines for power generation and operations. Diesel fuel and heavy fuel oil are refined from crude oil and are therefore subject to the same price volatility affecting crude oil prices. Volatility in crude oil prices has a significant direct and indirect impact on the Group's production costs by affecting not only the cost of fuel the Group consumes but also transportation costs and the cost of other supplies that must be transported to the mine sites. This impact is less significant on the Group's operations in Russia and Kazakhstan, as the price of diesel fuel and heavy fuel oil in those jurisdictions is not directly correlated to the world oil price and have remained relatively stable in the periods under review. There is a greater correlation between the price of oil and the price of diesel fuel and heavy fuel oil in the Group's African operations.

The Group's electricity costs per unit of electricity depend primarily on the production levels across the mines. At the Group's Russian mines other than Neryungri, which relies on fuel oil, electricity is provided from the national electric grid at tariffs of approximately US$0.06 — US$0.07. In Kazakhstan, electricity is provided from the national electric grid at a tariff of approximately US$0.05. The electricity is provided under regular annual contracts, and there are minor fluctuations in the tariffs within the contract period. Although it may choose to do so in the future, the Group does not currently undertake any hedging activities in relation to fuel or electricity price risk.

Exchange rates

The Group's results for the periods under review are affected by exchange rate fluctuations among the US dollar, which is the presentation currency for the Group's consolidated financial statements; the rouble, the tenge and the CFA franc, which are the functional currencies of the Group's operating companies in the Russian Federation, Kazakhstan, Guinea and Burkina Faso, respectively; and the euro, which was the Company's functional currency before April 1, 2012. With effect from April 1, 2012 the Company changed its functional currency from Euro to US dollars. While gold is typically priced by reference to US dollars, and most of the Group's costs in the periods under review were paid in the Russian rouble, the tenge, CFA francs and Guinean franc and US dollars.

Currency translation affects the financial results of the Group in two principal ways. First, it affects operating subsidiaries, where any transactions in foreign currencies are translated into the functional currency of the relevant operating entity at the foreign exchange rate on the date of the transaction; and second, at the level of the consolidated Group financial statements, where all functional currencies are first translated into the presentation currency of US dollars and are then consolidated. Assets and liabilities are translated into US dollars at the closing exchange rates at the date of each financial statement presented. All income and expenses are translated into US dollars at the average exchange rate for each period presented, and all resulting exchange differences are recognised as a separate component, the line item foreign exchange differences, in other comprehensive income in the consolidated statement of comprehensive income.

The depreciation of the Russian rouble and Kazakhstan tenge against the US dollar during the period contributed to the overall reduction of total cash costs. See Note 24 to the consolidated financial statements for the year ended 31 December 2014 for details of foreign currency exposure in respect of the periods covered by the historical financial information.

The Group generally converts its US$-denominated revenues into other currencies only when it needs to do so in order to make purchases or satisfy obligations denominated in the relevant functional currency. The Group is currently able to convert revenue from functional currencies to US dollars at any moment without significant fees.

Seasonality

Due to the cold winter weather, 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, because during that period the heap leach operations conducted at the sites generally yield the greatest volume of precious metals. For these mines, the amount of inventory and, correspondingly, revenues are subject to seasonality. Ore is placed on heap leach pads mostly in the second and third quarters with revenue being generated primarily in the third and fourth quarters of each year. As a result, work-in-progress inventory generally increases up to the end of the third quarter of each year and subsequently declines up to 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 effects of seasonality are not significant at the other mines of the Group.

Consolidated income statement

The following discussion describes the principal line items in the Group's consolidated income statement.

Sales

The Group derives its revenue from sales of gold bullion in the spot market. Revenue is determined by the Group's production (which is influenced by both the quantity and grade of ore mined), the price of gold and timing of sales and is a result of the volume of gold sold and the price at which it is sold, as well as less commission fees, which varied in 2015 and were approximately 0.035 – 0.05% for Russian entities and nil for sales from Burkina Faso, Guinea and 0.00 – 0.20 US$ per ounce for Kazakhstan. In 2015, substantially all of the Group's revenue came from the sale of gold, with approximately 0.5 per cent coming from the sale of silver:

By product	2015	2014
Gold	1,123,142	1,208,133
Silver	6,116	7,941
Total	**1,129,258**	**1,216,074**

The most significant contractors are MKS Finance S.A., Metalor Technologies S.A., Bank Otkrytie, VTB:

By customer	2015	2014
Switzerland: MKS Finance S.A.	370,011	247,044
Switzerland: Metalor Technologies S.A.	259,517	459,682
Russian Federation: Otkrytie	249,455	267,345
Russian Federation: VTB	150,034	149,641
Russian Federation: Sberbank	96,242	82,706
Kazakhstan: Tau-Ken Altyn	3,999	9,656
Total	**1,129,258**	**1,216,074**

Cost of sales

Cost of sales consists of direct mining costs (which include personnel costs, materials, energy costs (principally diesel fuel, heavy fuel oil and electricity), spare parts, external services (which includes third party refining and transport fees, which include costs for transporting gold doré from the mining facilities to refineries and the costs paid to refiners for converting the gold doré into gold bullion), change in inventories, and third party refining and transport fees), depreciation and amortisation, taxes other than income taxes. Change in inventories reflects changes in work in progress and finished goods. This item reflects costs related to inventory that is produced in one financial period but sold in another, as well as the movement in the average cost of gold on hand.

Personnel costs comprise the salaries and social taxes paid in respect of production staff at the Group's mines. The level of social tax is dependent on personnel salaries and varies from jurisdiction to jurisdiction and is generally payable on a monthly basis.

The cost of materials relate principally to the costs of explosives and cyanide for use at the mines and related processing facilities as well as costs for other supplies such as sulphuric acid, grinding balls and rods and blasting agents.

Fuel and energy costs include the cost of diesel fuel, heavy fuel oil and electricity.

The cost of spare parts relates to spare parts for mining and processing machinery.

External services costs are the ones, that are paid to third parties for various operational services at the mines, including machinery repair services, communications services, drilling, transportation and blasting.

Other operating costs consist of miscellaneous costs related to the operation of the mines which are not captured in the categories above.

Change in obsolete provisions relates to the provision for slow-moving and obsolete inventories, which comprise the raw materials and inventories other than finished goods.

Taxes other than income tax include mining taxes, property taxes and others. The Group is required to pay mining taxes in each of the jurisdictions where it operates.

In Russia, the mining tax is calculated on a monthly basis as the volume of gold produced per month multiplied by the average for the month gold sales price and multiplied by 6% tax rate. In Kazakhstan, the mining tax is calculated on a quarterly basis as the volume of gold written-off the state balance of gold per quarter multiplied by the market price of gold for the quarter and multiplied by 5% tax rate. In Burkina Faso the mining tax is calculated as total gold sales multiplied by tax rate which depends on the mine. Taparko enjoys 3% favourable tax favourable tax rate according to the provision of the Convention with the Government of Burkina Faso. Tax rate applicable for Bissa varies depending on the gold price: 3% if the gold price is not higher than US$1,000 per ounce, 4% if the gold price is higher than US$1,000 per ounce and 5% if the gold price is higher than US$1,300 per ounce. In Guinea, the mining tax is calculated as the total gold sales multiplied by 5% tax rate.

General and administrative expenses

General and administrative expenses consist of costs related to head office operations of the Group and the head offices of the Group's business units and include head office labour costs, services (primarily auditing and consultant fees), other materials, and depreciation.

Income tax

Nordgold reported an income tax expense of US$85.5 million in 2015 compared with US$59.9 million of income tax expense 2014.

Impairment loss of non-current assets

The Group assesses the carrying value of its tangible and intangible assets when events or changes in circumstances suggest that indicators for impairment exist. Consideration was given to a range of indicators including the decline in the gold price that occurred during the reporting year and the carrying value of the net assets of the Group which exceeded its market capitalisation. The review resulted in the recognition of reversal of previous years impairment losses US$13,2 million in 2015 (2014: impairment losses US$24,1). For further details please refer to note 8 of Consolidated Financial Statements for the Year Ended 31 December 2015.

Other operating expenses, net

Other operating expenses, net include write-off of accounts receivable and payable, VAT write-off, loss on disposal of property, plant and equipment, social expenses, net loss from joint ventures, increase/decrease of provisions and contingencies, net gain from contractual compensation and other items.

Finance income and costs

Net finance costs in 2015 decreased by US$66.6 million to US$34.4 million compared with US$101.0 million in 2014 mainly due to foreign exchange loss US$33.8 million recognised in 2014 (foreign exchange gain in 2015 is US$10.7 million).

Income tax (expense)/benefit

The income tax expense/(benefit) is calculated by adding to or subtracting from the current tax charge any corrections to prior years' charges and deferred tax expenses or benefits.

Profit for the year attributable to non-controlling interest

Profit for the year attributable to non-controlling interest relates to the minority shareholders of Buryatzoloto, Bissa and Taparko.

Other key performance indicators (KPIs)

Management analyses certain operational or non-IFRS financial metrics in order to evaluate the performance of its business together with revenue, capital expenditure and cash flow from operations. The following discussion describes certain line items used by the Group to monitor performance, which are included in the Group's discussion of key performance indicators:

- Volume of ore mined — measures in tonnes the amount of ore material which is mined and stockpiled for milling.
- Volume of ore milled — measures in tonnes the amount of ore material processed through the mill.
- Head grade — measures the metal content of mined ore going into a mill for processing, measured in grams per tonne.
- Mill recovery — measures the proportion of valuable metal physically recovered in processing ore, measured as a percentage of metal recovered to total metal originally present in the ore.
- Gold produced — measures the quantity of gold physically recovered in the processing of ore, here presented in thousands or millions of ounces.
- Gold produced — measures the quantity of gold physically recovered in the processing of ore, here presented in thousands or millions of ounces.

Results of Operations

The following table sets out, for the periods indicated, the Group's consolidated income statement.

Consolidated income statement data

	2015	2014
Sales	1,129,258	1,216,074
Cost of sales	(777,789)	(845,692)
Gross profit	351,469	370,382
General and administrative expenses	(55,103)	(59,886)
Impairment loss of non-current assets	13,270	(24,136)
Other operating expenses	(1,039)	(2,470)
Profit from operations	308,597	283,890
Finance income	20,035	8,139
Finance costs	(54,400)	(109,118)
Profit/(loss) before income tax	274,232	182,911
Income tax (expense)/benefit	(85,500)	(59,944)
Profit/(loss) for the year	188,732	122,967
Attributable to:		
Shareholders of the Company	175,593	98,307
Non-controlling interests	13,139	24,660
Weighted average number of shares outstanding during the year (millions of shares) – basic and diluted	376.156	378.217
(Loss)/earnings per share:		
Basic and diluted (loss)/earnings per share (US dollars)	0.47	0.26

KPIs

The table below provides a summary of the KPIs of the Group broken out by mine (apart from Buryatzoloto, the segment which comprises the Irokinda and Zun-Holba mines, where both mines are presented collectively in one column) in 2015 and 2014. The name of segments differs from the names of their mines, the segment name appears in italics above the mine name.

Production KPIs for 2015 and 2014

	Neryungri	Aprelkovo	Suzdal	Buryatzoloto Irokinda and Zun-Holba	Berezitovy	Taparko	Lefa	Bissa	Total[2]
Volume mined, Kt									
2015	4,703	1,352	536	683	1,110	987	6,019	4,545	19,935
2014	3,551	2,267	512	694	1,421	1,988	4,199	3,789	18,421
% change	32%	(40%)	5%	(2%)	(22%)	(50%)	43%	20%	
Volume milled, Kt									
2015	4,211	1,485	575	691	1,684	1,657	6,558	4,097	22,127[4]
2014	3,848	1,851	546	686	1,898	1,767	6,459	3,756	22,001[4]
% change	9%	(20%)	5%	1%	(11%)	(6%)	2%	9%	1%
Head grade									
2015	0.69	1.09	6.42	5.18	2.23	1.82	1.15	1.94	1.58
2014	0.73	1.23	6.73	5.58	2.26	2.34	1.13	2.45	1.74
% change	(5%)	(11%)	(5%)	(7%)	(1%)	(22%)	2%	(21%)	(9%)
Mill recovery, %									
2015	75.0	47.7	66.4	92.3	89.5	82.2	88.3	86.9	81.7
2014	75.0	47.7	64.0	92.9	90.2	85.9	86.8	88.9	81.7
% change	0 pp	0 pp	2.4 pp	(0.6 pp)	(0.7 pp)	(3.7 pp)	1.5 pp	(2.0 pp)	0.0 pp

Production KPIs for 2015 and 2014 continued

	Neryungri	Aprelkovo	Suzdal	Buryatzoloto Irokinda and Zun-Holba	Berezitovy	Taparko	Lefa	Bissa	Total[2]
Gold produced[1,2], koz									
2015	84.1	19.8	75.3	112.7	125.3	83.2	214.2	235.3	950.0
2014	65.9	31.7	76.8	119.7	122.8	112.0	205.1	250.7	984.5
% change	28%	(38%)	(2%)	(6%)	2%	(26%)	4%	(6%)	(4%)
Gold sold[3], koz									
2015	84.1	19.8	75.4	122.8	129.5	82.7	223.5	235.2	972.9
2014	65.9	31.8	76.7	109.3	118.5	111.7	195.7	250.8	960.4
% change	28%	(38%)	(2%)	12%	9%	(26%)	14%	(6%)	

1 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.
2 Amounts for 2015 and 2014 include the gold equivalent of silver produced at the mine.
3 Amounts for 2015 and 2014 include the gold equivalent of silver sold
4 Includues ore processed at Berezitovy heap leach.

Financial KPIs for 2015 and 2014

	Neryungri	Aprelkovo	Suzdal and Balazhal[1]	Buryatzoloto	Berezitovy	Taparko	Lefa	Bissa	Other	Total[2]
Sales (external), US$										
2015	96.2	22.9	86.7	143.9	150.0	95.2	260.1	274.1	0.0	1,129
2014	82.7	40.9	96.1	140.0	149.6	141.5	247.0	318.2	-	1,216
% change	16.3%	(44.0)%	(9.8)%	2.8%	0.3%	(32.7)%	5.3%	(13.9)%		(7.2)%
Total cash cost per ounce produced, US$/oz (unaudited)										
2015	553	669	634	629	430	1,002	643	493	-	604
2014	721	994	702	793	572	705	850	448	-	673
% change	(23.3%)	(32.7)%	(9.7)%	(20.7)%	(24.8)%	42.1%	(24.4)%	10.0%		(10.3)%
All-in sustaining cost per ounce produced, US$/oz (unaudited)										
2015	641	804	766	780	617	1,410	832	584		793
2014	855	1,094	868	992	713	919	1,133	570	-	887
% change	(25.0)%	(26.5)%	(11.8)%	(21.4)%	(13.5)%	53.4%	(26.6)%	2.5%		(10.6)%
Cash flow from operating activity, US$MLN										
2015	52.8	2.1	27.1	59.3	78.2	12.6	126.3	128.9	(69.4)	417.9
2014	18.5	8.3	30.4	37.0	64.6	46.0	79.6	137.8	(94.2)	328.0
% change	185.4%	(74.7)%	(10.9)%	60.3%	21.1%	(72.6)%	58.7%	(6.5)%	(26.3)%	27.4%

	Neryungri	Aprelkovo	Suzdal and Balazhal[1]	Buryatzoloto	Berezitovy	Taparko	Lefa	Bissa	Other	Total[2]
EBITDA[3], US$M (unaduited)										
2015	49.0	9.4	38.1	67.4	93.0	13.2	118.7	157.9	(26.9)	519.8
2014	28.9	9.2	36.6	48.7	76.7	59.1	62.6	195.9	(30.7)	487.0
% change	69.6%	2.2%	4.1%	38.4%	21.3%	(77.7)%	89.6%	(19.4)%	(12.4)%	6.7%
Capital expenditure less capitalised cost for environmental provision, US$MLN										
2015	8.5	2.2	12.5	17.3	22.2	34.3	49.3	105.6	6.4	258.3
2014	3.1	2.6	7.5	20.3	13.2	20.7	46.1	20.9	23.4	157.8
% change	174.2%	(15.4)%	66.7%	(14.8)%	68.2%	65.7%	6.9%	405.3%	(72.6)%	63.7%

Note: Total cash cost per ounce produced and EBITDA are non-IFRS measures and are unaudited.
[1] Includes gold from Zherek
[2] Other includes the effects of the financial results of non-mining entities within the Group and consolidation adjustments.

Revenue

Revenue decreased to US$1,129.3 million in 2015 from US$1,216.1 million in 2014. The revenue reduction was driven by a lower gold price, which was partially offset by higher sales volumes.

Cost of sales

Cost of sales in 2015 amounted to US$777.8 million.

Consolidated cost of sales for 2015 and 2014

	2015	2014	Change, YoY
Personnel costs	124,403	177,727	(30.0%)
Materials	114,242	110,387	3.5%
Fuel and energy	106,524	168,454	(36.8%)
Spare parts	60,886	80,143	(24.0%)
Taxes other than income tax	66,898	76,176	(12.2%)
External services	71,424	51,032	40.0%
Change in obsolete and net realizable value provision	20,276	(1,671)	>100%
Other expenses	(11,281)	25,133	(144.9%)
Change in finished goods and work-in-process	33,344	(39,588)	184.2%
Direct mining costs	**586,716**	**647,793**	**(9.4%)**
Depreciation and amortisation	191,073	197,899	(3.4%)
Cost of sales	**777,789**	**845,692**	**(8.0%)**

Personnel costs decreased by US$53.3 million, from US$177.7 million in 2014 to US$124.4 million in 2015. This decrease was driven mainly by headcount optimisation and depreciation of Russian rouble against the US dollar during 2015 for mines located in Russian Federation.

The cost of materials increased by US$3.9 million, from US$110.4 million in 2014 to US$114.2 million in 2015, mainly due increased material consumptions in Bissa, Taparko and Lefa which was partially compensated by the reduction of material cost on other business units.

Fuel and energy costs decreased by US$61.9 million, from US$168.4 million in 2014 to US$106.5 million in 2015, mainly due to significant fuel price drop in African mines.

The cost of spare parts decreased by US$19.3 million, from US$80.1 in 2014 to US$60.9 million, mostly driven by improved in consumption efficiency.

The cost of external services increased by US$20.4 million, from US$51.0 million in 2014 to US$71.4 million in 2015, mainly due to increase of mining and drilling external services at Bissa and Taparko.

The change in obsolete and net realizable value provision changed by US$21.9 million, from US$(1.7) million in 2014 to US$20.3 million in 2015.

In 2015, taxes other than income taxes were US$66.9 million, 12.2% lower than in 2014.

Group taxes other than income tax for 2015 and 2014

	2015	2014	Change, YoY
Mining' tax	58,283	60,066	(2.97%)
Property tax	4,199	4,545	(7.61%)
Other taxes	4,416	11,566	(61.82%)
Total	**66,898**	**76,177**	**(12.18%)**

The most significant part of amount discussed relates to the mining tax which is directly dependent on the production, sales and sales prices levels.

For detailed analysis of changes in elements of cost of sales for the years ended 2015 and 2014 please refer to "Financial performance by segment" below.

Total cash cost[1] for the Group for 2015 and 2014

US$ thousand	2015	2014	Change, YoY
Cost of sales	**777,789**	**845,692**	**(8.0%)**
(Less)/plus items in income statement:			
Depreciation and amortisation	(191,073)	(197,899)	(3.4)%
Provision for asset retirement of obligations	11,023	(1,086)	>100%
Allowance for slow-moving and obsolete inventories	(13,775)	(5,005)	(175.2%)
Work-in-progress and finished goods fair value adjustment	-	17,096	(100.0%)
Unused vacation	-	(11,949)	100.0%
Employees' bonuses	-	(8,734)	100.0%
Exceptional items	(25,354)	(6,353)	(299.1%)
Change in finished goods (less items above capitalised in finished goods)	(7,438)	13,382	(155.6%)
Revenue of by-products	(6,118)	(7,942)	23.0%
Cost of production	**545,054**	**637,202**	**(14.5%)**
General and administrative expenses	**55,103**	**59,886**	**(8.0%)**
(less)/plus items in income statement:			
Depreciation and amortisation	(6,937)	(3,815)	(81.8)%
Corporate overheads	(22,287)	(32,868)	32.2%
Unused vacation	-	(447)	100.0%
Employees' bonuses	-	(1,619)	100.0%

US$ thousand	2015	2014	Change, YoY
Mining administrative expenses	25,879	21,137	(22.4%)
Total cash costs	570,933	**658,339**	**(13.3%)**
Total gold produced, Oz (without gold equivalent of silver)	944,641	978,063	(3.4%)
Total cash cost produced, US$/oz	604	673	(10.3%)

[1] Total cash cost is a non-IFRS measure and is unaudited. For a description of total cash costs, see "Presentation of Financial and Other Information—Non-IFRS measures—Total cash cost".

General and administrative expenses

Group general and administrative expenses for 2015 and 2014

US$ thousand	2015	2014	Change, YoY
Wages and salaries	29,992	35,166	(15%)
Professional and other services	14,982	17,613	(15%)
Depreciation and amortisation	6,937	3,807	82%
Other	3,192	3,300	(3%)
Total	**55,103**	**59,886**	**(8%)**

In 2015, general and administrative expenses decreased to US$55.1 million from US$59.9 million in 2014.

G&A costs per ounce decreased to US$58/oz in 2015 from US$61/oz in 2014.

Impairment loss of non-current assets

In 2015, the Company assumed one-off non-cash impairment losses of US$15.2 million on pre-tax basis recognized in other operating expenses.

	2015	2014
Intangible assets		
Lefa mineral rights	(55,287)	-
Lefa exploration and evaluation assets	3,883	
African greenfields	9,768	9,357
North Gold Mining Company	-	7,318
Berezitovy	-	4,550
Buryatzoloto	2,500	588
Aprelkovo	-	27
	(39,136)	**21,840**
Property, plant and equipment		
Buryatzoloto	-	2,296
Other non-current assets		
Lefa	25,866	-
Suzdal and Balazhal	25,866	-
Total impairment of non-current assets	**(13,270)**	**24,136**
Work-in-progress		
Aprelkovo	13,394	-
Neryungri	8,751	-
Taparko	6,363	-
Work-in-progress impairment recognised in cost of sales	**28,508**	**-**

Other operating expenses, net

	2015	2014
Write-offs of accounts receivable and payable, net	1,107	(1,147)
Loss on disposal of fixed assets	(1,743)	(795)
Social expenses	(710)	(1,085)
Restructuring		(1,145)
Net loss from joint ventures		(2,908)
Charity donations	(633)	(1,866)
Net gain/(loss) on disposal of inventories	200	285
Other	(613)	(740)
Decrease in provisions and contingencies	3,589	6,931
Net gain from contractual compensations and fines	(2,236)	-
Total	**(1,039)**	**(2,470)**

Finance income/(costs)

Net finance costs in 2015 decreased by US$54.7 million to US$54.4 million compared with US$109.1 million in 2014, mainly due foreign exchange loss in 2014.

The table below presents a breakdown of interest expense by types of borrowers of the Group for 2015 and 2014.

US$ thousand	2015	2014	Change, YoY
Interest expense on related party debt financing	74	221	(67%)
Interest expense on third party debt financing	48,308	52,829	(9%)
Total	**48,382**	**53,050**	**(9%)**

Income tax expense

Nordgold reported an income tax expense of US$85.5 million in 2015 compared with US$59.9 million of income tax expense 2014.

The weighted average applicable tax rate in 2015 was 31% (2014: 33%). The following factors affected the decrease of the effective tax rate:

- Write-off of certain deferred tax assets related to tax loss carried forward;
- Change of Russian business units' result share in profit before income tax.

Profit for the period

Net profit increased by 53% YoY to US$188.7 million in 2015 compared with a net of US$123.0 million in 2014.

Profit attributable to non-controlling interest

Profit attributable to non-controlling interest decreased to US$13.1 million in 2015 compared to US$24.7 million in 2014.

Normalised net profit attributable to shareholders in 2015 increased by 50% YoY to US$195.0 million.

Net profit attributable to Shareholders of the Company amounted to US$175.6 million in 2015, compared to US$98.3 million in 2014.

The details could be obtained from Consolidated statement of change in equity in the Consolidated Financial Statement.

Financial Performance by Segment

Below follows a comparison of the mines of the Neryungri and Aprelkovo, Suzdal and Balazhal, Taparko, Buryatzoloto, Berezitovy, Lefa and Bissa segments, which constitute the mines the Group owned and operated during the periods under review.

Neryungri and Aprelkovo

The Neryungri and Aprelkovo segment comprises mines at Neryungri and Aprelkovo in the Republic of Yakutia and the Chitinskaya region the Russian Federation.

Neryungri

Neryungri — KPIs for 2015 and 2014[1]

Operating Highlights	2015	2014	Change, YoY
Ore mined, kt	4,703	3,551	32%
Ore milled, kt	4,211	3,848	9%
Head grade, g/t	0.69	0.73	(5%)
Mill recovery, %	75.0	75.0	0 pp
Gold production, koz	84.1	65.9	28%
Gold sold, koz	84.1	65.9	28%
Revenue, US$mln	96.2	82.7	16%
EBITDA[2], US$mln	49.0	28.9	70%
Total cash costs/ounce produced[2], US$/oz	553	721	(23%)

[1] The Group held a 100 per cent. interest in Neryungri in each of the periods presented.
[2] Not audited.

Ore mined increased by 1,152 kt to 4,703 kt due to realisation of the satellite Gross project pilot stage operation, during which ore mined at the Gross deposit was processed at the Neryungri heap leach facility.

Accordingly ore milled increased by 363 kt, from 3,848 kt in 2014 to 4,211 kt at 0.69 g/t in 2015 comprising of 1,986 kt ore at 0.64 g/t from Gross and 2,225 kt at 0.73 g/t from Tabornoe.

Average head grade of ore milled declined by 0.04 g/t to 0.69 g/t. Both gold ounces produced and gold ounces sold increased in 2015 by 28%, amounting to 84.1 koz (including 8 koz of gold doré produced and unrefined at the end of 2014, which was refined in Q1 2015), driven by higher ore mined and processed volumes.

Revenue increased by 16% from US$82.7 million in 2014 to US$96.2 million in 2015. EBITDA increased by 70% from US$28.9 million 2014 to US$49 million in 2015.

Neryungri recorded a 23% TCC (total cash costs) decrease YoY to US$553/oz due to higher ore mined (up 32%) and processed volumes (up 9%), as well as reduction of stripping ratio (down 27%). Ruble devaluation, lower G&A expenses and BSN programmes, such as headcount optimisation, decrease materials, fuel and spare parts consumption rate, also helped to improve Neryungri TCC.

Neryungri Cost Of Sales

US$ thousand	2015	2014	Change, YoY
Personnel costs	12,131	24,004	(49.5%)
Materials	6,443	10,409	(38.1%)
Fuel and energy	9,239	17,542	(47.3%)
Spare parts	2,742	7,392	(62.9%)
Taxes other than income tax	5,833	6,074	(4.0%)
External services	2,638	3,269	(19.3%)
Change in obsolete provision	5	(955)	100.5%
Other expenses	(5,255)	(1,229)	327.6%
Change in finished goods and work-in- process	13,095	(16,446)	179.6%
Direct mining costs	**46,871**	**50,060**	**(6.4%)**
Depreciation and amortisation	9,153	9,975	(8.2%)
Cost of sales	**56,024**	**60,035**	**(6.7%)**

Personnel costs decreased by US$11.9 million – from US$24.0 million in 2014 to US$12.1 million in 2015, mainly as a result of headcount optimization and depreciation of Russian rouble against the US dollar during 2015.

The cost of materials decreased by US$4.0 million – from US$10.4 million in 2014 to US$6.4 million in 2015, mainly as a result of efficiency consumption program in mining and metallurgy as well as decrease of operating stripping ratio. There is also effect of depreciation of Russian rouble against the US dollar during 2015.

Improved in consumption efficiency was led also to the decrease of fuel and energy costs, from US$17.5 million in 2014 to US$9.2 million in 2015 and decrease of cost of spare parts from US$7.4 million in 2014 to US$2.7 million in 2015. External services are generally in-line with 2014 with insignificant increase of US$0.6 million.

Other expenses changed by almost US$4.0 million mainly due to change in accounting estimate of assets retirement obligation provision.

Change in finished goods and work-in-process partially explained by decrease in carrying value of work-in-process due to impairment in amount US$8.8 million in 2015.

Depreciation and amortisation expenses decreased insignificantly by US$0.8 million in 2014. Substantially all of the cost of sales of Neryungri for 2015 were denominated in roubles.

Neryungri Total Cash Costs[1]

US$ thousand	2015	2014	Change, YoY
Cost of sales	**56,024**	**60,035**	**(6.7%)**
(Less)/plus items in income statement:			
Depreciation and amortisation	(9,153)	(9,975)	8.2%
Provision for asset retirement of obligations	6,964	(816)	953.4%
Allowance for slow-moving and obsolete inventories	(5)	(243)	97.9%
Unused vacation	-	(4,344)	100%
Employees' bonuses	-	(316)	100%
Exceptional items	(8,472)	(50)	(>100%)
Change in finished goods (less items above capitalised in finished goods)	172	1,254	(86.3%)
Revenue of by-products	(279)	(201)	(38.8%)
Cost of production	**45,251**	**45,344**	**(0.2%)**
General and administrative expenses	**3,485**	**5,847**	**(40.4%)**
(less)/plus items in income statement:			
Depreciation and amortisation	(392)	(403)	2.7%
Corporate overheads	(1,926)	(3,217)	40.1%
Unused vacation	–	(191)	100.0%
Employees' bonuses	–	(66)	100.0%
Mining administrative expenses	**1,167**	**1,970**	**(40.8%)**
Total cash costs	**46,418**	**47,314**	**(1.9%)**
Total gold produced [2], Oz	**83,879**	**65,674**	**27.7%**
Total cash cost produced, US$/oz	**553**	**721**	**(23.3%)**

[1] Total cash cost is a non-IFRS measure. For a description of total cash costs, see "Presentation of Financial and Other Information — Non-IFRSmeasures—Total cash cost".
[2] This amount does not include the gold equivalent of silver produced at the mine.

Total cash costs per ounce produced in 2015 decreased by 23.2% – from US$721 in 2014 to US$550 per ounce in 2015.

Aprelkovo

Aprelkovo — KPIs for 2015 and 2014[1]

Operating Highlights	2015	2014	Change, YoY
Ore mined, kt	1,352	2,267	(40%)
Ore milled, kt	1,485	1,851	(20%)
Head grade, g/t	1.09	1.23	(11%)
Mill recovery, %	47.7	47.7	0 pp
Gold ounces produced, koz	19.8	31.7	(38%)
Gold ounces sold, koz	19.8	31.8	(38%)
Revenue, US$mln	22.9	40.9	(44%)
EBITDA[2], US$mln	9.4	9.2	2%
Total cash costs/ounce produced[2], US$/oz	669	994	(33%)

[1] The Group held a 100 per cent interest in Aprelkovo in each of the periods presented.
[2] Not audited

Average head grade of ore milled decreased by 0.14 g/t to 1.09 g/t.

Aprelkovo gold production decreased by 38% in 2015 to 19.8 koz, mainly due to lower grade, lower ore processed volumes and recovery as a result of processing a larger percentage of lower porosity fresh ore.

Revenue decreased by 44% from US$40.9 million in 2014 to US$22.9 million in 2015, as a result of lower gold prices. EBITDA increased by 2% from US$9.2 million 2014 to US$9.4 million in 2015, mainly due to depreciation of the Russian rouble against the US dollar during 2015.

TCC per ounce produced in 2015 decreased by 33% – from US$994 in 2014 to US$669 per ounce in 2015 mainly due to ruble devaluation, lower stripping ratio, as well as materials, spare parts, fuel and energy consumption rate.

Aprelkovo Cost Of Sales

US$ thousand	2015	2014	Change, YoY
Personnel costs	6,484	10,979	(40.9%)
Materials	5,144	8,186	(37.2%)
Fuel and energy	3,346	7,034	(52.4%)
Spare parts	1,450	3,529	(58.9%)
Taxes other than income tax	1,826	2,005	(8.9%)
External services	1,291	1,907	(32.3%)
Change in obsolete provision	32	(5,314)	100.6%
Other expenses	(3,182)	(537)	(492.6%)
Change in finished goods and work-in-process	6,006	(3,176)	289.1%
Direct mining costs	**22,397**	**24,613**	**(9%)**
Depreciation and amortisation	**567**	**2,516**	**(77.5%)**
Cost of sales	**22,964**	**27,129**	**(15.4%)**

Personnel costs decreased by US$4.5 million, from US$11.0 million in 2014 to US$6.5 million in 2015 mainly due to depreciation of the Russian rouble against the US dollar during 2015 as well as headcount optimization.

The cost of materials decreased by US$3.0 million, from US$8.2 million in 2014 to US$5.1 million in 2015 mainly due to depreciation of the Russian rouble against the US dollar during 2015.

Fuel and energy costs decreased by US$3.7 million from US$7.0 million in 2014 to US$3.3 million in 2015 mainly due to depreciation of the Russian rouble against the US dollar during 2015 and decrease of total material mined.

The cost of spare parts decreased by US$2.1 million, from US$3.5 million in 2014 to US$1.5 million in 2015, primarily due to depreciation of the Russian rouble against the US dollar during 2015.

The cost of external services decreased by US$0.6 million, from US$1.9 million in 2014 to US$1.3 million in 2015, mainly because of depreciation of the Russian rouble against the US dollar during 2015.

Other expenses changed by US$2.6 million mainly due to a change in accounting estimate of assets retirement obligation provision.

Change in finished goods and work-in-process partially explained by decrease in carrying value of work-in-process due to impairment in amount US$13.4 million in 2015.

Depreciation and amortisation expenses decreased by US$1.9 million mainly due to the sale of fixed assets.

Substantially all the cost of sales of Aprelkovo for 2015 was denominated in roubles.

Total cash costs per ounce produced in 2015 decreased by 32.7% – from US$994 in 2014 to US$669 per ounce in 2015.

Aprelkovo Total Cash Costs[1]

US$ thousand	2015	2014	Change, YoY
Cost of sales	**22,964**	**27,129**	**(15.4%)**
(Less)/plus items in income statement:			
Depreciation and amortisation	(567)	(2,516)	77.5%
Provision for asset retirement of obligations	4,059	(259)	1667.2%
Allowance for slow-moving and obsolete inventories	(32)	99	(132.3%)
Work-in-progress and finished goods fair value adjustment	(13,394)	5,959	(324.8%)
Unused vacation	-	(302)	100%
Employees' bonuses	-	(96)	100%
Exceptional items	(633)	(25)	(2432.0%)
Change in finished goods (less items above capitalised in finished goods)	287	526	(45.4%)
Revenue of by-products	(20)	(44)	54.5%
Cost of production	**12,664**	**30,471**	**(58.4%)**
General and administrative expenses	**2,303**	**4,007**	**(42.5%)**
(less)/plus items in income statement:			
Depreciation and amortisation	(1)	(5)	80.0%
Corporate overheads	(1,724)	(2,880)	40.1%
Unused vacation	-	(82)	100%
Employees' bonuses	-	(32)	100%
Mining administrative expenses	**578**	**1,008**	**(42.7%)**
Total cash costs	**13,242**	**31,479**	**(57.9%)**
Total gold produced[2], Oz	**19,806**	**31,644**	**(37.4%)**
Total cash cost produced, US$/oz	**669**	**994**	**(32.7%)**

[1] Total cash cost is a non-IFRS measure. For a description of total cash costs, see "Presentation of Financial and Other Information — Non-IFRS measures—Total cash cost".
[2] This amount does not include the gold equivalent of silver produced at the mine.

Suzdal and Balazhal

The Suzdal and Balazhal segment comprises the Suzdal mine and the Balazhal and Zherek mines in Kazakhstan. This discussion focuses on the results of Suzdal, as the results of Zherek and Balazhal are not significant.

Suzdal— KPIs for 2015 and 2014[1]

Operating Highlights	2015	2014	Change, YoY
Ore mined, kt	536	512	5%
Ore milled, kt	575	546	5%
Head grade, g/t	6.42	6.73	(5%)
Mill recovery, %	66.4	64.0	2.4 pp
Gold ounces produced, koz	75.3	76.8	(2%)
Gold ounces sold, koz	75.4	76.7	(2%)
Revenue, US$mln	86.7	96.1	(10%)
EBITDA[2], US$mln	38.1	36.6	4%
Total cash costs/ounce produced[2], US$/oz	634	702	(10%)

[1] The Group held a 100 per cent interest in Suzdal in each of the periods presented.

Ore mined increased by 24 kt to 536 kt in 2015. Accordingly ore milled increased by 29 kt, from 546 kt in of 2014 to 575 kt in 2015.

Head grade decreased by 0.31 g/t from 6.73 g/t in 2014 to 6.42 g/t in 2015, due to the increase in dilution and mining of lower grade ore. Mill recovery increased by 2.4 percentage points (p.p.) from 64.0% in 2014 to 66.4% 2015.

Suzdal produced 75.3 koz of refined gold in 2015, compared with 76.8 koz 2014. Gold doré production in 2015 increased to 79.3 koz, compared with 76.8 koz in 2014 due to higher volumes of ore processed (up 5% to 575 kt) and higher recovery (up 2.4 pp to 66.4%), which more than offset lower grades (down 5% to 6.42 g/t).

Revenue decreased by 10% in 2015 from US$96.1 million in 2014 to US$86.7 million in 2015. EBITDA increased from US$36.6 million in 2014 to US$38.1 million in 2015.

At Suzdal, TCC (total cash cost) decreased in 2015 by 10% YoY to US$634/oz due to the fact that improved recovery (up 2.4 pp), higher ore mined (up 5%) and processed volumes (up 5%), lower staff costs and tenge devaluation, more than offset lower grade (down 5%) and increased materials consumption.

Suzdal Cost Of Sales

US$ thousand	2015	2014	Change, YoY
Personnel costs	13,269	16,049	(17.3%)
Materials	13,413	14,958	(10.3%)
Fuel and energy	5,341	6,074	(12.1%)
Spare parts	3,983	3,985	(0.1%)
Taxes other than income tax	7,709	8,408	(8.3%)
External services	4,370	4 004	9.1%
Change in obsolete provision	110	(405)	127.2%
Other expenses	154	121	27.3%
Change in finished goods and work-in- process	(3,068)	1,192	(357.4%)
Direct mining costs	**45,281**	**54,386**	**(16.7%)**
Depreciation and amortisation	15,032	18,400	(18.3%)
Cost of sales	**60,313**	**72,786**	**(17.1%)**

Personnel costs decreased by US$2,8 million, from US$16 million in 2014 to US$13.3 million mainly due to the depreciation of the Kazakhstan tenge against the US dollar.

The cost of materials decreased by US$1.5 million from US$15 million in 2014 to US$13.4 million in 2015. The decrease was principally due to the depreciation of the Kazakhstan tenge against the US dollar, which was partially compensated by the increase of volume of production.

Fuel and energy costs 2015 decreased by US$0.7 million in 2015 and amounted to US$5.3 million.

The cost of external services increased by US$0.4 million from US$4.0 million in 2014 to US$4.4.

Change in obsolescence provision changed by US$0.5 million due to reversal of provision in 2014.

Depreciation and amortisation expenses decreased by US$3.4 million from US$18.4 million in 2014 to US$15.0 million in 2015 mainly mainly due to the depreciation of the Kazakhstan tenge against the US dollar.

In 2015, tenge-denominated costs constituted a substantial majority of Suzdal's cost of sales.

Suzdal Total Cash Costs[1]

US$ thousand	2015	2014	Change, YoY
Cost of sales	**60,313**	**72,786**	**(17.1%)**
Depreciation and amortisation	(15,032)	(18,400)	18.3%
Allowance for slow-moving and obsolete inventories	(110)	239	(146.0%)
Unused vacation		(1,548)	100.0%
Employees' bonuses		(1,358)	100.0%
Exceptional items		7	(100.0%)
Change in finished goods (less items above capitalised in finished goods)	149	626	(76.2%)
Revenue of by-products	(1)	(55)	(98.2%)
Cost of production	**45,319**	**52,297**	**(13.3%)**
General and administrative expenses	**3,177**	**2,820**	**12.7%**
(less)/plus items in income statement:			
Depreciation and amortisation	(344)	(128)	(168.8%)
Corporate overheads	(392)	(649)	39.6%
Unused vacation		27	(100.0%)
Employees' bonuses		(493)	100.0%
Mining administrative expenses	**2,441**	**1,577**	**54.8%**
Total cash costs	**47,760**	**53,874**	**(11.3%)**
Total gold produced, oz[2]	**75,336**	**76,778**	**(1.9%)**
Total cash cost produced, US$/oz	**634**	**702**	**(9.7%)**

[1] Total cash cost is a non-IFRS measure. For a description of total cash costs, see "Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost".
[2] This amount does not include the gold equivalent of silver produced at the mine.

Total cash costs per ounce produced decreased by 9.7% per ounce, from US$702 in 2014 to US$634 in 2015 mainly due depreciation of the Kazakhstan tenge against the US dollar during 2015 as well as to savings on materials, spare parts, as well as lower services costs and G&A expenses.

Non-cash charges and exceptional expenses are excluded from cost of sales in order to attain total cash cost. For Suzdal's periods under review, the major deduction was the depreciation charge, which is not a cash expense.

Buryatzoloto

Buryatzoloto — KPIs for 2015 and 2014[1]

Operating Highlights	2015	2014	Change, YoY
Ore mined, kt	683	694	(2%)
Ore milled, kt	691	686	1%
Head grade, g/t	5.18	5.58	(7%)
Mill recovery, %	92.3	92.9	(0.6 pp)
Gold ounces produced, koz	112.7	119.7	(6%)
Gold ounces sold, koz	122.8	109.3	12%
Revenue, US$mln	143.9	140.0	3%
EBITDA[2], US$mln	67.4	48.7	38%
Cash costs/ounce produced[2], US$/oz	629	793	(21%)

[1] The Group consolidated the results of Buryatzoloto but had held 92.0 per cent interest as at 31 December 2015 (92.0 as at 31 December 2014).
[2] Not audited.

Ore mined decreased by 11 kt from 694 kt in 2014 to 683 kt in 2015. Ore milled increased by 5 kt, from 686 kt in 2014 to 691 kt in 2015.

Head grade decreased by 0.4 g/t from 5.58 g/t in 2014 to 5.18 g/t in 2015. Mill recovery decreased by 0.6 pp, from 92.9% in 2014 to 92.3% in 2015.

Gold ounces produced decreased by 6%, from 119.7 koz in 2014 to 112.7 koz of gold at two underground mines Irokinda and Zun-Holba in 2015 due to to lower grade (down 7% to 5.18 g/t) and recovery (down 0.6 pp to 92.3%) partially offset by higher ore processed (up 1% to 691 kt).

Revenue increased by US$3.9 million, from US$140.0 million in 2015 to US$143.9 million in 2015 as a result of increase of volumes of gold sold. Growth in revenue together with decrease of cash cost led to EBITDA increase of US$18.7 million, from US$48.7 million in 2014 to US$67.4 million in 2015.

Buryatzoloto recorded a significant TCC improvement, achieving US$629/oz in 2015, down 21% YoY. Cost reduction was supported by higher ore processed volumes (up 1% YoY), improved fuel and energy and spare parts consumption, as well as lower G&A expenses, staff costs and ruble devaluation.

Buryatzoloto Cost Of Sales

US$ thousand	2015	2014	Change, YoY
Personnel costs	29,963	46,888	(36.1%)
Materials	11,568	14,148	(18.2%)
Fuel and energy	7,372	10,652	(30.8%)
Spare parts	4,700	7,287	(35.5%)
Taxes other than income tax	8,292	9,650	(14.1%)
External services	8,305	11,185	(25.7%)
Change in obsolete provision	(24)	118	(120.3%)
Other expenses	(1,647)	(615)	167.8%
Change in finished goods and work-in- process	5,715	(12,615)	145.3%
Direct mining costs	**74,244**	**86,699**	**(14.4%)**
Depreciation and amortisation	9,344	14,635	(36.2%)
Cost of sales	**83,588**	**101,333**	**(17.5%)**

Personnel costs in 2015 decreased in 2015 by US$16.9 million, from US$46.9 million to US$30.0 million due to depreciation of the Russian rouble against the US dollar during 2015.

The cost of materials decreased by US$2.6 million – from US$14.1 million in 2014 to US$11.6 million in 2015, mainly as a result of depreciation of the Russian rouble against the US dollar during 2015 reduction in some materials consumption.

Fuel and energy costs decreased from US$10.7 million in 2014 to US$7.4 million in 2015 as a result of lower utilization ratio in 2015.

The cost of spare parts decreased by 35.5%, from US7.3 million in 2014 to US$4.7 million in 2015 due to depreciation of the Russian rouble against the US dollar during 2015

External services costs amounted to US$8.3 in 2015 and US$11.2 million in 2014.

Change in obsolescence provisions changed insignificantly by US$0.1 million.

Depreciation and amortisation expenses decreased by US$5.3 million from US$14.6 million in 2014 to US$9.3 million in 2015 mainly due to the translation of functional currency (Russian rouble) to reporting currency (US$).

In 2015, rouble-denominated costs constituted substantially all of Buryatzoloto's cost of sales, with the remaining cost of sales comprising costs denominated in US dollars.

Buryatzoloto Total Cash Costs[1]

US$ thousand	2015	2014	Change, YoY
Cost of sales	**83,588**	**101,333**	**(17.5%)**
(Less)/plus items in income statement:			
Depreciation and amortisation	(9,344)	(14,635)	36.2%
Allowance for slow-moving and obsolete inventories	24	-	100.0%
Unused vacation		(852)	100.0%
Employees’ bonuses		(535)	100.0%
Exceptional items		(173)	100.0%
Change in finished goods (less items above capitalised in finished goods)	(4,199)	7,290	(157.6%)
Revenue of by-products	(2,966)	(3,637)	18.4%
Cost of production	**67,103**	**88,791**	**(24.4%)**
General and administrative expenses	**6,333**	**13,404**	**(52.8%)**
(less)/plus items in income statement:		-	
Depreciation and amortisation	(694)	(1,085)	36.0%
Corporate overheads	(3,527)	(8,503)	58.5%
Unused vacation		35	(100.0%)
Employees’ bonuses		(56)	100.0%
Mining administrative expenses	**2,112**	**3,795**	**(44.3%)**
Total cash costs	**69,215**	**92,586**	**(25.2%)**
Total gold produced[2], Oz	**110,096**	**116,717**	**(5.7%)**
Total cash cost produced, US$/oz	**629**	**793**	**(20.7%)**

[1] Total cash cost is a non-IFRS measure. For a description of total cash costs, see “Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost”.
[2] This amount does not include the gold equivalent of silver produced at the mine.

Total cash costs per ounce produced decreased by 20.7% from 793 in 2014 to 629 in 2015.

Berezitovy

Berezitovy — KPIs for 2015 and 2014[1]

Operating Highlights	2015	2014	Change, YoY
Ore mined, kt	1,110	1,421	(22%)
Ore milled[2], kt	1,684	1,898	(11%)
Head grade, g/t	2.23	2.26	(1%)
Mill recovery, %	89.5	90.2	(0.7 pp)
Gold ounces produced, koz	125.3	122.8	2%
Gold ounces sold, koz	129.5	118.5	9%
Revenue, US$mln	150.0	149.6	0%
EBITDA[3], US$mln	93.0	76.7	21%
TCC, US$/oz	430	572	(25%)

[1] The Group held 99.9 per cent effective economic interest in Berezitovy at the end of each period presented
[2] Main metallurgy only
[3] Not audited.

Ore mined in 2015 decreased by 311 kt, to 1,110 kt from 1,421 kt in 2014. The amount of ore milled decreased by 214 kt, to 1,684 from 1,898 kt in 2014, mainly due to the involvement in the process of ore from stockpiles.

Head grade of processed ore decreased by 0.03 g/t from 2.26 in 2014 to 2.23 in 2015.

Recovery rate at the processing plant decreased by of 0.7pp, from 90.2% in 2014 to 89.5% in 2015.

Berezitovy had a record year, increasing gold production by 2% YoY to 125.3 koz including approximately 4.5 koz of gold doré produced and unrefined at the end of 2014, which was refined in Q1 2015.

Revenue increased from US$149.6 million in 2014 to US$150.0 million in 2015. EBITDA increased to US$93.0 million, from US$76.7 million in 2015, mainly due to cash costs decrease.

Berezitovy improved its TCC in 2015 by 25% YoY to US$430/oz mainly due to the lower materials, spare parts and fuel and energy consumption rate, decreased staff costs, as well as ruble devaluation.

Berezitovy Cost Of Sales

US$ thousand	2015	2014	Change, YoY
Personnel costs	11,128	22,601	(50.8%)
Materials	7,486	14,431	(48.1%)
Fuel and energy	6,642	13,350	(50.2%)
Spare parts	5,293	10,391	(49.1%)
Taxes other than income tax	9,870	11,293	(12.6%)
External services	2,445	2,605	(6.1%)
Change in obsolete provision	1,453	(1,016)	243.0%
Other expenses	51	1,018	(95%)
Change in finished goods and work-in- process	11,474	(3,775)	403.9%
Direct mining costs	**55,842**	**70,898**	**(21.2%)**
Depreciation and amortisation	7,485	12,443	(39.8%)
Cost of sales	**63,327**	**83,341**	**(24.0%)**

Personnel costs decreased by US$11.5 million, from US$22.6 million in 2014 to US$11.1 million in 2015 mainly as a result of headcount optimization, depreciation of the Russian rouble against the US dollar during 2015 and capitalization of expenses as a part of capital stripping asset.

Due to improved consumption, capitalization of expenses as a part of capital stripping asset and depreciation of the Russian rouble against the US dollar during 2015, the cost of materials decreased by US$6.9 million, from US$14.4 million in 2014 to US$7.5 million in 2015, fuel and energy costs decreased by US$6.7 million, from US$13.4 million in 2014 to US$6.6 million in 2015, and the cost of spare parts decreased by US$5.1 million, from US$10.4 million in 2014 to US$5.3 million in 2015.

The costs of external services insignificantly decreased by US$0.2 million, from US$2.6million in 2014 to US$2.4 million in 2015.

Change in obsolescence provision is US$2.5 million from income of US$1.0 million in 2014 to expense of US$1.4 million in 2015 due to increase of slow-moving inventory balance.

Other expenses decreased by US$0.9 million and amounted to US$0.05 million in 2015.

Depreciation and amortisation expenses decreased by US$5.0 million from US$12.4 million in 2014 to US$7.5 million in 2015 mainly due to translation of functional currency (Russian rouble) to reporting currency (US$).

In 2014, rouble-denominated costs constituted a substantial majority of Berezitovy's cost of sales.

Berezitovy Total Cash[1]

US$ thousand	2015	2014	Change, YoY
Cost of sales	**63,327**	**83,341**	**(24.0%)**
(Less)/plus items in income statement:			
Depreciation and amortisation	(7,485)	(12,443)	39.8%
Allowance for slow-moving and obsolete inventories	(1,453)	(94)	(1445.7%)
Unused vacation		(2,633)	100%
Employees' bonuses		(701)	100%
Exceptional items		(134)	100%
Change in finished goods (less items above capitalised in finished goods)	(813)	2,456	(133.1%)
Revenue of by-products	(1,853)	(2,724)	32.0%
Cost of production	**51,723**	**67,068**	**(22.9%)**
General and administrative expenses	**8,174**	**13,209**	**(38.1%)**
(less)/plus items in income statement:			
Depreciation and amortisation	(400)	(465)	14.0%
Corporate overheads	(6,367)	(10,610)	40.0%
Allowance for bad debts		(1)	100%
Unused vacation		(156)	100%
Employees' bonuses		(72)	100%
Mining administrative expenses	**1,407**	**1,905**	**(26.1%)**
Total cash costs	**53,130**	**68,973**	**(23.0%)**
Total gold produced[2], Oz	**123,651**	**120,573**	**2.6%**
Total cash cost produced, US$/oz	**430**	**572**	**(24.8%)**

[1] Total cash cost is a non-IFRS measure. For a description of total cash costs, see "Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost".
[2] This amount does not include the gold equivalent of silver produced at the mine.

Cash costs per ounce produced in 2015 were 24.9% lower than those in 2014 – they decreased from US$572 to US$430.

Changes in the amounts of non-cash items did not impact cash cost significantly, as it is mainly dependent on changes in the cost of sales and the level of gold production.

Taparko

Taparko — KPIs for 2015 and 2014[1]

Operating Highlights	2015	2014	Change, YoY
Ore mined, kt	987	1,988	(50%)
Ore milled, kt	1,657	1,767	(6%)
Head grade, g/t	1.82	2.34	(22%)
Mill recovery, %	82.2	85.9	(3.7 pp)
Stripping ratio, tn/tn	19.07	6.41	198%
Gold ounces produced, koz	83.2	112.0	(26%)
Gold ounces sold, koz	82.7	111.7	(26%)
Revenue, US$mln	95.2	141.5	(33%)
EBITDA[2], US$mln	13.2	59.1	(78%)
Total cash costs/ounce produced[2], US$/oz	1,002	705	42%

[1] The Group consolidated the result of Taparko but held a 90 per cent interest in Taparko in each of the periods presented.
[2] Not audited.

Ore mined decreased by 1,001 from 1,988 kt in 2014 to 987 kt in 2015 due to higher stripping ratio. Accordingly ore milled decreased by 110 kt, from 1,767 kt in 2014 to 1,657 kt in 2015.

Head grade decreased by 0.52 g/t from 2.34 g/t in 2014 to 1.82 g/t in 2015. Mill recovery decreased by 3.7 pp from 85.9% in 2014 to 82.2% in 2015.

The average recoveries decreased in 2015 by 3.7 percentage point (p.p) due to processing ores with increased refractory and preg-robbing characteristics, from historic stockpiles and from some horizons in the Taparko pits.

At Taparko, gold production in 2015 decreased to 83.2 koz mainly as a result of lower ore volumes mined, leading to a lower head grade as plant capacity was met from processing historical low-grade stockpiled ores. Plant throughput was lower YoY due to ore flow problems in the crushing circuit from processing increased volumes of historical stockpiled ores in Q3 2015. Gold ounces sold also decreased by 29 koz, from 111.7 koz in 2014 to 82.7 koz in 2015.

Revenue decreased by US$46.3 million, from US$141.5 million in 2014 to US$95.2 million in 2015. EBITDA decreased by US$45.9 million, from US$59.1 million in 2014 to US$13.2 million in 2015.

Total cash costs per ounce increased by US$297.0 per ounce, from US$705 in 2014 to US$1,002 per ounce in 2015 mainly due to lower head grade and higher stripping ratio related to a temporary focus on stripping activity.

Taparko Cost Of Sales

US$ thousand	2015	2014	Change, YoY
Personnel costs	13,886	15,795	(12.1%)
Materials	16,629	9,664	72.1%
Fuel and energy	19,013	23,441	(18.9%)
Spare parts	9,642	14,775	(34.7%)
Taxes other than income tax	3,949	4,933	(19.9%)
External services	13,171	4,287	207.2%
Change in obsolete provision	8,848	(233)	3897.4%
Other expenses	(120)	10,908	(101.1%)
Change in finished goods and work-in-process	(1,548)	(3,379)	54.2%
Direct mining costs	**83,470**	**80,192**	**4.1%**
Depreciation and amortisation	17,933	31,207	(42.5%)
Cost of sales	**101,403**	**111,399**	**(9.0%)**

The personnel costs decreased by US$1.9 million, from US$15.8 million in 2014 to US$13.9 million in 2015 mainly due to reduction of employees targeted at an increase of labour efficiency.

The cost of materials increased by US$7.0 million, from US$9.7 million in 2014 to US$16.6 million in 2015 mainly due to higher mining volume as well as higher materials consumption rate in mining, metallurgy and pre-treatment including the following: higher Dump trucks tires consumption rate due to hard mining conditions; higher drilling tools consumption rate due to aggressive drilling program; higher reagents consumption due to more refractory ore from pit 3/5, hard to be treated.

The cost of fuel and energy decreased by US$4.4 million, from US$23.4 million in 2014 to US$19.0 million in 2015 mainly due to a fuel price drop by 25% partially outweighed by higher consumption in mining (Mining contractor hired in 2015) and in pretreatment and metallurgy (due to more refractory ore processed).

Cost of spare parts decreased by US$5.1 million, from US$14.8 million in 2014 to US$9.6 million in 2015 determined by a lower spare parts consumption rate in pretreatment (lower regular maintenance cost in grinding, major repair activities performed in 2014).

The cost of external services increased by US$8.9 million from US$4.3 million in 2014 to US$13.2 million in 2015 as a result of hiring a mining contractor.

There is a significant change in obsolescence provision from US$0.2 million reversal of provision in 2014 to US$8.8 million charge in 2015.

Other expenses changed by US$11.0 million, from US$10.9 million in 2014 to US$0.1 million income in 2015 mainly due to change in reclassification after SAP deployment (power generation expenses, subcontractor drilling were re-allocated to appropriate cost centers and accounts).

Depreciation and amortization expenses decreased by US$13.3 million from US$31.2 million in 2014 to US$17.9 million in 2015 mainly due to the XOF devaluation by 20% in 2015, LOM extension in 2015 by 1 year and a part of mobile equipment's full depreciation in 2014.

In 2015, CFA-denominated costs constituted approximately 40% percent of Taparko's cost of sales with the remaining cost of sales comprising costs denominated mainly in US dollar and Euro.

Taparko Total Cash Costs[1]

US$ thousand	2015	2014	Change, YoY
Cost of sales	**101,403**	**111,399**	**(9.0%)**
(Less)/plus items in income statement:			
Depreciation and amortisation	(17,933)	(31,207)	42.5%
Provision for asset retirement of obligations		(11)	100.0%
Allowance for slow-moving and obsolete inventories	(2,347)	(12)	>100.0%
Unused vacation		(1,961)	100.0%
Employees' bonuses		(983)	100.0%
Exceptional items	(2,281)	(1,284)	(77.6%)
Change in finished goods (less items above capitalised in finished goods)	1,049	0	100.0%
Revenue of by-products	(563)	(749)	24.8%
Cost of production	**79,328**	**75,192**	**5.5%**
General and administrative expenses	**6,057**	**5,871**	**3.2%**
(less)/plus items in income statement:			
Depreciation and amortisation	(730)	(226)	(223.0%)
Corporate overheads	(1,810)	(1,908)	5.1%
Unused vacation		(44)	100.0%
Employees' bonuses		(250)	100.0%
Mining administrative expenses	**3,517**	**3,443**	**2.1%**
Total cash costs	**82,845**	**78,635**	**5.4%**
Total gold produced[2], Oz	**82,701**	**111,355**	**(25.7%)**
Total cash cost produced, US$/oz	**1,002**	**705**	**42.1%**

[1] Total cash cost is a non-IFRS measure. For a description of total cash costs, see "Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost".
[2] This amount does not include the gold equivalent of silver produced at the mine.

Cash costs per ounce produced in 2015 were 42.1% higher than those in 2014, having increased from US$705 to US$1,002.

Lefa

Lefa — KPIs for 2015 and 2014[1]

Operating Highlights	2015	2014	Change, YoY
Ore mined, kt	6,019	4,199	43%
Ore milled, kt	6,558	6,459	2%
Head grade, g/t	1.15	1.13	2%
Mill recovery, %	88.3	86.8	1.5 pp
Gold ounces produced, koz	214.2	205.1	4%
Gold ounces sold, koz	223.5	195.7	14%
Revenue, US$mln	260.1	247.0	5%
EBITDA[2], US$mln	118.7	62.6	90%
Total cash costs/ounce produced[2], US$/oz	643	850	(24%)

[1] The Group held a 100 per cent interest in Lefa in each of the periods presented.
[2] Not audited.

Ore mined increased by 1,820 kt, from 4,199 kt in 2014 to 6,019 kt in 2015. In 2015, ore milled was 6,558 kt, 2% higher compared with 2014 (5,826 kt) supported by stockpiled ore processed.

Overall head grade increased by 2% from 1,13 to 1,15 g/tn with consequently increase of recovery by 1.5 pp from 86.8% in 2014 to 88.3% in 2015.

Gold ounces produced increased by 4%, from 205.1 koz in 2014 to 214.2koz in 2015 due to the improvement of all mining and processing parameters.

Lefa continued its strong performance in 2015. The mine increased gold o utput by 4% YoY to 214.2 koz due to the improvement of all mining and processing parameters. Run of mine increased by 38% YoY to 24,999 kt in 2015, while ore mined increased by 43% to 6,019 kt leading to a 5% decrease in stripping ratio to 3.15 t/t. Volumes of ore processed increased by 2% to 6,558 kt. The average head grade in 2015 reached 1.15 g/t, compared with 1.13 g/t in 2014 and recovery increased by 1.5 pp YoY to 88.3%.

Revenue increased by US$13.1million, from US$247.0 million in 2014 to US$260.1 million in 2015, as a result of higher sales volumes which increased by 14%, from 195.7koz in 2014 to 223.5koz in 2015. EBITDA increased by US$56.1 million, from US$62.6 million to US$118.7 million in 2015, due to higher revenue and lower cash costs.

In 2015, Lefa achieved a significant TCC reduction to US$643/oz, compared with US$850/oz in 2014. The decrease was driven by the improvement of all mining and processing parameters, including higher ore mined and processed volumes (up 43% and 2% respectively), lower stripping ratio (down 5%), as well as improved grade (up 2%) and recovery (up 1.5 percentage points (“pp”). The TCC decrease was also supported by lower staff costs and G&A expenses, as well as decreased spare parts, and lower fuel and energy consumption rate.

Lefa Cost Of Sales

US$ thousand	2015	2014	Change, YoY
Personnel costs	25,723	30,663	(16.1%)
Materials	31,821	27,766	14.6%
Fuel and energy	26,369	47,726	(44.7%)
Spare parts	17,391	20,540	(15.3%)
Taxes other than income tax	14,372	17,161	(16.3%)
External services	13,937	10,439	33.5%
Change in obsolete provision	8,072	6,133	31.6%
Other expenses	852	2,683	(68.2%)
Change in finished goods and work-in- process	6,674	7,269	(8.2%)
Direct mining costs	**145,211**	**170,380**	**(14.8%)**
Depreciation and amortisation	89,670	58,233	54.0%
Cost of sales	**234,881**	**228,613**	**2.7%**

Personnel costs decreased by US$4.9 amounting to US$25.7 in 2015 mainly due to headcount reduction.

The cost of materials increased by US$4.1 million, from US$27.8 million in 2014 to US$31.8 million in 2015 due to higher materials consumption rate in mining, metallurgy and pre-treatment.

The decrease of cost of fuel and energy by US$21.4 million, from US$47.7 million in 2014 to US$26.4 million in 2015 is mainly due to decrease of fuel price, while the cost of spare parts decreased by US$3.1 million, from US$20.5 million in 2014 to US$17.4 million in 2015, driven by lower intensity of repairs at powerhouse and processing plant thanks to better maintenance planning.

The cost of external services increased by US$3.5 million, from US$10.4 million in 2014 to US$13.9 million in 2015 mainly due to outsourcing of grade control drilling and consulting for stock optimization and stock-takes.

Other expenses decreased by US$1.8 million, from US$2.7 million to US$0.9 million.

Depreciation and amortisation expenses increased by US$31.437 million, from US$58.2 million in 2014 to US$89.7 million in 2015 mainly due to depreciation of capital stripping assets.

In 2015, Guinean franc-denominated costs constituted approximately 15% percent of total costs with remaining part denominated in US dollar, Euro and others.

Lefa Total Cash Costs[1]

US$ thousand	2015	2014	Change, YoY
Cost of sales	**234,881**	**228,613**	**2.7%**
(Less)/plus items in income statement:			
Depreciation and amortisation	(89,670)	(58,233)	(54.0%)
Provision for asset retirement of obligations			
Allowance for slow-moving and obsolete inventories	(8,072)	(4,995)	(61.6%)
Work-in-progress and finished goods fair value adjustment	-	11,137	(100.0%)
Unused vacation	-	1	(100.0%)
Employees' bonuses	-	(3,990)	100.0%
Exceptional items	(928)	(3,952)	76.5%
Change in finished goods (less items above capitalised in finished goods)	(4,438)		(100.0%)
Revenue of by-products	(178)	(229)	22.3%
Cost of production	**131,595**	**168,352**	**(21.8%)**
General and administrative expenses	**8,703**	**9,445**	**(7.9%)**
(less)/plus items in income statement:			
Depreciation and amortisation	(770)	(103)	(647.6%)
Corporate overheads	(1,883)	(3,086)	39.0%
Employees' bonuses	-	(417)	100.0%
Mining administrative expenses	**6,050**	**5,839**	**3.6%**
Total cash costs	**137,645**	**174,191**	**(21.0%)**
Total gold produced[2], Oz	**214,045**	**204,870**	**4.5%**
Total cash cost produced, US$/oz	**643**	**850**	**(24.4%)**

[1] Total cash cost is a non-IFRS measure. For a description of total cash costs, see "Presentation of Financial and Other Information—Non-IFRSmeasures—Total cash cost".
[2] This amount does not include the gold equivalent of silver produced at the mine.

The above-mentioned factors led to decrease of the total cash cost by 24.2%, from US$850 per ounce in 2014 to US$643 per ounce in 2015.

Bissa

The Bissa segment comprises the Bissa mine in Burkina Faso.

Bissa — KPIs for 2015 and 2014[1]

Operating Highlights	2015	2014	Change, YoY
Ore mined, kt	4,545	3,789	20%
Ore milled, kt	4,097	3,756	9%
Head grade, g/t	1.94	2.45	(21%)
Mill recovery, %	86.9	88.9	(2.0 pp)
Gold ounces produced, koz	235.3	250.7	(6%)
Gold ounces sold, koz	235.2	250.8	(6%)
Revenue, US$mln	274.2	318.2	(14%)
EBITDA[2], US$mln	157.9	195.9	(19%)
Cash costs/ounce produced[2], US$/oz	493	448	10%

[1] The Group consolidated the results of Bissa but held a 90 per cent interest in Bissa in each of the periods presented.
[2] Not audited.

Ore mined increased by 756 kt to 4,545 kt. Accordingly ore milled increased by 341 kt, from 3,756 kt in 2014 to 4,097 kt in 2015.

Average head grade of ore milled declined by 0.51 g/t to 1.94 g.

The Bissa mine exceeded its planned operational capacity of 200 koz for the third consecutive year in 2015, and produced 235.3 koz despite mining 55% of the processed ore from the Z51 and Z52 pits resulting in a lower YoY head grade. Ore mined at Bissa increased in 2015 by 20% to 4,545 kt and ore processed by 9% YoY to a new record of 4,097 kt in 2015. Based on the optimised processing strategy, the plant was fed with the highest margin ore, while lower grade ores were stockpiled for future/end of mine life processing. The average stripping ratio was 4.50 t/t, in line with 2014.

Revenue decreased by 14% from US$318.2 million in 2014 to US$274.2 million in 2015. EBITDA decreased by 19% from US$195.9 million in 2014 to US$157.9.0 million in 2015, due to lower gold prices and revenue.

In 2015, TCC at Bissa mine increased by 10% YoY to US$493/oz mainly due to lower grade, higher reagent consumption rate in metallurgy due to processing harder ores from the South West pit and lime consuming type of ore from the Z51 and Z52 pits, as well as increased third party service costs related to accelerated mining activities and drilling programme partially offset by higher ore processed volumes and lower fuel and energy consumption rate.

Bissa Cost Of Sales

US$ thousand	2015	2014	Change, YoY
Personnel costs	11,822	10,748	10.0%
Materials	21,724	10,810	101.0%
Fuel and energy	29,202	42,651	(31.5%)
Spare parts	15,696	12,243	28.2%
Taxes other than income tax	14,806	15,910	(6.9%)
External services	25,588	12,857	99.0%
Change in obsolete provision	1,780	-	100%
Other expenses	(2,085)	13,312	(115.7%)
Change in finished goods and work-in-process	(5,003)	(8,659)	42.2%
Direct mining costs	**113,530**	**109,873**	**3.3%**
Depreciation and amortisation	41,888	50,491	(17.0%)
Cost of sales	**155,418**	**160,364**	**(3.1%)**

Personnel costs increased by US$1.1 million amounting to US$11.8 million in 2015 due to severance payments accrued for employees redundancies and expatriate's team reinforcement in Mining and Mobile maintenance.

The cost of materials increased by US$10.9 million, from US$10.8 million in 2014 to US$21.7 million in 2015 due to increased production volumes (material mined increased by 28% and ore processed by 9%) and higher reagent consumption rate in metallurgy due to ore with higher sulfur content processed.

The decrease of cost of fuel and energy by US$13.4 million, from US$42.7 million in 2014 to US$29.2 million in 2015, is mainly explained by a fuel price drop by 25%.

The cost of spare parts increased by US$3.5 million, from US$12.2 million in 2014 to US$15.7 million in 2015 due to higher breakdowns of mining equipment.

The cost of external services increased by US$12.7 million, from US$12.9 million in 2014 to US$25.6 million in 2015 mainly due sub-contracting mining activities and drilling works.

Other expenses changed by US$15.4 million from US$13.3 million to US$2,1 million income mainly as a result of a change in reclassification after SAP deployment (power generation expenses, subcontractor drilling were re-allocated to appropriate cost centers and accounts).

Depreciation and amortisation expenses decreased by US$8.6 million, from US$50.5 million in 2014 to US$41.9 million in 2015 due to XOF devaluation by 20% (depreciation in XOF being the at the same level).

Bissa Total Cash Costs[1]

US$ thousand	2015	2014	Change, YoY
Cost of sales	**155,418**	**160,364**	**(3.1%)**
(Less)/plus items in income statement:			
Depreciation and amortisation	(41,888)	(50,491)	17.0%
Allowance for slow-moving and obsolete invetories	(1,780)	-	(100.0%)
Unused vacation	-	(309)	100%
Employees' bonuses	-	(755)	100%
Exceptional items	-	(743)	100%
Change in finished goods (less items above capitalised in finished goods)	355	0	100%
Revenue of by-products	(258)	(303)	14.9%
Cost of production	**111,847**	**107,763**	**3.8%**
General and administrative expenses	**7,831**	**5,949**	**31.6%**
(less)/plus items in income statement:			
Depreciation and amortisation	(2,785)	(630)	(342.1%)
Corporate overheads	(911)	(683)	(33.4%)
Unused vacation	-	(38)	100.0%
Employees' bonuses	-	(235)	100.0%
Mining administrative expenses	**4,135**	**4,363**	**(5.2%)**
Total cash costs	**115,982**	**112,126**	**3.4%**
Total gold produced[2], Oz	**235,128**	**250,466**	**(6.1%)**
Total cash cost produced, US$/oz	**493**	**448**	**10.1%**

[1] Total cash cost is a non-IFRS measure. For a description of total cash costs, see "Presentation of Financial and Other Information — Non-IFRS measures—Total cash cost".
[2] This amount does not include the gold equivalent of silver produced at the mine.

Cash costs per ounce produced in 2015 were 10.1% higher compared to 2014 level – from US$448 in 2014 to US$493 per ounce in 2015.

Liquidity and Capital Resources

Cash resources

Nordgold manages liquidity risk with the objective of ensuring that funds will be available at all times to meet all cash flow obligations as they become due by preparing annual budgets, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Nordgold believes it is possible to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to finance Nordgold's working capital needs and to finance a substantial portion of its planned growth and to fund development activities. Having a strong balance sheet with low leverage and an acceptable level of debt, Nordgold believes it is able to raise the funding required to finance its planned growth and development activities in full.

As of December 31, 2015 Nordgold's total debt was US$945.7 million, US$1.3 million higher than at December 31, 2014 (US$944.4 million).

Cash and cash equivalents (excluding interest related to short-term deposit) as at December 31, 2015 were US$361.7 million, compared with US$317.1 million as at December 31, 2014.

The Company's net debt position at December 31, 2015 was US$584.0 million, US$43.4 million lower than net debt at December 31, 2014 (US$627.3 million).

Net debt/LTM EBITDA was 1.1x at the end of December 2015, which is significantly below our covenant level of 3.0x net debt/LTM EBITDA.

Net cash/(debt) of the Group for 2015 and 2014

US$ thousand	2015	2014	Change, YoY
Cash and cash equivalents	281,695	127,692	121%
Short-term deposits excluding interest	80,000	189,256	(58%)
Third party short-term debt	(130,345)	(4,851)	2587%
Third party long-term debt	(815,344)	(939,531)	13%
Net (debt)/cash	**(583,994)**	**(627,434)**	**(7%)**

For cash flow presentation purposes we treated short term deposits on demand as cash and cash equivalents.

At 31 December 2015, the Group had US$42 million (31 December 2014: US$59 milliion) undrawn bank facilities available to manage its liquidity.

Cash Flows From Operating Activities

	2015	2014
Operating activities		
Profit/(loss) for the year	**188,732**	**122,967**
Adjustments:		
Finance income	(20,035)	(8,139)
Finance costs	54,400	109,118
Income tax (benefit)/expense	85,500	59,944
Depreciation and amortization	198,121	201,780
Impairment of non-current assets	(13,270)	24,136
Net loss from joint ventures	-	2,909
Impairment charge of work-in-progress recognised in cost of sales	28,508	-
Loss on disposal of property, plant and equipment	1,027	794
Provision for obsolete and write off of inventories	13,913	18,071
Provisions for doubtful receivables and other provisions	(12,668)	(5,377)
	524,228	**526,203**
Changes in operating assets and liabilities:		
Accounts receivable	(2,796)	1,884
Inventories	7,567	(36,936)
VAT receivable	(21,448)	(9,230)
Accounts payable	16,967	(16,436)
Other changes in operating assets and liabilities, net	14,263	3,729
Cash flows from operations	**538,781**	**469,214**
Interest paid	(46,978)	(53,953)
Income tax paid	(73,918)	(87,231)
Cash generated from operating activities	**417,885**	**328,030**

The Company continues to pay close attention to its liquidity position and to optimise cash flow in order to maximise shareholder value. In 2015, all Nordgold 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 dividend distributions. Despite the volatile gold price, Nordgold's cash flows from operating activities (after interest and income tax paid) in 2015 were at US$417.9 million, a 27% higher than US$328.0 million reported in 2014.

In 2015, the Bissa mine remained the main cash-generating asset with US$128.9 million of operating cash flow.

Cash Flows From/(Used In) Financing Activities

	2015	2014
Financing activities		
Proceeds from borrowings	-	500,234
Repayment of borrowings	(1,800)	(520,935)
GDRs buyback	(29,529)	-
Transaction costs paid	-	(7,500)
Dividends paid	(57,470)	(40,795)
Other movements	(4,139)	(1,816)
Cash generated from financing activities	**(92,938)**	**(70,812)**

Cash used in financing activities was US$92.9 million in 2015, compared with US$70.8 million in 2014. Outflow from financing activities in 2015 included US$57.5 million of dividend paid compared with US$40.8 million in 2014 and US$29.5 million (including transaction fees) invested in GDRs buyback in 2015.

Cash Used in Investing Activities

	2015	2014
Investing activities		
Payments for property, plant and equipment	(227,128)	(115,175)
Payments for exploration and evaluation assets	(40,073)	(34,906)
Decrease/(increase) in short-term deposits	109,050	(189,000)
Interest received	7,486	2,347
Purchase of long-term investments	(7,196)	(16,965)
Other movements	(3,538)	(2,957)
Cash used in investing activities	**(161,399)**	**(356,656)**

Cash used in investing activities in 2015 amounted to US$161.4 million, compared with US$356.7 million in 2014. The decrease mainly related to proceeds from short-term deposits and interest received.

Contractual Obligations and Commitments

Contractual maturities of Nordgold's financial liabilities, including interest payments and excluding the impact of netting agreements, as at December 31, 2015

Non-derivative financial liabilities	Carrying amount	Future contractual cash flows	Less than 1 year	1-2 years	2-5 years	After 5 years
Notes and bonds issued	448,000	519,400	28,560	28,560	462,280	
Bank and other credit organisations financing	500,000	529,125	140,927	176,199	211,999	
Trade and other payables	155,369	155,839	146,234	1,406	3,541	4,658
Total	**1,103,369**	**1,204,364**	**315,721**	**206,165**	**677,820**	**4,658**

Capital Expenditure Commitments

At present Nordgold's existing operating assets are almost fully funded and in future periods will, therefore, require only maintenance capital.

Nordgold has entered into certain capital commitments and contractual obligations in respect of future capital expenditures Sources of funding required to meet the commitments will be Nordgold's cash flows, including financing cash flows.

Capex for development and new technology decreased in 2015 to US$11.9 million from US$21.6 million in 2014, as the Company got past the peak level of investments in SAP implementation in 2014.

Financial Liabilities

Short-term liabilities

	2015	2014
Bank loans	125,000	-
Accrued interest	5,345	4,851
Total	**130,345**	**4,851**

Long-term liabilities

	2015	2014
Notes and bonds issued	448,000	450,000
Bank loans	375,000	500,000
Unamortised balance of transaction costs	(7,656)	(10,469)
Total	**815,344**	**939,531**

Bank Loans

In Q1 2014, Nordgold entered into a 5-year facility agreement with Sberbank CIB 10 for the amount of US$500 million. The proceeds from the facility were partially used to repay Nordgold's existing debt facilities, with the balance being used for general corporate purposes. The refinancing helped us to reduce our cost of debt and improve our liquidity position and debt profile, decreasing short-term debt to almost zero, with the first debt repayment due to be made in 2016.

Notes Issued

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 subsidiaries.

During 2014, the Company repurchased US$50 million of the notes in the open-market for the totalconsideration of US$46.4 million. The resulting gain of US$3.6 million was recognised as finance income. During the year ended 31 December 2015, the Company repurchased US$2 million of the notes in the open-market for the total consideration of US$1.8 million. The resulting gain of US$0.2 million was recognised as finance income.

As at 31 December 2015, bank loans were represented by the loan facility from Sberbank, which was secured by the Group's subsidiaries shares. The carrying value of the pledged entities' net assets amounted to US$836.7 million.

The fair value of debt instruments approximated their carrying value at 31 December 2015, except for the fair value of notes which had a market value of US$452.0 million (31 December 2014: US$380.3 million).

Capital Expenditure

Nordgold remains focused on keeping a tight control over capex. FY 2015 capex of US$258.3 million was lower than our guidance of US$300 million, mainly due to lower maintenance and capitalised stripping capex at Russian mines related to ruble devaluation.

Exploration and evaluation capital expenditure

	2014		2013	
Buryatzoloto	Irokinda and Zun-Holba, others	7,422	Irokinda and Zun-Holba, others	7,004
Lefa	LEFA	4,536	LEFA	3,955
Taparko	Taparko	3,367	Taparko	1,622
Neryungri	Yuzhno- Uguyskaya field, Tabornoe	1,919	Gross, Yuzhno-Uguyskaya field, Tabornoe	1,508
Bissa	Bissa	3,355	Bissa	3,811
Berezitovy	Berezitovy, Sergachinsky	1,578	Berezitovy, Sergachinsky	553
Suzdal and Balazhal	Suzdal, Balazhal	662	Suzdal, Balazhal	993
Aprelkovo	Pogromnoe	67	Pogromnoe	500
Burkina Faso greenfields	Varios	6,200	Varios	9,173
Russian Greenfields	Uryakhskoye field, Nerchinskaya field	186	Uryakhskoye field, Nerchinskaya field	863
Total exploration and evaluation		**29,292**		**29,982**

Safety, facilities balancing, replacement of equipment, expansion capital expenditure, capitalised stripping and mine construction expenditure

	2015	2014
Capital expenditure on safety, facilities and replacement of equipment		
Bissa	16,549	12,234
Lefa	13,431	17,074
Taparko	12,934	5,354
Suzdal and Balazhal	7,360	4,974
Buryatzoloto (Irokinda and Zun-Holba)	7,030	8,395
Berezitovy	6,842	4,819
Neryungri	3,331	596
Aprelkovo	2,137	1,920
Unallocated items and consolidation adjustment	58	317
Total safety, facilities balancing and replacement of equipment capital expenditures	**69,672**	**55,683**

Capital expenditure on development / new technology

	2015	2014
Lefa	8,015	4,248
Suzdal and Balazhal	3,478	368
Bissa	197	-
Taparko	179	-
Neryungri		313
Unallocated items		16,698
Total expansion capital expenditures	**11,869**	**21,627**
Capitalised stripping		
Lefa	23,363	21,814
Taparko	17,833	13,503
Berezitovy	13,760	8,042
Buryatzoloto (Irokinda and Zun-Holba)	2,820	4,618
Neryungri	2,292	-
Bissa	1,052	5,235
Suzdal and Balazhal	955	1,271
Total capitalised stripping expenditures	**62,075**	**54,483**
Capital expenditure on mine construction		
Neryungri (Gross)	958	465
Bouly construction	84,465	0
Total mine construction capital expenditures	**85,423**	**465**
Total capital expenditures	**229,039**	**132,259**

Budgeted capital expenditure, year ending 31 December 2016

	Exploration and evaluation	Capital expenditure on development / new technology	Maintenance	Mine construction
Neryungri (Gross)	1,988		12,072	125,000
Aprelkovo	600		1,775	
Suzdal and Balazhal	1,500	7,644	12,296	
Buryatzoloto	12,134		13,196	
Berezitovy	1,593		20,397	
Taparko	3,129	165	26,126	
Lefa	3,822		48,540	
Bissa	3,300	14,752	23,618	44,304
African Greenfields	4,580	120		
Russian Greenfields	76			
Nordgold Management Other projects		1,173		
Total budgeted capital expenditure	**32,722**	**23,854**	**158,020**	**169,304**

Neryungri

The Group plans to spend approximately US$2.0 million for exploration works related to Yuzhno-Uguyskaya field and Tabornoe. Approximately US$125.0 million is planned for further construction of Gross. The Group planned to spend approximately US$12.1 million on various projects on maintenance capital expenditure and capitalized stripping.

Aprelkovo

Capital expenditures in exploration planned in on Aprelkovo will amount of US$0.6 million and US$1.8 million for various projects on maintenance.

Suzdal and Balazhal

Budgeted capital expenditures for Suzdal and Balazhal for 2015 include US$1.5 million for exploration works, US$7.6 million for mine development and US$12.3 million for mine, plant and infrastructure maintenance and capital stripping.

Buryatzoloto

In FY 2016 the Group is planning to invest US$12.1 million in exploration and evaluation works at Irokinda and Zun-Holba, US$13.2 million are planned for safety and replacement of equipment.

Berezitovy

The Group is planning to spend approximately US$1.6 million on exploration in 2016. The Group plans to spend approximately US$20.4 million on capital stripping and maintenance.

Taparko

The Group is planning to invest US$3.1 million on satellites exploration and deep-level drilling on Taparko. Approximately US$26.1 million is planned on various projects and equipment for safety and maintenance.

Lefa

The Group is planning to invest US$3.8 million on near mine exploration at Lefa. Investment in FY 2016 will also include US$14.8 of capital expenditure and US$48.5 million for various projects and equipment for safety and maintenance and capital stripping.

Bissa

The Group is planning to spend US$3.3 million in 2016 on exploration works on Bissa, including infill drilling and deep levels check out. The Group plans to spend approximately US$23.6 million on various projects and equipment for maintenance and US$44.3 for mine construction as well as US$14.7 million on Bouly pre-launch activities.

African greenfields and Russian greenfields

The Group expects to invest US$4.6 million in 2016 in further exploration and evaluation of African greenfields. The main projects are: Yargo, Sakou, Zandkom II, Yimiougou, Noungou.

Nordgold Management

The Group plans to invest US$1.2 million in development and new technology.

4

RESPONSIBLE MINING

Investments in supporting local communities

US$ 1.781 MLN

Nordgold is committed to the principles of corporate social responsibility, and makes a significant contribution that is vital to ensuring the prosperous future of local communities

4.1 APPROACH TO SUSTAINABILITY

Nordgold is fully committed to sustainability and we strive to integrate sustainable development principles into our operating philosophy. As a result Nordgold has established four main values, which together form the core of the Group's strategic approach in this area:

- respect for people
- safety
- trust and collaboration
- professionalism and efficiency.

These values (which are considered in more detail in section Mission, Vision and Values) reflect our priorities and the fundamental beliefs according to which we conduct our business. We also seek to ensure that our activities do not harm our employees, local communities or the environment. Instead, we want to contribute to the development of local communities, deliver long-term value to our employees, and invest in environmental protection.

People

Our people are what makes Nordgold successful, and ensuring their safety at all sites has always been our top priority. We are fully committed to achieving a zero-incident target in production. We also work strenuously to provide good labour conditions and competitive salaries, increase the level of engagement, and give our employees the opportunity to advance their careers through training and the obtaining of qualifications (for more information see the section Respect for people).

Community

We believe that comprehensive community engagement throughout the life of our mines is critical to establishing and maintaining long-term community support for the Group's operations. Nordgold makes material investments in the construction and support of schools and hospitals, the creation and repair of infrastructure, and improvements to water systems. We provide employment opportunities, prioritise local suppliers, and implement protection programmes for the most vulnerable members of society. Where communities need to be resettled we take account of international best practice for ensuring sustainable futures in the affected regions (for more information see the section Communities).

Environment

As a responsible mining company, Nordgold is committed to minimising its impact on the environment, and has a range of environmental programmes and initiatives in place including measures to reduce greenhouse gas emissions, ensure the efficient use of energy, and minimise waste. We strictly observe the rules and regulations of all the countries in which we are active, as well as international sector rules relating to the environment. We are constantly updating and reviewing our policies and practices in this area to stay in the vanguard of best sustainability performance in the industry.

4.2 STAKEHOLDER ENGAGEMENT

Approach to stakeholder engagement

Nordgold believes that healthy stakeholder engagement is fundamental to the long-term success of the business and to maintaining our social license to operate. The Group is committed to working with all its stakeholders in a reliable, comprehensive, and transparent manner, building relationships of mutual respect and trust in all regions of operation.

Embedding stakeholder engagement within a corporate management system ensures that Nordgold considers stakeholder interests when conducting its business and proactively addresses their concerns. The Group has a set of internal policies in place that codify its approach to stakeholder engagement:

- **The Corporate Code of Business Conduct and Ethics** outlines Nordgold's commitment to fair and ethical relationships with partners, and provides detailed guidance on the expected conduct of employees.
- **The Corporate Communication Management Policy** aims to establish a coherent approach to and control over corporate communications, with a focus on ensuring that both external and internal stakeholders are given an accurate view of the Company and its activities.
- **The Community Relations Policy** sets out the key priorities of local community engagement as well as the Group's commitments to making a positive contribution to and creating lasting value for local communities.

At the same time as aligning its stakeholder engagement activities with its internal framework, the Group is also gradually embracing international best practice. Group has not been certified on ISO 14001; ISO 19000 and OSHAS 18001, but aspires to operate in line with the approach and principles set forth in these standards. Hence our engagement is governed by the AA 1000 principles of inclusivity, materiality and responsiveness.

The Group's corporate communication is marked by close collaboration among departments, including Investor Relations, Media Relations and Community Relations.

This enables the Company to provide all interested parties with transparent, consistent and synchronised information. As the Group operates over a broad spread of geographies, communication specialists in the business units operate at regional and local levels under the close supervision of the HQ communications team.

Key stakeholders group

Nordgold deals with a wide range of stakeholders at local, national, and international level. These can be divided into four groups:

Investors

- Shareholders and bondholders
- Investors
- Financial community

Business partners

- Suppliers
- Industry bodies

Employees

- Employees
- Trade unions
- Contractors

Society

- Governments / local authorities
- Local communities
- Media, NGOs, and other opinion formers

While specific interests and concerns vary by region and stakeholder group, the Nordgold approach is globally consistent and based on the principles of openness and mutual respect. The Group engages at a number of levels, ranging from information disclosure to involving stakeholders in the decision-making process.

The Group understands the importance of two-way communication and places importance on listening. Thus since 2012 a Nordgold hotline has been in operation through which internal and external stakeholders can report violations, including those relating to ethical behaviour, employee rights, conflicts of interest, corruption, and fraud. Each report is reviewed and, if appropriate, measures are taken.

(See more in the section Risk Management)

The tables below list our types of stakeholder, their areas of interest, and our engagement activities during the year.

Investors

Stakeholders	Areas of interest	Engagement channels
Shareholders and bondholders Investors Financial community	• Financial performance • Corporate governance • Access to capital • Business risk • Business strategy • Development project update • Environmental performance • Health and safety • Human rights • Community relations	• ILondon Stock Exchange, Irish Stock Exchange and AFM • Corporate website (www.nordgold.com) • Shareholders mailing list • Presentations on financial and operational results, conference calls, and webcasts • Ad-hoc presentations on specific issues • Participation in industry / investment conferences • Roadshows • Investor Day presentations and webcast • Documents and correspondence sent via post and email • Conference calls • One-on-one meetings and calls • Group meetings • Integrated Annual Report • Financial reporting

In the reporting year Nordgold continued work to improve the way it discloses information to the investment community. The main priority in the year was identified as promoting the Group as a premium mining company with clear strategy and strong team, as part of preparations for a premium listing planned. In this regard, Nordgold stepped up its communication activities with the market participants and applied a range of new engagement mechanisms.

We intensified the active engagement of the operational team in communications with the investment community. In 2015 the Group held a meeting in Moscow, where all participants had an opportunity to discuss with Nordgold operational team not only the Group's performance and asset development issues, but also elaborated on the general situation in the industry, trends and drivers. This helped to further enhance the market confidence in the management team, as well as allowed us to get a better understanding of the investors' concerns and interests. Another achievement during the year was the holding of a maiden Investor Day in London, the webcast was also organised. During the Investor Day Nordgold presented its top management team, disclosed its strategy and provided long-term guidance for all operating assets and updated on the development projects progress.

In 2015 the Group as usually was present at a number of forums and conferences in Russia and abroad, including Investing in African Mining Indaba, PDAC, Denver Gold Forum, Minex, and Mines & Money, as well as a number of investment conferences organised by international and Russian financial institutions.

Enhancing and improving two-way effective communications with the investment community helped us to improve the Group's reputation as an established company with a proven track record of deliveries and to increase the market confidence into Nordgold's ability to develop new project and meet its guidances.

Business partners

Stakeholders	Areas of interest	Engagement channels
Suppliers Industry bodies	• Supplier requirements • Agreement terms • Regulatory compliance • Long-term business relations • Quality products	• Presentations • Workshops • Contractual negotiations • Corporate website (www.nordgold.com) • Conferences • Documents and correspondence sent via post/email • One-on-one meetings • Integrated Annual Report

Nordgold works with a large number of suppliers of materials, equipment and services. The Group expects its suppliers to comply with local laws and regulations, as well as with Nordgold's own values. This includes good practice in areas that include labour and human rights, occupational safety and hygiene, environmental management, business integrity, supporting economic development, and proactive management.

Nordgold's procurement regulations contain clauses that stipulate the Group's commitment to the principles of integrity and fair dealing. In 2016 we also plan to develop requirements for suppliers' health and safety performance – which will subsequently be included in all commercial agreements.

Nordgold has a large number of suppliers from many industries and across the world. Our procurement policy is to give precedence to local suppliers. However the share of expenditure on goods and services obtained from local suppliers varies significantly by region. Thus in Russia and Kazakhstan the share of local procurement is close to 70%, while in our African operations the share of imported goods and services is over 85%, due to the low level of local supply chain development.

Case study: Supplier development

Recognising the importance of integrating sustainable practice into supply chain management, in 2015 Nordgold carried out its first supplier development initiative in Burkina Faso – with the Group significantly contributing to the development of a local division of an international logistics company.

Nordgold performed the supplier capacity audit, advised the logistics company on expected annual volumes and resources to cover it, and provided support on other challenges it was facing as a consequence of its growth. The work resulted in the emergence of a new competitor into the market in what had otherwise been a near monopoly. This improved both the commercial and quality aspects of performance. In addition, following the initiative all logistics companies established KPIs and regular assessment sessions, during which clear feedback was given on the service levels provided.

Nordgold plans to continue to roll out supplier development initiatives in 2016 and to launch the Supplier Relationship Management (SRM) project at a corporate level. The project will comprise four main elements: segmentation, risk management, performance management, and alternative supplier development. SRM will allow the Group to:

- have a clear vision of the influence of main suppliers
- manage and motivate the most important suppliers
- boost competition, and
- create a long-term sustainable development strategy for both Nordgold and its partners.

Our "Business partners" category also includes industry bodies. In the reporting year the Group continued to actively participate in industry initiatives and projects. Nordgold – or its BUs – is a member of the following associations:

Russia:

- NGO Russian Gold Mining Union
- Non-commercial partnership National Subsoil Association
- The Engineering Companies Association (Aprelkovo mine)
- The Board of Trustees for the Subsurface Management Appraisal Association of the Russian-Guinea Intergovernmental Economic, Technological, and Trade Committee
- Non-commercial partnership Self-regulatory organisation Association of Builders of the Amur Region (Berezitovy mine)
- Association "BaykalRegionProjekt" (Buryatzoloto)
- Non-commercial partnership International Building Association (Buryatzoloto)

Kazakhstan (Suzdal mine)

- National Chamber of Entrepreneurs
- Republican Association of Mining and Metallurgical Enterprises AMME (AGMP)

Guinea (Lefa mine):

- The Chamber of Mines
- Prefectural Development Council (CPD)
- Employers' Confederation of Enterprises of Guinea (CPEG)

Burkina Faso:

- The Chamber of Mines of Burkina Faso (Taparko and Bissa mines)
- The North Central Regional Advisory Framework (Taparko and Bissa mines)
- Extractive Industries Transparency Initiative ITIE (Taparko and Bissa mine)
- The Namentenga province consultative framework (Taparko)
- Municipal councils of Yalgo, Bouroum and Nagbingou (Taparko mine)
- Consultative framework of Yalgo, Bouroum, Nagbingou, Yéou (Taparko)
- The Lagmè Zilma association (Namentenga) (Taparko mine)
- Alliance des Fournisseurs Burkinabè de Biens et Services Miniers (ABSM) – Bissa
- Member of the Steering Committee of "Extractive Industries Transparency Initiative" (EITI) – Bissa

Employees

Stakeholders	Areas of interest	Engagement channels
Employees Trade unions Contractors	• Health and safety • Workforce management • Career planning • Training and career development	• Line management • Corporate website (www.nordgold.com) • Corporate newspapers (in Russian and French) • Corporate portal • Information desks with the latest news • Emails containing corporate news • Meetings with general directors and the heads of HSE and HR at each mine • Corporate cultural events (Nordgold Company Day, Metallurgy Day) and corporate competitions • HR hotline

The Group directly employs more than 8,000 people. Nordgold believes that our people are a vital part of the Group's success and builds relations with employees on the basis of open dialogue and partnership, always adhering to the principle of equal opportunities. Social and labour relations at the Group's enterprises are regulated by collective agreements concluded with trade union organisations on behalf of all employees.

In 2015 Nordgold introduced a number of innovations including a new, flat organisational structure at our underground mines in Russia; and a new incentive system and the launch of performance and development dialogues with employees, which involved developing benchmarks for the skills and competences required by each employee.

One of the main methods of assessing employee engagement remains employee opinion survey which enables the Group to identify key areas for improvement, which we believe will positively impact both workforce productivity and operational efficiency.

Our well-established corporate newspaper aims to build a corporate culture and promote the idea of sharing in success. Along with other topics, it highlights the Group's latest achievements and strategies, production success and operation activities, professional success of the employees, health and safety issues, charity initiatives, and community development projects. According to the employee survey, trust in the newspaper rose during the year. In 2015 we also launched an internal information portal, aimed at keeping internal stakeholders abreast of recent developments and providing employees with a platform for communication and support services. In addition, the portal allows educational materials to be hosted and information-sharing among specialists from different BUs.

According to the Nordgold division of key stakeholders, the stakeholder group "Employees" also comprises contractors. Nordgold employs 660 workers using outsourcing companies, which is about 7% of the total number of employees. When working with outsourcing companies, Nordgold strives to build long-term, beneficial relations that are based on high performance standards.

Employee enagement is naturally led by management in day to day formal and informal interaction.

For more information on employee engagement activities, see the section Respect for people.

Approach to Sustainability | Stakeholder Engagement | Respect for People | Health and Safety | Environment | Communities

Society

Stakeholders	Areas of interest	Engagement channels
Governments and local authorities Local communities Media, NGOs, other opinion formers	• Employment opportunities • Economic development • Land rights • Compensation • Environmental protection • Mine closure planning • Access to resources • Taxes and royalties	• Face to face meetings by leardership • Community media • Corporate website (www.nordgold.com) • Integrated annual reporting • Industry bodies • Conferences, presentations, and workshops • Radio network in Africa • Publications in media • Local community meetings • Information desks in some communities

Communities. Most Nordgold operations are located in rural and remote areas of Burkina Faso, Guinea, Russia and Kazakhstan. This requires relationships with a very broad spectrum of local and indigenous communities.

The approach to community engagement the Group adopts varies significantly by region, due to the different operational and cultural environments which prevail in these regions. In Russia and Kazakhstan, for example, we are primarily involved with charity and sponsorship programmes, while in Africa the Group focuses on community development.

In the reporting year the Group continued to implement social projects and fulfil its obligations under socio-economic agreements with local authorities. The Group also carried out a significant scope of work as part of preparations to resettle villages located close to the Group's new Bouly Project in Burkina Faso.

NGO.

We collaborate with:

Taparko

- Semaine Nationale de la Culture (SNC);
- Coordination of women of Yalgo, Nagbingou, Bouroum, Ritkouilga, Kouini;
- The youth parliament (Boulsa);
- The RSE Association (Responsabilité Sociale des Entreprises);
- Women of Taparko coordination;
- Women of Yalgo coordination;
- The Taparko Association of Nabasnoogo;
- Association CIC DOC for training on health (HIV and cancer);

- Partner with “Afrique jeunesse” NGO.

Bissa

- The Regional Directorate of employment, youth and vocational training;
- The Tanapunsirikul Association for the development of Yalgo (ATD);
- The Association of pupils and students of Namentenga (ASEN);
- The Nabaasnoogo Association of Taparko;
- Nakambe River Water Agency (AEN);
- National coalition of AIDS;
- North Central Regional Consultative Committee;
- Provincial Directorate of National Education of Bam;
- Committee on facilitation of dialogue between Bissa Gold and community near the mining area;
- Special delegation of Sabce;
- Guibare compensation monitoring Committee;
- Mane compensation monitoring Committee;
- Partner with “Afrique jeunesse” NGO;
- Association “WEND-BENEDO” of vulnerable children;
- Association “le reveil” for training of women;
- Foundation “EBENEZER” for training women;
- “CABROTY” for training women;
- Association “Relwende” for training women;
- “Groupe de plaidoyer Redevabilité” for the RSE price;
- Association Wendmanegdé for forum theatre;
- Centre d’Information de Conseil et de Documentation sur le VIH/SIDA et la Tuberculose (CICDoc) for HIV testing;
- LIONS CLUB INTERNATIONAL;
- JEUNE CHAMBRE INTERNATIONAL (JCI) for training on RSE.

(For more information on community engagement activities, see the section Communities.)

Authorities. The state is another key stakeholder of the Group. Central and regional governments can have an impact on the Group’s business through regulations and oversight. Therefore our local government relations and communication teams maintain regular dialogue with relevant authorities, presenting views our on key legislation and policy issues. In dealing with government bodies, Nordgold always behaves according to the highest ethical standards, and in 2015 we did not make any contributions to political parties, politicians or related institutions.

Media. The Group also carries out proactive communications with the media in order to keep stakeholders abreast of Nordgold news and events. The Group publishes information on its social, environmental, and operational activities in local newspapers. An innovation during the year was the introduction of radio as a new communication tool in Africa. Due to relatively low levels of French language literacy, a significant number of our stakeholders in Africa cannot receive information from published or internet sources. Radio broadcasts in local languages therefore enable the Group to inform the community about employment opportunities and planned development projects.

Case study: Theatrical performance as a new medium of communication

In 2015 Nordgold used a new medium of communication with local communities – theatre.

The Group held a number of performances in Tanzeogo, Bouly, Imiougou, and Bissa, aiming to show our readiness and willingness to cooperate in addressing the challenges that local communities face.

The shows addressed topics relevant to the mining industry, including land ownership, employment opportunities, and questions relating to the existence of a mine within these communities. Experience has shown that this kind of communication in local languages can be highly effective. In addition, the format allows the Group to engage with and to convey ideas to illiterate categories of the population.

Economic value distributed to stakeholders

As an employer with operations in a number of remote communities, Nordgold has a powerful economic role to play in driving the distribution of wealth.

In 2015 our wage and benefits bill stood at US$164.8 million. In addition, the Group's own mandatory payments in 2015 were over US$140.9 million (taxes, royalties, indirect taxes) which made a significant contribution to the social infrastructure in our host countries. In 2015 Nordgold's total financial contribution to local communities support amounted US$1,781.0 thousand. That included US$740 thousand of Nordgold Commuity development programs and US$1,041 thousand of Social tax accrued in 2015 to be paid in Guinea according to the national law.

	Stakeholder group	2015, US$ mln
Direct economic value generated: Revenues	Business partners, customers	1,129.3
Economic value distributed	All stakeholders	753.3
Operating costs (Material, Fuel and energy, spare parts, external services, other expenses)	Business partners, suppliers	341.8
Employee wages and benefits	Employee	164.8
Payments to providers of capital (investors and dividends)	Investors	135.2
Payments to government	Society, governments	140.9
Community investments	Society, communities	1,781
Economic value retained		375.9

Corporate social responsibility awards in 2015

Bissa (Burkina Faso). In order to encourage socially responsible conduct on the part of mining companies operating in the region, the advocacy group Accountability established the Corporate Responsibility award.

In 2015 Nordgold's commitment to the principles of sustainable development was recognised with an award. This means a lot to us, and we remain fully committed to improving our sustainability performance.

Berezitovy (Russia). We were also recognised for the Social Bell project with the diploma "For Contributing to Charity and Initiating a Project" as part of the Russian annual competition for "Corporate Philanthropy Leaders: 2015" conducted by Donors' Forum, PWC, Vedomosti.

4.3 RESPECT FOR PEOPLE

Our people

The motto of our company is "More than gold", which means that we regard our people as more important than our gold reserves. Our business is not just about achieving production and financial targets: we also want to become an employer of choice, which attracts and retains employees by providing decent and safe working conditions, a competitive rewards system, and opportunities to grow as a professional and to learn new skills.

Our HR management system is built upon our values, which comprise:

- **Respect for People** – We regard people as our most precious asset and strive to create an atmosphere of mutual respect, dialogue and trust.
- **Safety** – The safety of our employees is an absolute prerequisite for us. Zero fatality remains our highest priority.
- **Professionalism and efficiency** – We attach great importance to the professional development of our personnel and try to constantly improve efficiency through up-to-date performance management practices and the provision of professional development programmes.
- **Trust and collaboration** – Engagement with our personnel has become a focal point for our HR policies. We believe that people who are loyal to a company that is loyal to them, and associate their future with it, will fully contribute to its development and bring the best results.

The multinational scope of Nordgold operations distinguishes us from many other gold-producing companies, and presents challenges for HR management – for example, differences in labour legislation between jurisdictions and the range of technical and managerial skills that are available. However, we strive to align these and to turn the diversity of our workforce into a strategic strength.

2015 highlights

The Nordgold approach to HR management did not change in principle in the reporting period. That said, we are constantly improving our HR management systems using instruments such as the rewards system, performance incentives, talent pool management, organisational efficiency improvement, and building the corporate culture. Key HR activities in 2015 comprised:

- Measuring the level of personnel engagement through employee surveys
- Introducing a new compensation system for the Suzdal and Buryatzoloto BUs
- Launching bonus schemes at Lefa and Bissa
- Introducing performance management and development process called Target Dialogue for open-mine workers in Russia
- Launching management skills training programme for supervisors and middle management in Russian BUs and at Lefa
- Progressing our "Golden reserve" succession planning programme
- Adding new modules to the "More than gold" management training programme.

In terms of organisational changes and new appointments, four main events took place in 2015:

- A new position of HSE director was established in the Company, with Igor Shelukhin being appointed. This reflects the significance that Nordgold places on operational and environmental performance.

- Howard Golden was appointed as Exploration Director in April 2015. He has over 24 years' experience in the mining industry, across six continents, and will allow the Company to strengthen its resource base and exploration pipeline.
- Michael Monaghan joined Nordgold in July 2015 as Mining Director. Michael has over 30 years' of experience in both underground and open pit operations across a number of commodities in Australia, Africa, Asia and Europe.
- The entire management of Buryatzoloto was replaced by a new team in order to improve management procedures and raise the overall performance of the BU to the same level as our leading mines.

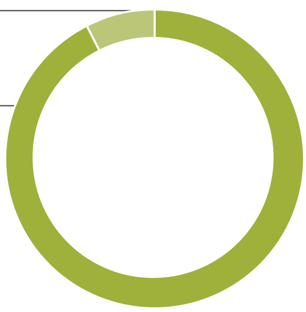
Major changes in our regulatory framework during 2015 included:

- Compensation policies were amended across a number of BUs, and the LTIP (long-term incentive plan) for executive management was updated and extended to cover key managers and the General Managers of BUs.
- New regulations were developed for performance management, determining procedures for setting production objectives for the key indicators, and measuring actuals.
- A new HR strategy was approved by the Board in 2015. This places a new emphasis on employee engagement.

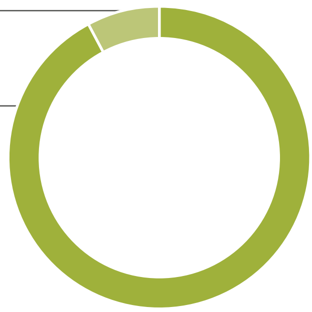
Our people in numbers

As of 31 December 2015, headcount stood at 8,396 people. Employee wages and benefits in the year were US$174.6 million (including salary, taxes, and personnel-related expenses).

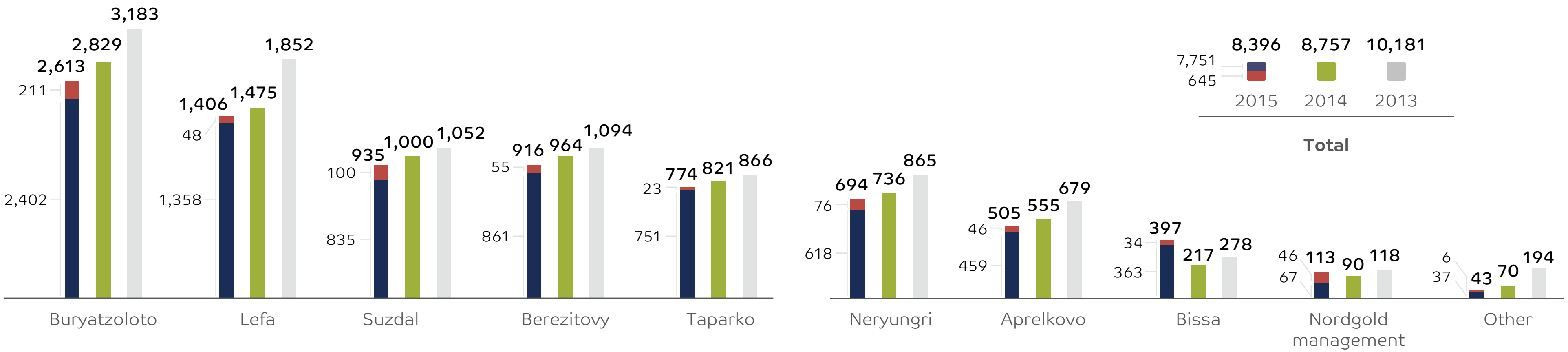
Number of personnel by gender



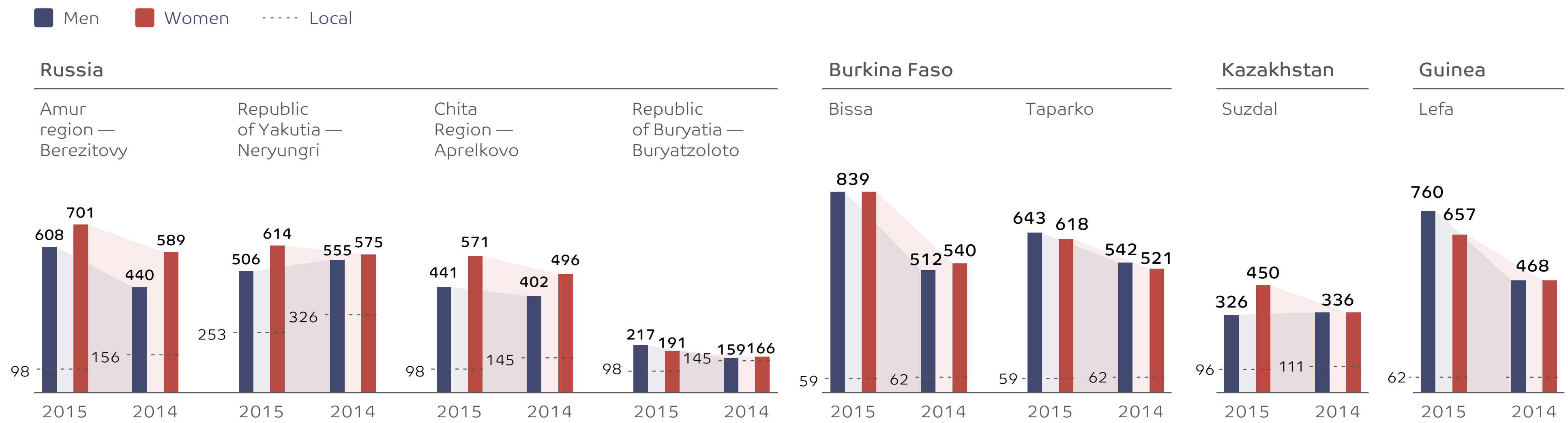
Number of personnel by contract



Number of personnel by BU, 2013-2015



Standard entry-level wage vs. local minimum wage by significant locations of operation, US$



Employees covered by collective bargaining agreements comprise 35% of the total headcount, including employees at Taparko, Lefa and Suzdal. In Russia, Nordgold employees do not form labour unions, although they have a legal right to do so. Any questions are discussed by employees directly with line managers and HR specialists at daily, monthly and quarterly meetings attended by all staff groups on site. Direct channels of communication with BU management and with headquarters are available to all Nordgold employees as well as hot-lines to report any concerns.

New hires and employee movements

	2015			2014		
Business units	Total vacancies filled	Including: Internal transfers	Including: External hires	Total vacancies filled	Including: Internal transfers	Including: External hires
Aprelkovo	74	17	57	117	14	103
Berezitovy	176	43	133	172	39	133
Neryungri	113	30	83	155	13	142
Kholba	401	102	299	541	142	399
Irokinda	745	186	559	591	146	445
Suzdal	182	81	101	145	53	92
Headquarters	30	5	25	21	2	19
Bissa	110	62	48	128	0	128
Lefa expats	92	49	43	46	3	43
Taparko	105	65	40	22	2	20
Total	**2,028**	**640**	**1,388**	**1,938**	**414**	**1,524**

Employee turnover by region

	2014		2015	
	Total	Incl. by employee initiative	Total	Incl. by employee initiative
Average turnover, African BUs	8,3%	1,3%	7,9%	2,1%
Average turnover, Russian BUs	40,6%	19,5%	31,2%	16,7%
Kazakhstan turnover	15,3%	9,4%	16,4%	6,6%
Undesirable turnover	28,3%	13,0%	22,7%	11,3%

As one can see from the tables above, almost all HR employee turnover indicators showed strong improvement in the reporting year and for the past few years in a row. As a result of organisational changes, headcount at Nordgold is gradually decreasing (4.1% YoY). The minimum wage is increasing at almost all BUs, and is significantly higher than the local minimum wage. The share of internal transfers is substantially higher than in previous years (32% of total vacancies filled in 2015, vs. 21% in 2014), which attests to successful talent management and a high level of cooperation between Nordgold divisions. Another accomplishment in 2015 was achieving a lower rate of undesirable turnover (a 10% YoY decrease).

HR agenda

Our HR agenda focuses on six areas:

- Performance management – driving business results via incentive schemes and reward mechanisms, setting targets at a personal and group level, with subsequent objective assessments of results.
- Efficient organisation – introduction of efficient flat organisational structures, with a balanced span of layers, balanced span of control and a clear allocation of responsibilities.
- HR function efficiency – reducing HR costs per employee, introducing shared services and transactional HR outsourcing initiatives, centralising recruitment.
- Talent management – ensuring that the Company is staffed with highly qualified personnel with appropriate skills; providing necessary training, timely promotions and succession plans.
- Corporate culture – creating a unified culture space that embodies corporate values and drives personnel engagement.
- Employee attraction and retention – ensuring the Company's ability to attract and retain quality talent via quality HR processes.

Performance management and incentive system

To implement two core HR policy objectives – attracting and retaining highly qualified personnel and ensuring their performance – Nordgold management constantly improves its performance management and incentive system. As a results-orientated company whose goal is the achievement of operational excellence, we closely connect these two HR management instruments. The Company's compensation policy ensures both external competitiveness and internal fairness and also fosters strong motivation through variable pay, which is linked to KPI (key performance indicator) achievements. KPIs are set in line with the business plan and vary across different employee levels.

The pay of top management consists of key components – fixed pay, LTIP (long-term incentive plan), and STI (annual short-term incentive plan). LTIP is tied to long-term performance against operational objectives and the Company's share price. STI is linked to annual objectives, such as Nordgold's OCF (operating cash flow), EBITDA (earnings before interest and taxes), LTIFR (lost time injury frequency rate), gold production, continuous improvement target, and functional targets (for more information, see the section Remuneration).

BU management pay consists of fixed and variable elements. The annual STI is linked to BU OCF, EBITDA, LTIFR, gold production, continuous improvement targets, the mining plan, the processing plan, recovery, and other targets depending on functions.

Nordgold frontline employees also have fixed and monthly variable pay linked to the attainment of team objectives, such as volume of gold Dore produced and some other objectives (for example, tonnes of material mined, tonnes of ore processed).

In addition, from 2015 all workers in Russian open mines receive individual uplifts as a result of performance and skill assessments to reflect their skill level and execution.

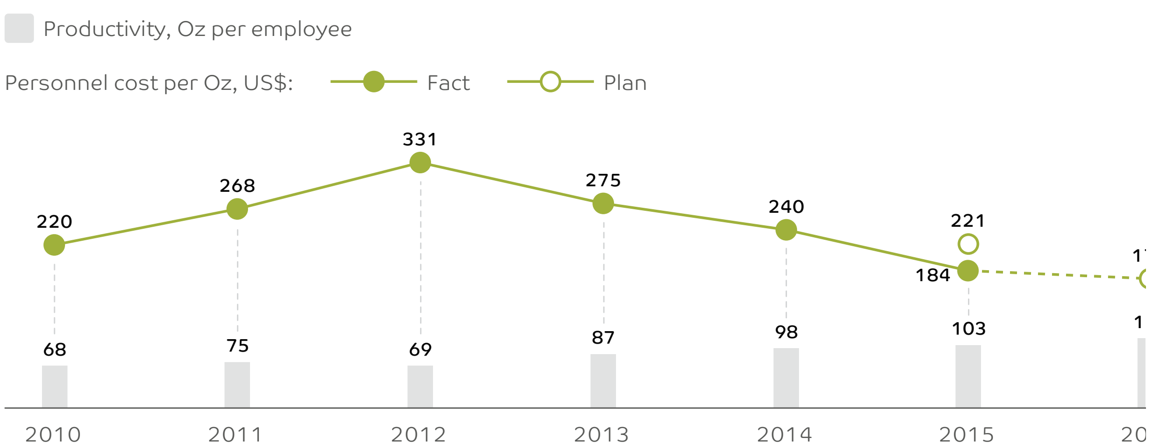
We strive to ensure that all of our people are motivated by an appropriate incentive scheme.

Major compensation policy amendments undertaken in 2015 comprised the following

- Improving the established practice of performance management to fine tune the process of adjusting objectives to new production circumstances and ensuring objective measurement of performance.
- Cascading the performance management plan to the level of supervisors. Now, the majority of supervisors can receive variable compensation related to the attainment of goals.
- Introducing a new reward policy in Kazakhstan (Suzdal BU) aligned with other BU practices after obtaining consent from labour unions, local authorities, and the majority of workers, who agreed to amend the collective agreement.
- Amending the existing remuneration policy in Russia, mainly in relation to the bonus system (bonuses related to safe work were increased) and the LTIP for top managers(the number of participants eligible for the LTIP was increased). This long-term incentive is a good tool for retaining quality talent. It creates a situation where employees have a vested interest in seeing the Company`s operational results and value increase.

This flexible compensation system, coupled with the optimisation initiatives in place, helps Nordgold to improve productivity, operational efficiency, and attain production targets. Productivity reached 103 ounces per person in 2015 – five ounces higher than in the previous year – while at the same time, the cost of producing 1 gold ounce per employee fell year-on-year to US$221 in 2015, compared to US$240 in 2014 (an 8% reduction).

Employee productivity



Our goal is to cascade the targets and KPIs system to the frontline level across all BUs. Currently this system is fully functioning in all Russian and Kazakhstan mines, where workers are well informed about their goals and KPIs, as well as the opportunities available for development. Currently, 100% of Nordgold employees are covered by a performance management plan; however, the approaches used in our African Business Units will be reviewed and adjusted further.

Enhancing organisational efficiency

Nordgold management continues to improve organisational efficiency within the Company. Major efforts in this area are aimed at:

- Rightsizing the headcount
- Implementing lean organisational structures for BUs
- Optimising personnel costs
- Outsourcing certain functions to external providers or shared service centres

As a result of organisational efficiency initiatives, we reduced our headcount by 690 FTEs in 2015, which corresponds to 7.4% reduction in directly employed and leased staff and an overall annual saving of US$7.95 million.

In 2015 the Nordgold headcount fell by 7.4% vs. the previous year, and personnel costs fell by 28.8% YoY.

Employees subject to the headcount optimisation measures were paid severance packages no less than legally required and significantly above legal requirements in majority of cases.

The streamlining of our organisational structure has resulted in a three-tier structure under General Director of the mine in Russian open pits (managers-supervisors-workers, and four tiers under General Director in underground mines. The focus has now moved to our West African BUs. The underground mine structure is four layers due to complicated operational processes and health and safety requirements. The target for African mines is five layers, on account of the less developed managerial and technical skills of the local workforce and an additional layer of expatriate supervisors. It is a Nordgold HR strategic goal to replace expatriate employees with local staff at African mines, as it will help to reduce costs and contribute to the local community.

The graph below shows annual projection of savings excluding severance from headcount reduction completed in different Business Units.

Annualised effect from key organisational efficiency/ optimisation initiatives in 2015

US$ thousand

Buryatzoloto	Taparko	Lefa	Berezitovy	Neryungri	Aprelkovo	Suzdal	Total
4,643	3,912	2,088	1,155	975	926	569	**14,268**

Headcount reduction

Buryatzoloto	Taparko	Lefa	Berezitovy	Neryungri	Aprelkovo	Suzdal	Total
216	41	46	54	43	50	67	**517**

[1] The key organisational changes resulted in a negative annualised effect at Bissa of US$ 5.19 million, on account of its headcount increasing in 2015 by 180 (83% increase YoY). This was owing to leased employees becoming permanent members of staff.

Improved HR function efficiency

The HR function provides support to the Nordgold operational efficiency programme in a number of ways, but primarily by improving the efficiency of its own performance. Thus today 70 HR professionals in the Company service more than 8,370 employees. Some HR functions, such as personnel administration and payroll, have been outsourced to an external provider. This shared sService centre (SSC) is situated in Yaroslavl, but services all Russian and Kazakhstan BUs, and it is intended for it to cover the African mines as well.

The HR Department is also working to improve the recruitment process, creating electronic staff databases, and cooperating with recruitment and headhunting agencies – which helps to significantly reduce HR costs.

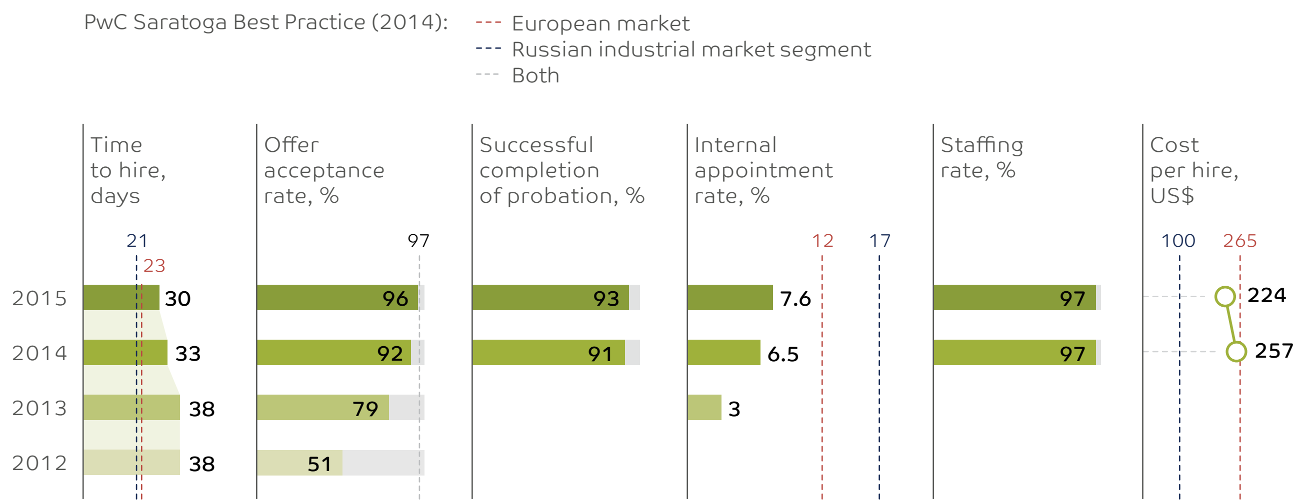
To date we have achieved the following results:

- All our BUs have been covered by SAP (the most recent one being Aprelkovo).
- Payroll and administration functions have been transferred to the SSC. This year the Kazakhstan BU was also covered.

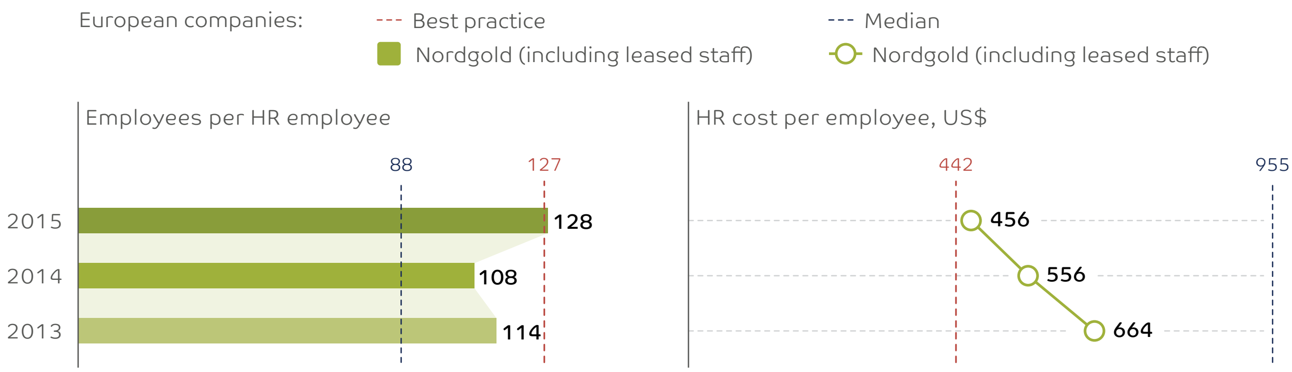
We plan to:

- Cover African BUs with shared services. This system was analysed and tested in 2015, and produced promising results. Lefa expatriates are already being serviced by the SSC, which employed French-speaking staff specifically for this purpose. We plan to outsource even more HR functions in order to cut costs related to hiring HR shift specialists.
- Continue with the standardisation of HR policies, procedures and approaches across all BUs, taking into account the specifics of a particular mine's technological processes, geography, and legislation. In Africa we also have to take into consideration the results of negotiations with labour unions.

Today, the Nordgold HR function produces a best-in-class performance. In terms of indicators that reflect HR function efficiency (such as number of employees per HR employee (128) and HR cost per employee (US$456)), Nordgold is among the world's leaders. Nordgold HR performance against PwC Saratoga's annual Human Capital Effectiveness Report is presented below:



HR headcount and cost benchmarking



Human capital development

Talent management is another important strategic area within HR. It comprises three main aspects: talent reviews and managing the current talent pool, employee development, and succession planning.

Talent Reviews

Nordgold has well-established talent review procedures in place, performed by talent review committees that are divided into two levels:

- The Talent Review Committee at headquarters reports to the CEO and reviews the composition and expertise of BU management.
- The Talent Review Committees at BU level conduct annual talent reviews of employees below management level. The aim is to analyse the competencies, performance, and motivation of current employees and to make decisions on retaining, developing, promoting, transferring, replacing or exiting.

As a result of these procedures, it was established that 86% of managers across Nordgold meet or exceed internal capability and performance standards.

Succession Plan

Succession planning is the process established in the company to identify high-potential talent, and to prepare these employees for their future roles. The Nordgold talent pool is organised in three tiers: the Nordgold Leadership Team, the BU Leadership Team, and the BU Middle Management Team.

Succession planning in Africa aims to replace expatriate employees with qualified local nationals, but also provides a pool of highly experienced expat employees for future Nordgold projects and progression into top management positions.

In the reporting year the main efforts in the area of successors development were aimed at advancing the assessment process of candidates from the talent pool, including the creation of assessment centres, implementing analytical and verbal skills testing, and introducing motivational interviews as an additional candidate screening stage. The assessment of talent pool members has become more stringent in order that only the best talents are chosen from candidates put forward by BUs.

Training and development

Nordgold's professional development programmes include mandatory trainings and individual development plans, and are divided into leadership programmes for management and technical trainings for frontline employees.

The Company's main leadership programme is called "More than Gold". It was launched in 2012 with the aim of ensuring that Nordgold leaders are aligned to the Group's vision, values, and mission.

In total in 2015, 155 managers have undergone or are currently participating in the programme, which includes trainings in:

- Mining economics and business case simulations
- Values, leadership, and change management
- Corporate personnel management
- Operational efficiency. Lean Academy
- Effective team work

A technical training project for frontline staff was launched in 2014, aimed at increasing the technical competence of frontline employees. In this connection, skills matrixes were developed. The technical training process consists of the following steps:

- Skills assessment
- Gap analysis
- Development of training solutions
- Implementation of the training programme

Training process

	Bissa	Taparko	Buryat-zoloto	Lefa	Suzdal	Berezi-tovy	Neryun-gry	Aprel-kovo	Head-quarters	**Total**
2015	490	491	1,058	993	641	425	250	158	79	**4,585**
2014	363	50	1,238	311	582	143	476	46	59	**3,268**

Target Dialogue

Another programme to note in relation to technical trainings and talent management is Target Dialogue, which was cascaded to frontline workers in 2015. Althouth the main forcus of Target Dialogue is a one-on-one performance and development discussion between a subordinate and a supervisor, the dialogue also involves assessing the skill level of each participant against a matrix of the skills required for his / her role. Workers are assessed by supervisors against the skills' matrix And an individual development plan is created as a result of the assessment to close the skills gaps by on-the-job coaching and through formal trainings.

Target Dialogues for workers are based on development aspects as well as on efficiency and productivity. Because Nordgold has a flat and lean organisational structure, with a minimal headcount, the Company needs every employee to be multifunctional and capable, if called upon, of executing adjacent roles. Therefore, assessment includes a section on whether an employee can perform skills outside of his / her immediate role, or could develop them, or can help train others.

Factors relating to complying with Nordgold values, labour discipline (for example, adhering to health and safety rules) are also included in the assessment, as they demonstrate that employees share the Nordgold culture.

Depending on the results of skills assessments, an employee's salary can be increased by as much as 15%. A simple scale connects the amount of pay with the skills developed.

In 2015, we conducted a comprehensive qualitative dialogue with workers. HR specialists, supervisors and, in some cases, deputy executive directors, were involved. Subsequently, an anonymous survey was conducted, asking whether the conversations had been motivational to employees and whether the goals to expand an individual's skills base and incentivise employee development have been achieved.

So far, Target Dialogue for the front-line has covered three open-pit mines, but we plan to refine the process and expand the coverage across the Group. It will take us approximately two years to also cover underground mines and African BUs.

As we are expanding Target Dialogue for front-line to cover workers, we are making efforts to refine the process. In this respect we are working with a number of consultants that specialise in our industry to improve our respective skills matrixes, assessment procedures, and trainings.

Corporate culture

Building a corporate culture

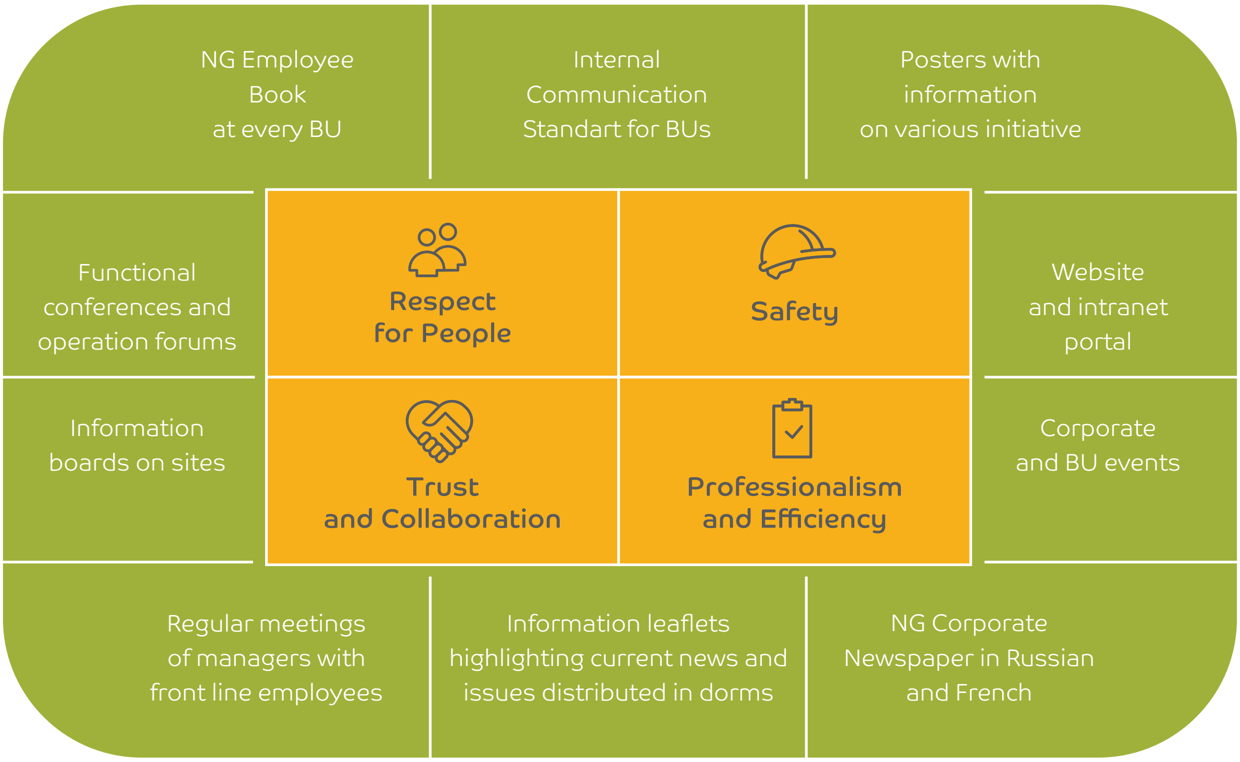
In Nordgold we believe corporate culture is one of the strongest competitive advantages a business could have. It ensures that every employee of the company shares common values and will do his/her utmost to ensure safety, professionalism, efficiency and will deliver the best results he or she can.

Our culture is also our common ground despite any differences in our backgrounds, language, customs, and ways of life of our diversified workforce.

Our corporate culture is based on the principle that all Nordgold people, regardless of which nation they represent, which geography they are from, or which role they play, are treated with equal respect and decency. In terms of human rights, we strive to ensure that we are fully compliant with any legal obligations, but always go beyond.

Our corporate culture is underpinned by the corporate vision and corporate values, which are documented in our Code of values and Corporate Ethics and Behavioural Standards. The Nordgold vision and values are conveyed to all employees and stakeholders via a number of communication channels and training programmes (such as "More than gold"), as presented below.

The Nordgold communication ring for corporate culture development



2015 key corporate culture initiatives

Nordgold organises a wide range of corporate culture initiatives that disseminate corporate values and broadcast Company goals to employees. The most notable of these initiatives are listed below.

"Golden employee" is a Company-wide award for employees who are role models for value-based behaviours. The winners of the competitions are honoured in the corporate newspaper, congratulated at the Company's Day celebration and rewarded significant prizes. 38 employees were awarded this title in 2015.

"The best idea" is a corporate contest that encourages employees to put forward ideas on how to improve operational processes and health and safety. The winning ideas are implemented into the Company's practices and the winners receive a prize.

A quiz on Nordgold values, called "Know the values? Get the prize!" is aimed at promoting Nordgold values among employees.

Company's day is one of the main corporate events at Nordgold and is held by Nordgold annually. The event brings together employees from the Company's diverse range of operations and comprises an extended leadership team workshop, sports contests, team building games, and a celebratory party.

Ethics committee

Nordgold encourages a culture of openness. All employees and third parties can confidentially report on any concerns they may have regarding any suspected non-compliance or ethics-related issues in the Company. People can seek advice on the best course of action to take in a particular situation, or report a suspected violation of a law or company regulation.

The Ethics Committee was established in 2013. Its membership includes a number of senior executive officers, including the CEO, the Chief Legal Officer, the Security Director, and the HR Director. The committee reviews reports made via the whistleblowing hotline and makes decisions on remedial actions where necessary.

In 2015, 9 issues were sent for consideration by the Ethics Committee. All of these issues were analysed and considered by the Ethics committee. Out of these, all 9 issues resulted in remedial actions and every one was followed up by communicating back to the reporter.

Employees Engagement Survey

For the first time in the history of the Company we measured the level of personnel engagement. 4,015 respondents (46% of Nordgold's total headcount) took part in a survey. The results indicated that Nordgold has a significant variation of engagement levels depending on employee category and a Business Unit. Overall Nordgold engagement index was at fairly low level (31%) and served as a call for immediate action. The Berezitovy mine showed the highest engagement level, while Bissa, Taparko and Irokinda the worse.

Although impacted by a backdrop of an unfavourable market situation, a headcount optimisation process, an economic crisis in Russia, and political instability in Burkina Faso, such a low level of employee engagement is not justifiable. In response to the survey, Nordgold management elaborated an action plan and outlined areas for immediate improvement.

First, Nordgold management decided to make employee engagement a new focal point of its HR activity. It strongly believes that a high level of engagement in due course leads to high productivity and high operational efficiency.

First practical measures have already been undertaken in response to the employees' feedback. Thus, almost the entire management team at Buryatzoloto (the BU which received one of the lowest appraisal in the survey) was replaced.

Currently, the BU management teams launched focus groups to discuss the most pressing factors for each BU, and generate ideas for improvement.

Each BU discussed engagement measures with the Nordgold CEO and HR director and developed a plan of engagement improvement actions. They then conducted discussions with frontline personnel and collected feedback in order to ascertain employees' needs. After this step, BUs amended their action plans and they have now made a public commitment to implement a set of measures that they are obliged to carry out in order to make the Company a comfortable place for its employees to work.

We realise that the mobile maintenance and procurement functions are not optimised which gave rise to complaints, hence these are the focal point of future improvements. We recruited a high-calibre expatriate manager who will be in charge of maintenance, and we also invited consultants, who recommend to us the best international practices in these areas.

A set of site-specific issues were also identified in the course of the survey. Thus, in Bissa a concern about fixed-term contracts and employment via a contracting company was a cause of frustration to many employees, as this type of contract does not provide for important benefits and guarantees. Nordgold has made the decision to transfer a significant number of employees to Bissa and offer permanent contracts to them. The Irokinda mine was found to demonstrated an unsatisfactory working and living conditions. A thorough investigation carried out by the new BU management also showed that Irokinda did not implement Nordgold internal communication processes, such as cross-functional coordination and regular staff meetings. As a result, Nordgold standard practices in these areas were reinstated. Every single BU produced their plan of improvement actions encompassing initiatives from employee training programs to leadership development, as well as from improvement of catering services to PPEs allocation and replacement.

In April 2016 we plan to conduct a new employee survey to track changes in employee engagement across all BUs.

4.4 HEALTH AND SAFETY

Ensuring health and safety

Ensuring the health and safety of the Group's workforce remains our absolute priority.

We are constantly seeking to improve overall safety performance, and strive to reach a zero-incident rate. Our ambition is to achieve an industry-leading position in this area.

The Group's Health and Safety Policy recognises that:

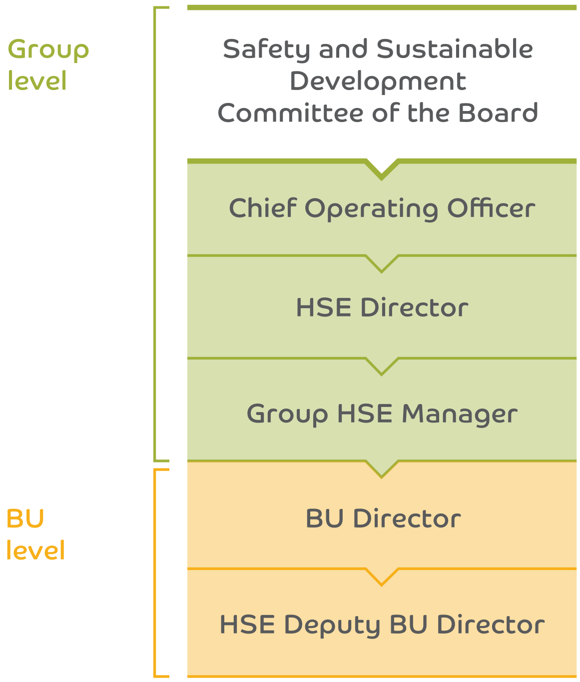
- Safe working conditions are the top priority.
- The Health and Safety management system is a key component of the Nordgold Business System.
- Workplace hazards must be identified by every employee they begin work.
- Employees must behave safely and responsibly.
- Compliance with health and safety regulations must be maintained at all times by local management.
- Transparency – all safety incidents must be reported.
- No work can be undertaken if safety could be compromised.

The Group observes local legislation requirements in all of its operating regions, as well as best practice in the broader field of health and safety (H&S). Our H&S management system is also part of our overall Group business management system (BSN). A number of internal policies, such as the Health and Safety policy, the More Than Gold Safety Rules, OHSAS 18001:2007, standards, methodologies, and safety procedures provide the basis of our H&S management system.

Document name	Description
Local legislation	The Company complies fully with these requirements, and accepts additional voluntary H&S commitments.
BSN	The BSN is fully implemented in all business units (BU) and includes a comprehensive approach to safety, based on 11 methodologies created by DuPont and tailored by Nordgold.
Health and Safety Policy	The Group has one Health and Safety policy for all BUs, but each BU also has its own specific policy.
Safety Rules	More Than Gold Safety Rules were implemented at all Nordgold mines in 2013. They are based on international practice and designed around the main risks of mining, such as working at height and in confined spaces.
OHSAS 18001:2007	OHSAS 18001 is a certification standard that sets out the minimum requirements for occupational health and safety management best practice. In 2015 a process to review regulations and documents was initiated, aimed at ensuring compliance with OHSAS 18001 requirements related to 16 different aspects and will be completed in 2016.

Management structure

The H&S management organisational structure is depicted in the diagram below:



At Group level, the Board's Safety and Sustainable Development Committee meets quarterly to evaluate the Group's sustainable performance and governance.

At Group level, the organisational structure of H&S management includes the Chief Operating Officer, HSE Director and Group HSE Manager. The post of HSE Director was approved in 2015, and the position was created in order to strengthen our performance in health and safety and to help us achieve our targets in this area.

At BU level, BU Directors and HSE Deputy BU Directors head health and safety departments. All BU Directors attend a Nordgold Management meeting every half-year that includes discussion of current health and safety issues.

BU Directors feed into the Group CEO's reports on accidents, investigation results, and the lessons learned. Subsequently, this information is passed down to line managers, who provide it to work teams on a weekly basis. Feedback systems are in place at all BUs, which are designed to ensure that bottom-up feedback is also received.

Safety rating audit results are included in the list of KPIs, which incentivise the top managers at mines.

Safe production

2015 saw intensive efforts being made to develop a system of leading indicators aimed at the proactive detection of both inconsistencies and potential incidents which did not result in an accident. Safety risk assessments, root cause analysis processes, new safety audit standards and a number of methodologies were implemented at all mines.

In the reporting year a process was initiated to integrate the health and safety methodologies of the Group's Russian and African BUs. The improvement of risk assessment procedures placed the greatest emphasis on risk assessments carried out by workers themselves. The new procedure for risk assessment encompasses three stages:

WORKER LEVEL

Risk assessment by an employee before work has started. The worker has to identify workplace hazards and then eliminate them or inform management

TEAM LEVEL

Team risks assessment before new or perfomance of non-standart operation

LINE MANAGER LEVEL

Brainstorming risk assessment procedure based on the probability and severity of injury, the consequences for production, and developing control

The Group continued to make improvements within our Safety Audit framework. Audits are carried out each year, on each mine, by the headquarters HSE team.

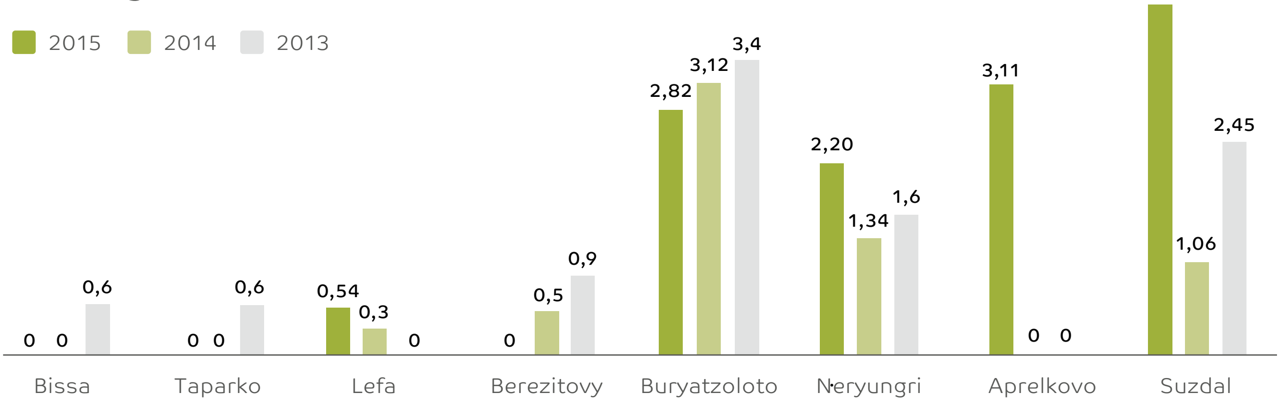
In 2015, Nordgold organised two internal, international forums: the West African Safety Dialogue at the Bissa mine in September, and the Russian-Kazakhstan Safety Dialogue at the Neryungri mine in October. The forums sought to find solutions to challenging health and safety issues and to facilitate the exchange of best practices. The safety rating audit procedure was also improved by having a 'level of risk' category added to each question.

Performance

In 2015 the Group missed its planned LTIFR target of 1.10, which rose to 1.60 compared with 1.23 in 2014 – a 30% increase.

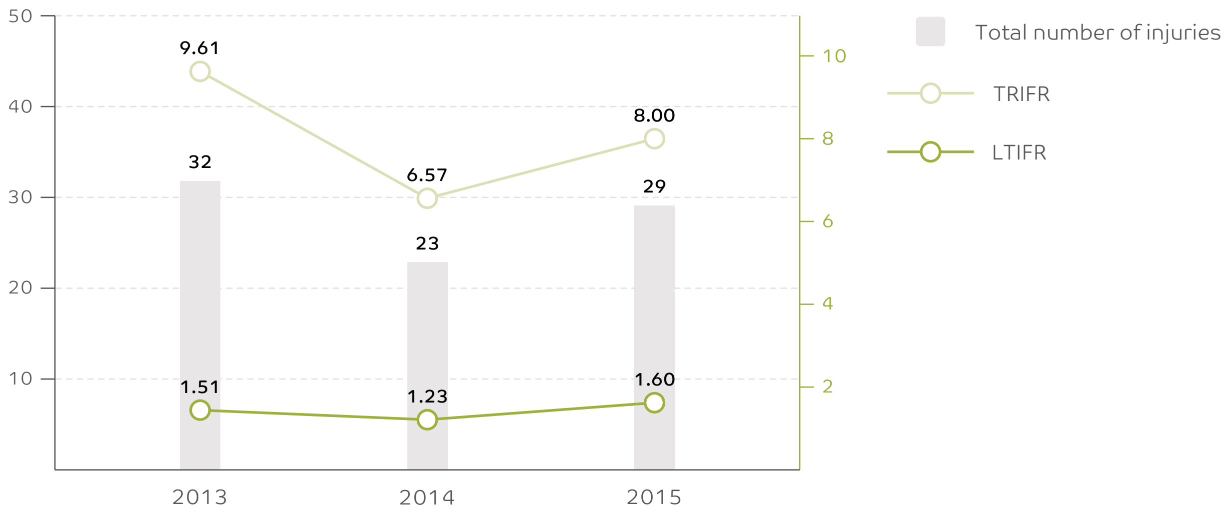
In the reporting year we had 29 LTI (compared with 23 in 2014 and 32 injuries in 2013). There were no LTI incidents at all at our Bissa, Taparko and Berezitovy mines.

LTIFR by mine



However, an increase in minor incidents at the Neryungri, Aprelkovo and Suzdal mines raised the overall LTIFR for the Group.

2013–2015 Nordgold LTIFR, TRIFR and total number of injuries, US$ million

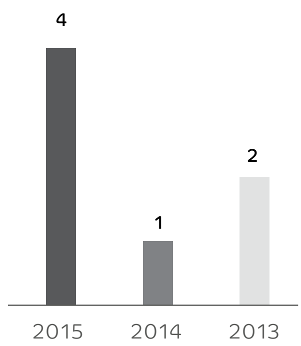


LTIFR went up as a result of an increase in injuries in 2015. Most injuries were associated with risky behaviour and rule breaking by the workers concerned.

2015 injuries and root causes by mine (100% men)

	Aprelkovo	Neryungri	Suzdal	Buryatzoloto	Lefa	Nordgold
Electric burns			1			1
Slips, trips, and falls	2	1	2	7		12
Equipment related	1	2	2	3	2	10
Rockslides			2	4		6
Total	3	3	7	14	2	29

Fatalities



We regret to report that there was an increase in the number of employee fatalities in 2015 compared with the previous period (four fatalities, vs. one in 2014, with no contractor fatalities in either year). Of the four fatal incidents in 2015, three were associated with falls of ground in underground mines and one was electrocution. Nordgold extends its deepest sympathies to the bereaved families and colleagues of these employees. In response to the incidents, and to avoid further such fatalities, we have created a geomechanics department at each underground mine.

Full investigations, conducted to ensure that lessons were learned from the accidents, identified human error as the primary cause. Nordgold has introduced additional risk assessments processes and improved safety and professional training at Russian and Kazakh mines to reduce unsafe behaviours.

Nordgold continues to perform work to eliminate fatal injuries and to reduce the number of low-severity injuries, and it actively invests in safety. Safety capex and opex investments include new types of personal protective equipment and improvements in road conditions and in training.

The Group has developed and implemented a number of activities, placing particular attention on improving the following areas:

- **Transparency** – We have created a web portal to provide information on all significant events, including fires and explosions and on our investigations into them.
- **Expert opinion** – With the involvement of experts from Nordgold HQ, we are initiating a more thorough accident investigation system with root cause analysis, and investigation reports on each accident.
- **Safety is a common goal** – We have developed new risk assessment practices and a collective responsibility methodology, in order to draw employees' attention to health and safety issues. In order to ascertain the reasons behind the increased injury rates, a group of sociologists was engaged to examine accidents that have occurred. Three focus groups were identified: at Irokinda (the highest number of accidents), at Neryungri (average number) and at Berezitovy (one of the best in terms of compliance with health and safety requirements). Approximately 200 employees were interviewed at each mine. The experts identified that employees from all focus groups were very familiar with the 'More Than Gold Safety Rules', while line managers lacked involvement.

As a result, in 2015 the Group decided to increase our emphasis on behaviour-based care development, and on the role played by line managers in embedding safe processes.

Despite poorer H&S indicators in the reporting period, the Group believes that the existing methodologies will yield positive results in the medium term. For 2016 the LTIFR target is 1.18. The Group intends to adhere to its strategic objective of zero fatalities at all Nordgold mines and operations.

LTIFR plan for 2016

	LTIFR
Taparko	0.64
Lefa	0.58
Bissa	0.51
Aprelkovo	1.04
Berezitovy	0.56
Neryungri	1.46
Suzdal	1.16
Buryatzoloto	2.21
Nordgold	**1.18**

The Group also plans to continue to develop the health and safety management system in the following areas:

- consistent implementation of activities to foster a culture of safety
- improving the health and safety risk management system
- developing corporate documents for contractor relationships.

Health protection

We care about health of our employees, providing them with health insurance. In 2015, 3,561 health insurance policies were provided for employees in Russia and Kazakhstan, with total medical insurance costs of US$865,552. Employees on African mines do not have health insurance. However, the company support medical centers and clinics and pay for all medical services and medicine provided to the company's employees and their family members.

There are medical posts on each mine to provide day-and-night emergency help to employees, if needed.

Contractor relations

In the reporting period, activities were carried out to integrate health and safety issues within contractor relationships.

A draft of procurement regulations, which prescribes that health and safety aspects are included in each Group contract, was prepared for discussion and further approval in 2016. The document comprises specific measures which must be performed prior to, during, and after operational processes, as well as a work completion procedure within a list of controlled parameters.

A draft contractor work interruption form was introduced, to be issued when a contractor has violated safety rules. Work is then suspended until all such violations have been eliminated.

4.5 ENVIRONMENT

Our approach

Nordgold is committed to responsible environmental stewardship and strives to minimise impacts on the environment in all regions of operation. Continuous improvement in this field forms a vital part of our Business System. We believe that excellent environmental standards and operational efficiency go hand in hand.

Our priority is to encourage and strengthen a shared, company-wide culture of environmentally responsible stewardship that will enable Nordgold to greatly minimise environmental incidents and, in doing so, become the industry leader in this field.

Environmental management system

Nordgold has its own Environmental Management System (the EMS) in place. The EMS has not been certified against the international standard of Environmental Management System ISO 14 001, but Nordgold aspires to operate in line with the approach and principles set forth in this standard and ISO 19 000 Auditing Management Systems.

In seeking to develop an integrated management system, we incorporate elements of the EMS into our existing Occupational Health and Safety management system.

In 2014 Nordgold developed an Environmental Policy, which provides general approach to environmental management and codifies the Group's commitments to responsible environmental stewardship, underpinning the management of our environmental performance in day-to-day operations. (The full text of the Environmental Policy is available at http://www.nordgold.com/ru/sustainable-development/environment/). The Environmental Policy will changed to provide improvements.

Nordgold is continuously working on improving its internal environmental framework. Thus in 2015 we develop a corporate environmental reporting procedure. The procedure is corresponded with our existing Occupational Health and Safety reporting rules. It will provide a harmonised approach for environmental data collection across all BUs. In addition, we have developed a new procedure regarding occupational and environmental safety and health for contractor management. This is currently going through the final stage of approval.

Furthermore, we substantially restructured our sustainability governance in 2015, creating the new position of Head of Environmental Management in the HSE department. This will enable us to organise and coordinate performance at corporate level and provides a platform for the establishment of a network of environmental specialists at site level.

In October 2015 we held an training session for environmental engineers from across Nordgold's BUs in the CIS. This included discussion of changes in Russian environmental legislation, with a focus on hazardous waste management, and of non-financial reporting based on the Global Reporting Initiatives G4 Standard (GRI).

A noteworthy achievement during the year was establishing a systematic approach to the management of environmental incidents, which covers areas of impact such as land contamination,s, water contamination, air emission, waste, cultural heritage, and legal non-compliance. The classification system is also designed to improve information exchange and data collection procedures.

Environmental management performance is evaluated in accordance with the national regulation, risk assessment procedures and stick with the IFC Performance Standards on Environmental and Social Sustainability. In 2015 we began to develop an environmental audit procedure as part of HSE internal audit in order to carry out regular evaluation of environmental performance. It will improve environmental controls and transparency throughout the Group.

Performance

Water management

Water is vital for the Group operations and is used intensively in ore processing, dust suppression, and drilling rock. Water use is closely monitored at all operations and conservation opportunities are actively pursued including the use of a circulation method for water processing at industrial operations. Water availability is thoroughly reviewed for all new projects in terms of both access and environmental protection.

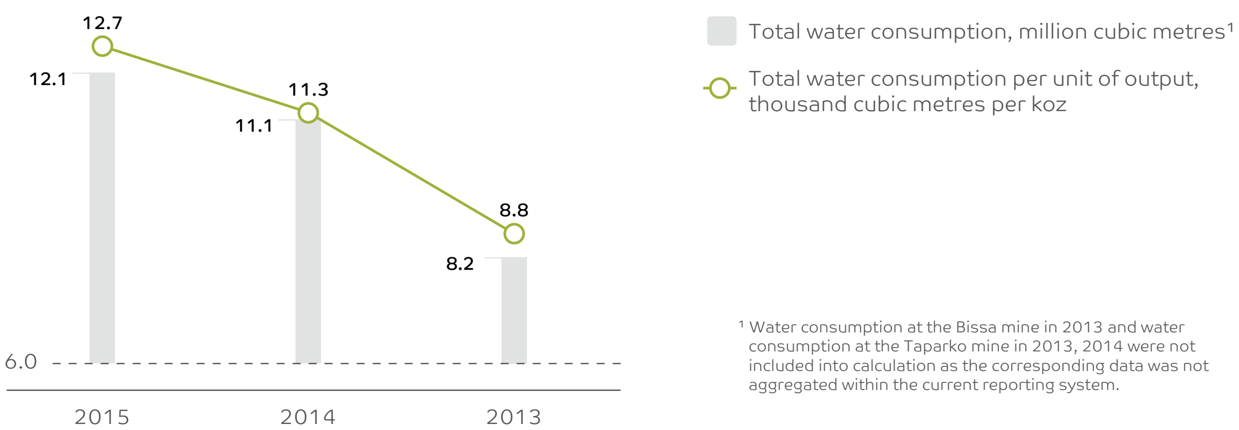
In 2015:

- The Taparko and Aprelkovo mines installed systems for potable water preparation.
- Throughout the CIS, Nordgold sought approvals to align its water management with new regulatory requirements.
- Domestic waste water treatment systems were maintained at the Neryungry, Aprelkovo and Berezitovy mines.
- Filtration fields for domestic waste water disposal continued to operate at Buryatzoloto.
- We continued to carry out natural water treatment in order to use it within the industrial water circulation system and tailing management.

Water availability is a critical concern for our stakeholders as well as the Group, in particular at our African opertions where water is a scarce resource. Taparko and Lefa are located in a semi-desert areas, and remain the Group's top water users. Hence in 2015 we implemented a number of projects to improve access to safe and clean drinking water for local communities (for more information see the section Communities, Case study: Fresh water supply (Taparko)).

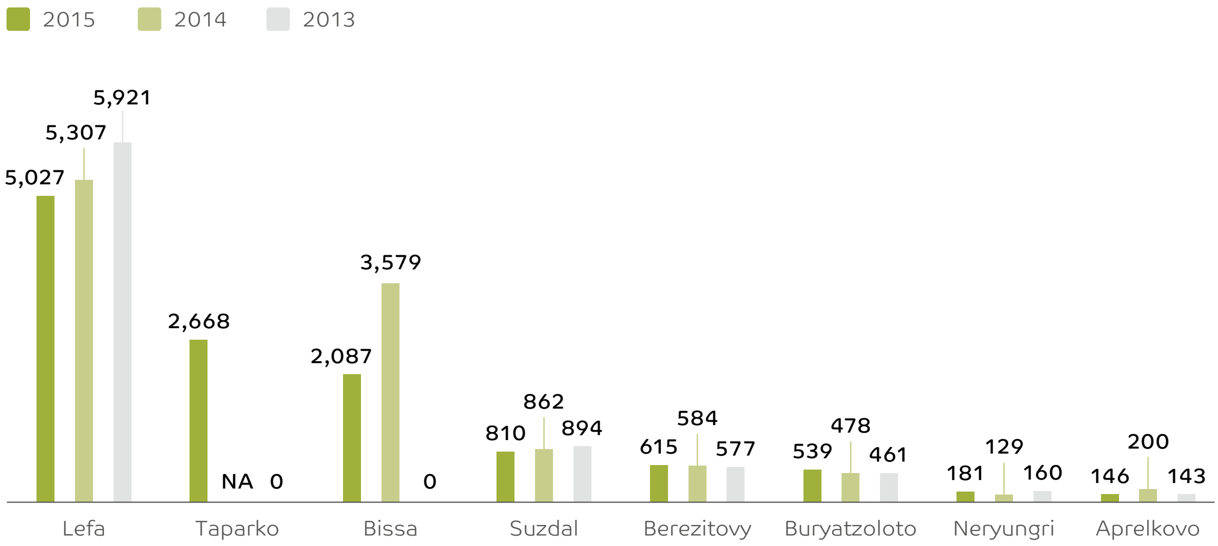
In 2015 the Group's total water consumption was 12.1 thousand cubic metres, with approximately 51% of it taken from groundwater sources. The quantity of water discharged in 2015 amounted to 1.3 thousand cubic metres.

Total water consumption, 2013-2015



[1] Water consumption at the Bissa mine in 2013 and water consumption at the Taparko mine in 2013, 2014 were not included into calculation as the corresponding data was not aggregated within the current reporting system.

Total water consumption by BU, 2013-2015 thousand cubic metres



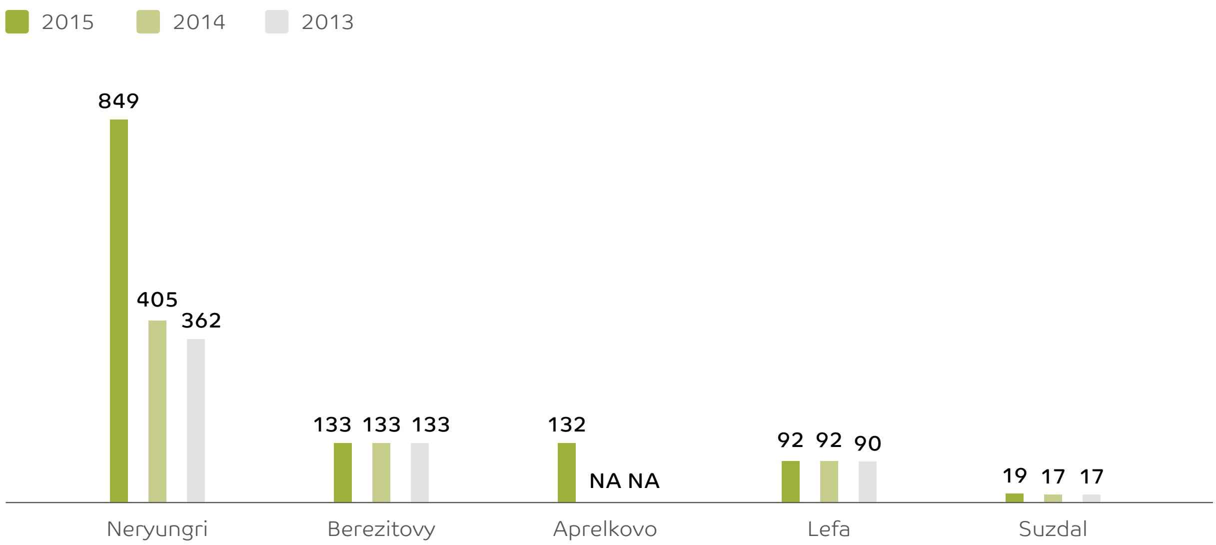
Air emission reduction measures

Nordgold endeavours to properly measure and reduce its greenhouse gas (GHG) emissions. In 2015 the Group's direct GHG emission amounted to 1.2 thousand tonnes[2].

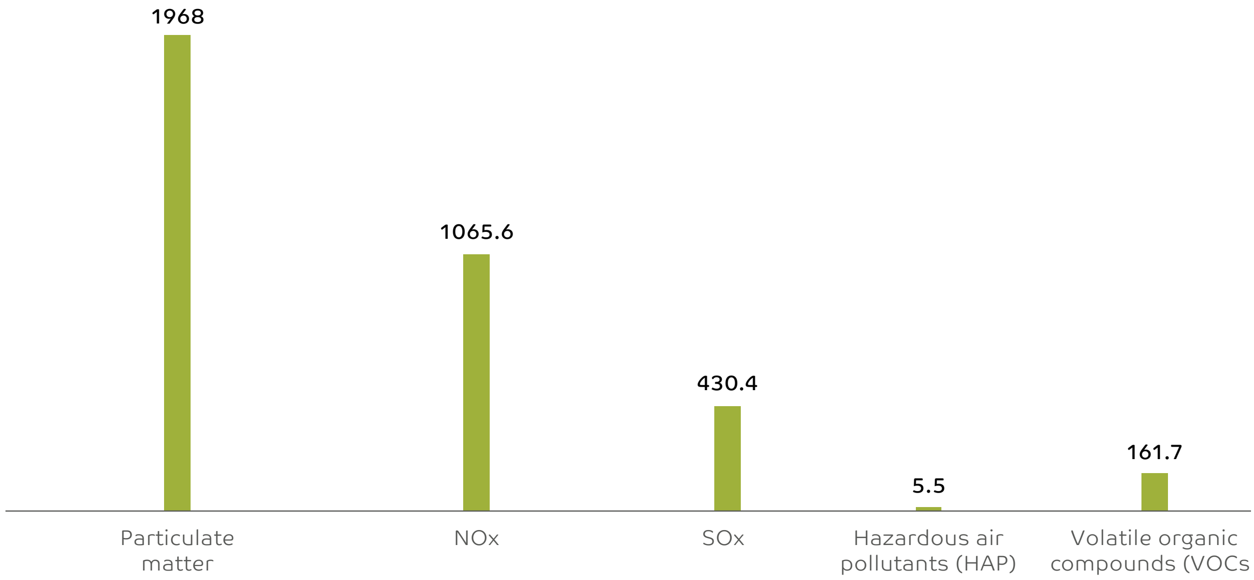
We have implemented systems for measuring and controlling air emissions in accordance with national regulation requirements, .and all of our ore-processing installations are supplied with air cleaning equipment, including aspiration systems and battery cyclones.

For dust suppression Nordgold uses watering of mine roads and sprinkling at crashers. Particularly high levels of dusting occurs at the African mines during dry season. They are close to the Sahara. A dust suppression procedures increase water intake. It is a challenge the Group faces every year and puts significant efforts into tackling.

Direct GHG emission, 2013-2015, thousand tonnes



Significant air emissions, 2015, tonnes[1]



[1] The significant air emissions produced by African mines were not included into calculation as the corresponding data is not aggregated within the current reporting system.

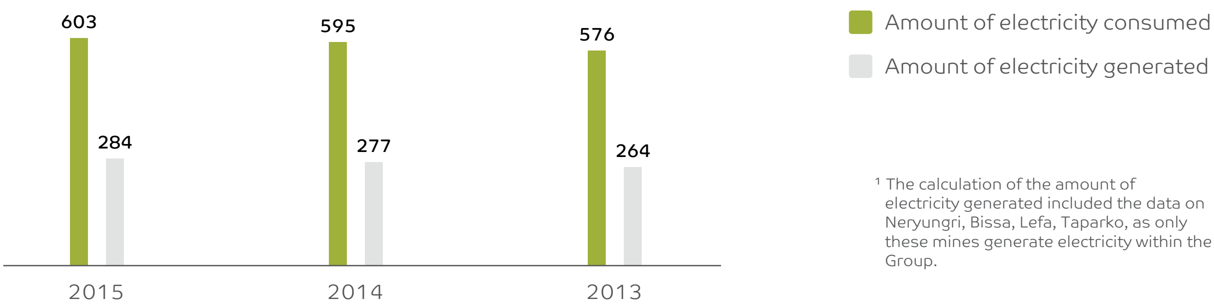
Dust is one of the most significant emissions generated by the Group's operations. It is produced during ore mining and crushing, as well as during road travel. In 2015 dust emissions at Russian and Kazakh mines amounted to 1.97 thousand tonnes. Other significant air emissions include carbon, sulphur and nitrogen oxides.

Energy use

The mining industry is a major user of energy and we are constantly looking to improve both energy efficiency measures and cost-effective ways of generating power. We have continued to run the Countdown-to-Five energy efficiency program at the Lefa mine, which is aimed at reducing the number of fossil fuel electrical generators used at the site from eight to five.

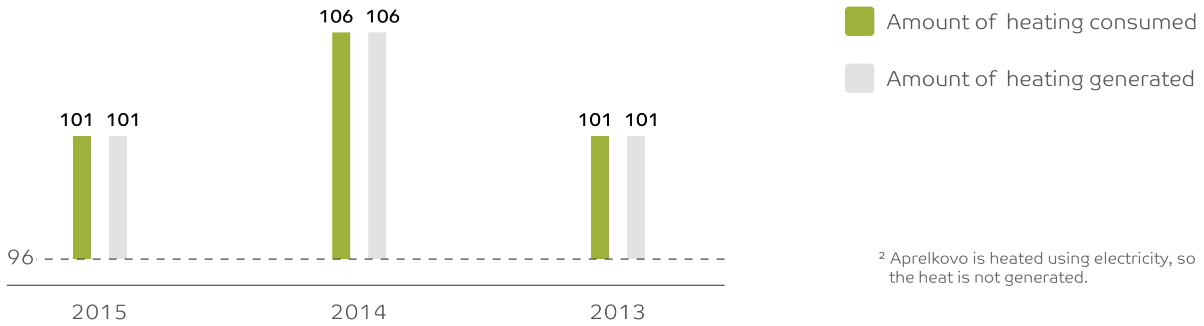
Despite this there was a slight increase in energy consumption across the Group in 2015. The amount of heating consumed and generated remained the same in comparison to the previous year. At the same time the Group achieved a noticeable increase in saving energy due to conservation and efficiency improvements.

Amount of electricity consumed and generated, 2013-2015, GWH[1]



[1] The calculation of the amount of electricity generated included the data on Neryungri, Bissa, Lefa, Taparko, as only these mines generate electricity within the Group.

Amount of heating consumed and generated, 2013-2015, MWH[2]



[2] Aprelkovo is heated using electricity, so the heat is not generated.

Total energy saved due to conservation and efficiency improvements 2013-2015, MWHt

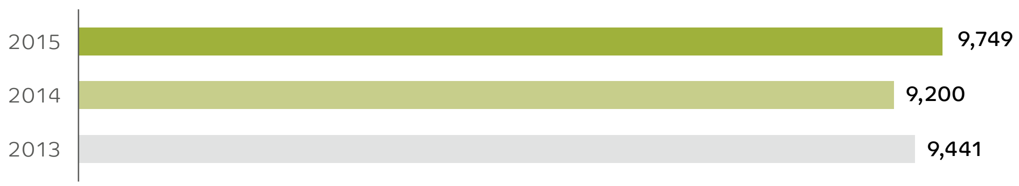
Dangerous substances management

Group operations demand the use of flammable and explosive substances, oxidizing and corrosive substances, poisons. In managing of cyanide the Group strives to align its activities with requirements of Cyanide Management Code. For dangerous emission from Nordgold's CIS mines we use CIS and national regulation which were developed to implement the Stockholm Convention on Persistent Organic Pollutants.

We use several methods to manage dangerous substances and to clean emissions. For example, at our crushers we remove 95% of dust in the air by sprinkling, cyclone machines are used at plants to suppress dust, and it treat the air within the suction systems themselves.

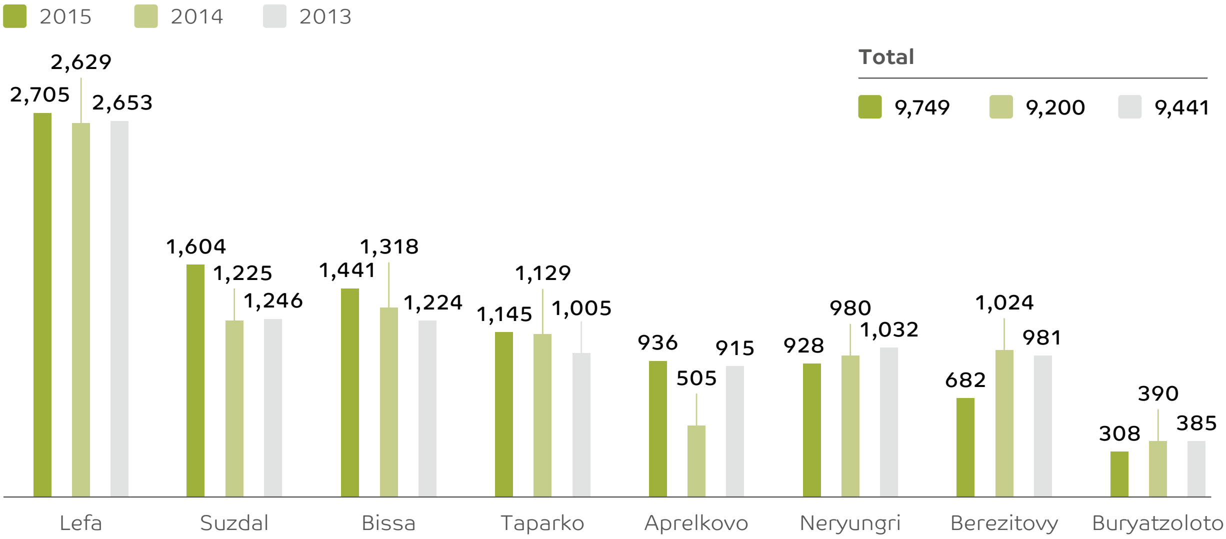
In 2015 the total amount of cyanide consumption (based on CN-) constituted to 9,749 tonnes. The largest amount of cyanide was consumed by the Lefa mine.

Total cyanide consumption (based on CN-), 2013-2015, tonnes



1 The calculation of the amount of electricity generated included the data on Neryungri, Bissa, Lefa, Taparko, as only these mines generate electricity within the Group.

Cyanide consumption by BU (based on CN-), 2013-2015, tonnes



Waste management

Due to the nature of production processes at gold-mining enterprises, the handling of waste constitutes to be one of the principal risks – and one of the main areas for environmental protection. In the reporting year, following recent changes in Russian environmental legislation, the Group has aligned its waste operations with the updated regulatory requirements.

Waste is disposed of at specially constructed waste disposal sites. In 2016 the Group plans to build a new mine landfill for domestic waste at the Taparko mine. It will be a sorting area to collect waste before sending it to external treatment or reuse. Waste disposal pit will be used to collect septic tank sludge in order to dry it and reuse it as fertilizer for nursery plants.

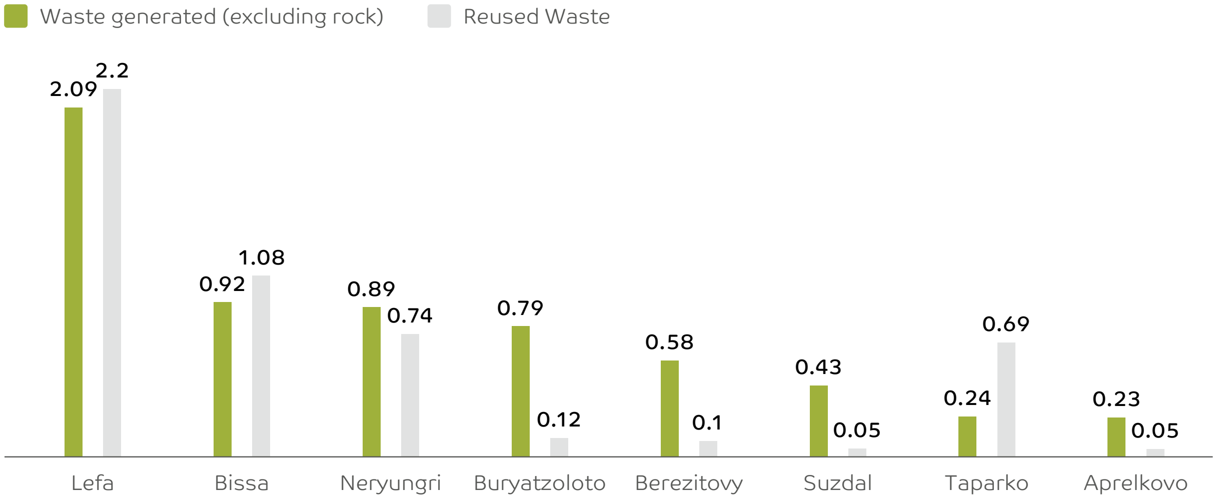
All rock materials is potential waste. Some of it is reused, the rest is disposed of at waste dams. Gold-containing rocks (ore and off-grade ore) are treated for gold extraction or stored for future use. Treated ore is destined for disposal in tailing storage facilities (TSF) or at waste dams.

The Group pays special attention to tailings management and conducts regular monitoring. In 2015 at the Berezitovy mine, new observation wells near heap leach and tailing storage facilities were installed, as well as at TSF at the Buryatzoloto mine.

The total amount of non-rock waste generated by the Group in 2015 was 6.2 thousand tonnes. The largest amount of waste was generated by the Lefa mine.

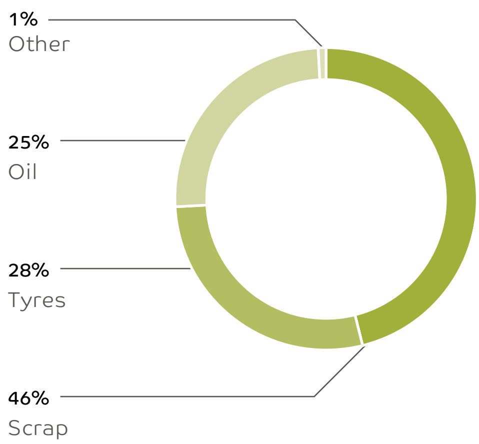
1 Aprelkovo is heated using electricity, so the heat is not generated.

Total waste generated and reused by BU, 2015, thousand tonnes



Total waste generated and reused, 2013-2015, thousand tonnes

Total waste reused by category, 2015, thousand tonnes



Biodiversity and land management

Nordgold seeks to minimise our environmental impact on local biodiversity. Biological resources are closely monitored at all operations and, in 2015, the Aprelkovo and Buryatzoloto mines carried out an evaluation of damage to aquatic bio-resourses.

The Bissa mine planted 15,000 trees. The Lefa mine prepared a trench for fish farming and initiated a programme for growing fruit trees. In 2016 it plans to make firebreak around rehabilited areas to prevent bushfires.

Also in 2016, the Taparko mine will support a plant nursery and land rehabilitation initiative, exchanging its experience of landscaping with other Nordgold mines, and testing approaches to rehabilitation in dry climate.

In 2015 the Berezitovy mine carried out a heap leach pad rehabilitation project.

Land rehabilitation project at Suzdal

In the reporting year a land rehabilitation project at the Suzdal mine was developed, which considers potential options for mine land rehabilitation and will encompass a number of overburdens, careers, a landfill, heap leaching pits, and tailings.

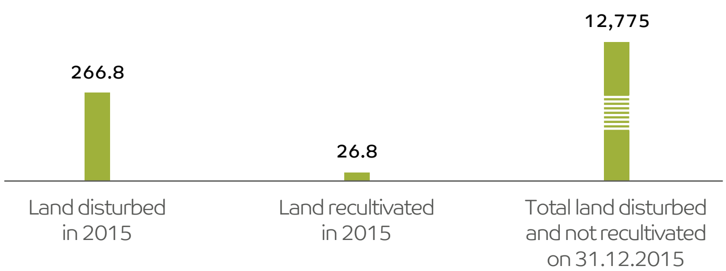
Two reclamation areas were created at the mine:

- waste careers: environmental and sanitary course
- overburden dumps, solid waste and industrial waste landfills, a heap leaching pit, a tailings pond, quarry - agricultural course.

Measures to restore damaged lands comprise two stages: technical reclamation (the flattening of slopes, surface levelling, laying out and compacting the surface, applying topsoil) and biological rehabilitation (sowing perennial grass on the rehabilitated surface and creating turf-covered areas).

In 2015 26.8 hectars were recultivated.

Total land disturbed and recultivated, 2015, hectares



Closure planning

National regulation require the Group to develop a closure plan for each mine or to allocate a budget for site rehabilitation in the event of a mine closure. The Group continues to update ARO (Asset Retirement Obligation) estimates for all mines in accordance with financial reporting rules.

Environmental protection expenditures

The Group's environmental protection expenditures include the cost of environmental monitoring, the mitigation of environmental contamination, the purchase of equipment to reduce emissions, and the disposal of hazardous waste.

The Group's total environmental protection expenditures was US$766 thousand in 2015. Total fines in 2015 amounted to US$163 thousand. Ecological investments and payments constituted to US$87 thousand.

Total environmental protection expenditures, 2013-2015, US$ thousand

	Environmental protection expenditures	Total monetary value of the fines	Ecological investments and payments	Total (100%)
2015	766.1 (76%)	162.6 (16%)	87 (8%)	1,015.7
2014	782 (52%)	12.7 (0.8%)	713 (47.2%)	1,507.7
2013	470.6 (42.5%)	62 (5.5%)	574.7 (52%)	1,107.3

4.6 COMMUNITIES

Community engagement

We believe that engaging effectively with local communities is as important to us as any part of our business, since it helps protect and maintain our social license to operate. We understand that mining operations can have both positive and negative impacts on local communities, and hence we seek to maximise positive impacts through our charity and sponsorship initiatives and mitigate negative impacts through constructively engaging with communities. We continuously strive to improve our understanding the cultures, priorities, and concerns of local communities, in order to find the most effective ways of dealing with issues and gaining trust.

To ensure that our interactions with communities are consistent and professional across all our sites, Nordgold has a Community Relations Policy that outlines our commitment to building and maintaining relationships of mutual respect and trust in each country where we operate (the full text of the policy – is on the Group's website: http://www.nordgold.com/sustainable-development/society/).

As indicated in the policy, Nordgold's approach to community engagement focuses on three key priorities: education, health, and economic empowerment – which are all central to our core business values and correspond to basic community needs in our regions of operation.

Education	• Building and refurbishing educational infrastructure • Student scholarships awards • Supporting educational programmes
Health	• Building medical infrastructure • Improving ambulance services/upgrading medical equipment • Promoting sports • Activities aimed at preventing dangerous diseases – Active support for an anti-malaria programme – Ebola precautionary measures
Economic empowerment	• Employing local people at all levels of Group operations • Promoting opportunities to enable locals to start up and manage enterprises • Basic-needs programmes • Distributing financial support • Supporting indigenous people

At both HQ and BU level Nordgold has established community relations managers. The allocation of functions between specialists at HQ and BU level is specified in the Authority Limits Manual, which was elaborated in 2014.

At HQ level the operational management, planning and control of projects are carried by the Head of Internal Communications and Sustainable Development Projects. At BU level community relations management positions differ by region. At Russian and Kazakhstan mines, this function is carried out in line with communications. At African BUs, in view of the high number of settlements in close proximity to mines, Nordgold has established special positions for community relations management.

In addition, in order to conduct more effective dialogue with local communities in Africa, Nordgold has set up Community Committees composed of mine employees, local authorities, and representatives from local villages. The committees' functions include mandatory monitoring of project implementations, ongoing interaction with communities, and developing community engagement plans.

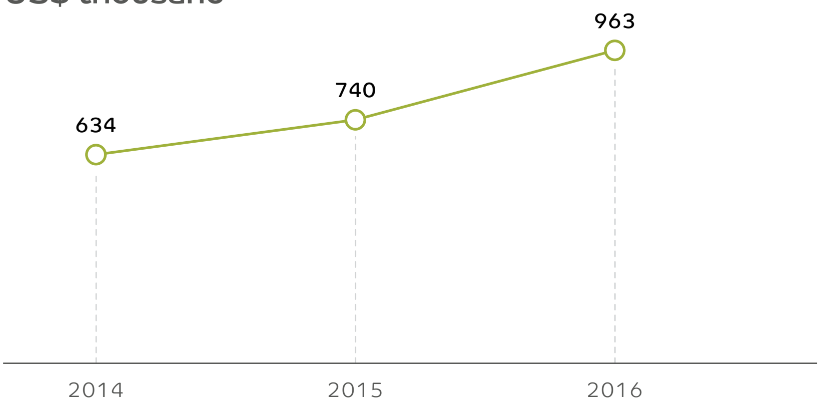
Local teams regularly report on their performance to the Head of Internal Communications and Sustainable Development Projects, while specialists at HQ level facilitate community engagement by providing sites with guidance and tools related to community engagement best practices.

At Board of Directors level, the Safety and Sustainable Development Board Committee is involved in reviewing community relations management. The committee approves corporate documents on community relations and during meetings discusses key issues pertaining to community engagement.

When developing our social projects we take into account a region's specifics, thus our approaches to community relations management in Russia and Kazakhstan and Africa differ significantly (for more information see the sections Social development in Russia and Kazakhstan and Community relations in Africa).

All in all in 2015 Nordgold's total financial contribution to local communities support amounted to US$1,781 thousand. That also included US$1,041 thousand of Social tax accrued in 2015 to be paid in Guinea according to the national law. The Group's charity budget in the four countries of operation totalled US$740 thousand. This is slightly lower than planned US$762 thousand for 2015 – due to the depreciation of the rouble during the year. The budgeted sum for 2016 is US$963 thousand with the increase in comparison to the last years due to new satellite development of the Burkina Faso' mines.

Dynamics of Nordgold's charity and sponsorship budget, 2014 - 2016 (plan), US$ thousand



Social development in Russia and Kazakhstan

In Russia and Kazakhstan, Nordgold prioritises programmes aimed at developing regions of operation over supporting federal socio-economic programmes. Moreover, as the Group's mines are located far from residential areas, our social activities are not related to any particular city or town, but are focused on the region as a whole.

The Group's regional charity support is primarily based on social and economic partnership agreements between local authorities and Nordgold subsidiaries. As a result, Nordgold provides targeted investment in key infrastructure, hires staff from local communities where possible, and supports indigenous peoples.

Thus in 2014 Nordgold concluded long-term socio-economic agreements with the authorities of three municipalities of the Republic of Sakha (Yakutia), one of which is an indigenous community. (For more information see the Case study: Support for local communities under socio-economic agreements (Neryungri). In 2016 the Group plan to extend those agreements and at regional level sign a further one with the Government of the Republic of Sakha (Yakutia).

At our Russian and Kazakhstan mines, the Group's charity programmes traditionally focus on social projects, such as the education of children and young people, social infrastructure development, support for the disabled and veterans, and providing assistance to children from socially disadvantaged and low-income families.

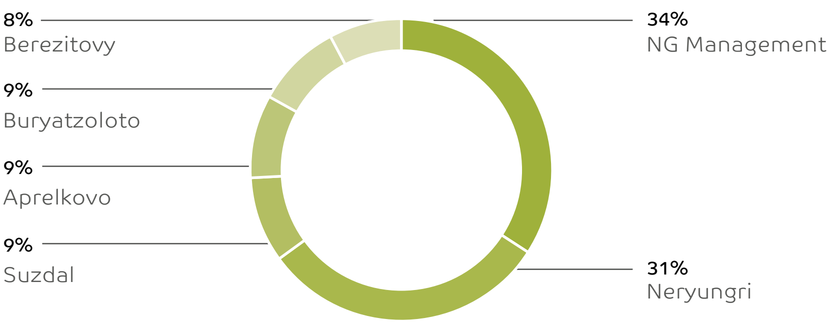
Nordgold has a long record of carrying out charity and sponsorship initiatives in Russia and Kazakhstan, and for several years has been implementing a number of well-established and well-known local community programmes aimed at supporting children from low-income families. Examples include the Social Bell (Berezitovy), which the Group has been conducting for four years. For implementing the Social Bell project, in the reporting year Nordgold was awarded the diploma “For Contributing to Charity and Initiating a Project” as part of the annual competition “Corporate Philanthropy Leaders: 2015” (for more information, see the Case study: Social Bell (Berezitovy)).

The Suzdal mine in Kazakhstan annually supports children who find themselves in challenging life situations, including children in local orphanages. In the reporting year the charitable activity of the Suzdal mine was reported to all citizens when the local television corporation “Kazakhstan” recently broadcast a 10-minute film about the mine’s contribution to social development in the town of Semey and Znamenka village (for more information, see the Case study: Social support to vulnerable groups (Suzdal)).

As well ascontinuing established initiatives, Nordgold endeavours to identify new ways to support local communities and to apply new methods of engagement. Thus in the reporting year Buryatzoloto held piloted social projects’ contests in the far-distant Muisky and Okinsky regions, aimed at stimulating the activity of social and cultural organisations in the districts and supporting initiatives to address social issues within the region (for more information, see the Case study: Social projects' contests).

In 2015 the Group’s charity budget in Russia and Kazakhstan totalled US$219 thousand. Nordgold Management and Neryungri accounted for the largest shares, of 34% and 31%, respectively. In 2016 the Group plans to spend approximately US$212 thousand on community investment programmes in these countries.

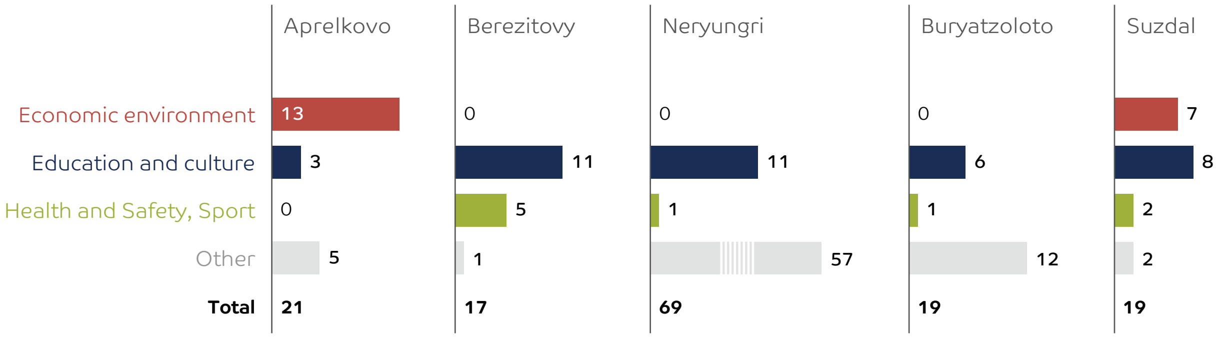
Social investment structure in Russia and Kazakhstan split by mine, 2015, US$



The main areas of the Group’s charitable activity in Russian and Kazakhstan were education and culture (US$39.3 thousand), and economic empowerment (US$19.7 thousand). In 2015 the Neryungri mine invested the largest amount in the local communities support, allocating US$69 thousand.

Also in the reporting year the Group spent a significant amount of money on initiatives which are not included in the three main support categories (economic empowerment, education and culture, health and safety, sport). Thus in 2015 US$74 thousand was allocated to support the socio-economic agreements mentioned above with the local authorities in the Republic of Sakha (Yakutia) – Olekminsky municipal district, the Tyanya municipality administration, and the indigenous tribal community Tian. This constitutes 34% of the Group’s charity and sponsorship budget in Russia and Kazakhstan and is reflected in Figure Distribution of charity and sponsorship budget by Russian and Kazakh mines under ‘Other’ category.

Distribution of charity and sponsorship budget by Russian and Kazakh mines, 2015, thousands of US$



Case studies: Russian and Kazakh mines

Aprelkovo (Russia)

Development of rural areas

Rural areas located near mines receive significant financial support from the Group to improve the infrastructure of settlements. In 2015 the Aprelkovo mine acted as lead partner in a project to construct recreational facilities in nearest Mirsanovo village, and covered a significant part of costs related to the project's implementation . The fact that the mine was investing US$11.5 thousand in the project enabled the local authority to access additional federal financial support. The construction of the new recreational facilities will enable the local community to spend their leisure time on landscaped grounds equipped with sports facilities, children's playgrounds, and small classically designed buildings.

Every year the Aprelkovo mine provides substantial material assistance to the Mirsanovo rural settlement. Over the years the enterprise has been a patron of the settlement, contributing to its socio-economic development. In 2015, on the occasion of the opening of a new kindergarten, the Aprelkovo mine donated to it a computer, equipment, and educational toys. Also, in the beginning of the academic year the Group donated supplies to the school of the village, and in commemoration of the 280th anniversary of the Mirsanovo village mine provided gifts – figures for landscape design for the new recreational zone.

Financial support for fire victims

Steppe fires in the Trans-Baikal territory and the Republic of Khakassia destroyed a considerable number of houses in the Spring of 2015, making many people homeless. The victims included three employees of the Aprelkovo and Neryungri mines. Nordgold gave each of them US$1.6 thousand, and a further US$1.6 thousand was donated to the local authority of Casanova village (in the Shilkinskoe District of the Zabaikalsk Region), where 18 houses were destroyed and 83 people were made homeless. Staff at Neryungri and Aprelkovo mines also launched their own fundraising campaign to help their unfortunate colleagues.

Berezitovy (Russia)

Young geologists

For the past five years the Berezitovy mine has sponsored geological Olympiads for pupils of the Amur Region, and the Group has become the patron of the Amur Region children's geological movement. Financial assistance from the mine covers costs related to various learning activities for pupils and teachers, organising training sessions, and travel costs for the regional team's participation in the All-Russian Geology Olympiad. With this support the Company hopes to engage young people to the geology profession.

Social Bell

For the third successive year Berezitovy mine has implemented the Social Bell project in the Skovorodinsky District. The project entails three parties – business, government, and society – working together to achieve positive results. In 2015 four remote settlements in Amur Region were covered by the project, which involved a group of doctors travelling to observe children who had no possibility to go to the medical centres because of the far distance and difficulties involved. The doctors from leading medical institutions examined children from low-income families, following the results of which 12 children were sent to regional hospitals in Blagoveschensk at Nordgold's expense. In addition, the Group provided 90 children with complete sets of winter clothing. In 2015 the total sum donated by the mine under project was approximately US$3.3 thousand.

For implementing the Social Bell project, in the reporting year Nordgold was awarded the diploma "For Contributing to Charity and Initiating a Project" as part of the Russian annual competition "Corporate Philanthropy Leaders: 2015" conducted by Donors' Forum, PWC, Vedomosti.

Financial assistance to purchase equipment for a children's sensory room

As part of a charity initiative called "In the Name of Childhood – Possibilities Without Borders", the Berezitovy mine has helped to equip a children's interactive sensory room in the city of Skovorodino in the Amur Region (US$1.6 thousand). Thanks to this initiative, children with disabilities and their family members can get needed psychological support. The sensory room equipment enables children with disabilities to learn more about the outside world, and to see and experience all its shapes, sounds, colours, and smells.

The Governor's schoolbag

For several years Berezitovy has helped children from large, low-income and troubled families in the Skovorodinsky Region to prepare for school by sponsoring an initiative called the "Governor's Schoolbag to a First Grader". In 2015 the mine donated US$2 thousand for the purchase of schoolbags and school supplies in order to prevent situations where a child cannot attend school due to not having the most basic items.

Neryungri (Russia)

Support for local communities under socio-economic agreements

In 2013 Neryungri signed long-term socio-economic cooperation agreements with the administration of the Olekminsky municipal district, the Tiansky municipality administration, and the indigenous community Tian totalling US$74 thousand, This money was used to fund various initiates including buying food and fuel for herdsmen, to build a house for young specialists in Tian, and to build a Markhin school etc.

Buryatzoloto (Russia)

Social projects' contests

In the reporting year Buryatzoloto held pilot social projects' contests in the Muisky and Okinsky districts, the most remote districts of the Buryat Republic. This initiative was supported by the Republic's authorities, as well as the local regional administration. A local NGO, The Baikal Charity Fund of local community, ran the contest. The main goal of the competition was to increase social and cultural activity in the districts and to support initiatives aimed at addressing social issues in the region.

Another purpose of the initiative was to teach local social and cultural organisations to properly file grant applications and to present projects well. These skills will allow the organisations to successfully apply for various competitions. Hence the Group, together with The Baikal Charity Fund, organised and held a number of related seminars on project approach and management for local organisations before the project's initiation.

An early Nordgold charity initiative in the Buryat Republic was held in Ulan-Ude, the region's administrative centre. The implementation of this project, which promotes the idea of supporting remote areas, signalled a change in the Group's approach to community engagement. The total sum donated by Buryatzoloto was approximately US$11.5 thousand.

Sponsorship of festive prayer broadcast

In the reporting year the Buryatzoloto mine sponsored the broadcast of festive prayers in Involginsky Datsan, which is the center of Russia's traditional Buddhist Sangha. In the Buddhist tradition these festive prayers have a great importance. As a result of the sponsorship, all residents of the district, including our employees, had an opportunity to hear it.

Suzdal (Kazakhstan)

Social support to vulnerable groups

Suzdal supports its pensioners, a specialised child-care centre in the town of Semea, an orphanage, students of Znamenka village, and to orphans for the subsequent purchase of residential property. In 2015 Suzdal continued to support these groups and in total provided more than US$12.8 thousand in social support. Also in 2015, the Memorandum of Mutual Cooperation to Foster Favourable Social Conditions between Suzdal and Semea Akimat was extended. In accordance with the memorandum, Nordgold will annually invest at least US$7 thousand th to improve local infrastructure.

All mines in Russia and Kazakhstan

World War II Victory Day

Every year Nordgold's mines in Russia and Kazakhstan recognise the veterans of World War II with gifts and cultural activities dedicated to the Victory Day celebration on May 9.

This year, the Berezitovy mine provided financial assistance to hold an international "Meeting of Friends" festival during which Amur veterans met with a delegation of pensioners and veterans of military actions against Japan from the Chinese cities Heihe, Harbin, and Dalian.

The Neryungri mine also enables the restoration of a monument in the Tian settlement to the memory of those who died during that war. The memorial in Tian was installed shortly after the end of the war, and since then no major restoration work had been performed.

In 2015 Nordgold mines in Russia and Kazakhstan continued the tradition and contributed US$29.9 thousand in total.

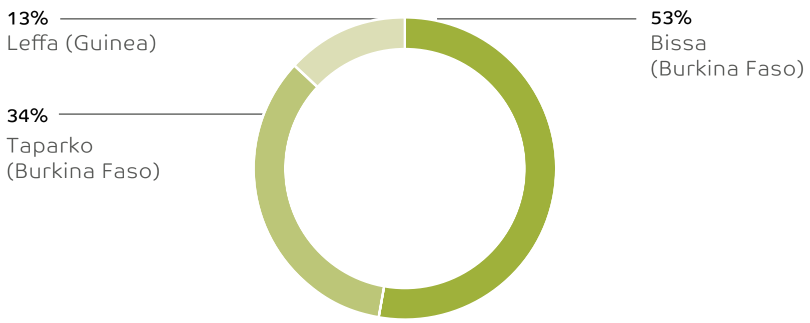
Community relations in Africa

The low level of socio-economic development in many African countries poses substantial operating challenges for doing business on the continent. Such events as the military coup in Burkina Faso in September 2015 and the Ebola outbreak in Guinea do not make the conditions for conducting business any easier. However, such challenges enable the business to demonstrate, through its actions, its commitment to the principles of corporate social responsibility, and to make a significant positive contribution that is vital to ensuring the prosperous future of local communities.

Nordgold continuously works to enhance our relationships with communities and to effectively address the challenges that they face. The Group's community development programmes n Africa focus chiefly on helping local communities meet their basic life needs, such as health care and access to clean water. Special attention is paid to programmes aimed at increasing the well-being and educational level of local communities and a number of programmes are tailored to protect children's rights and to facilitate the economic integration of young people and women.

In the reporting year Nordgold continued to implement its long-term development programme in Africa (Burkina Faso and Guinea), and undertook a number of development programmes at Bissa, Taparko and Lefa mines. The Group also continued to fulfil its obligations under a Partnership Agreement with UNICEF (Lefa mine), and in this connection performed significant community engagement work as part of resettlement activities under the Bouly Project (Bissa mine).

Structure of charity budget in Africa, 2015, %

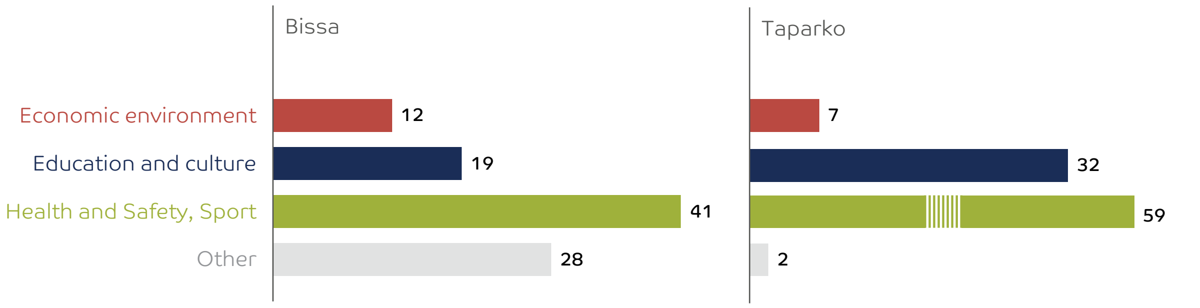


In 2015 the Group's community investments in Africa for Nordgold community development programms amounted to US$521 thousand and included social programmes and initiatives related to three African mines: Bissa, Taparko, and Lefa. In 2016 we expect to increase this to around US$760 thousand. Also in 2015 US$1,041 thousand of Social tax accrued in 2015 to be paid in Guinea according to the national law (Lefa mine).

Social investment programmes in Burkina Faso (Bissa and Taparko)

In 2015 the **Bissa** mine allocated US$278 thousand to social initiatives aimed at developing local communities. More than 41% of this was spent on improving the health system – primarily for the construction of a maternity unit, providing local health centres with necessary equipment and medicines, and donating a motorcycle ambulance to Gougre village. In addition, the Group completed five additional wells for the local villages of Bissa, Bissighin, and Gougre, which will provide communities with access to clean water.

Focus areas of social programmes in 2015, %



A further 19% was used to improve the quality of education and to organise training programmes. We built an additional classroom in the village of Gougre and provided more than 2,250 students with school supplies. Also, Nordgold initiated a number of training programmes aimed at teaching young people crafts and trades that they can benefit from (for more information, see the Case study: Provision of employment opportunities for young men and women).

A further 12% of funds were spent on economically empowering local communities, through the granting of micro-credits (for more information, see the Case study: Microcredit (Bissa)).

At **Taparko** mine in 2015 the Group spent US$178 thousand on social development programmes, the bulk of which was allocated to health projects including the construction of four modern houses for Yalgo and Nagbingou's hospital and the construction and renovation of the Yalgo maternity unit. We also helped to fund Bouroum, Taparko, Yalgo, and Nagbingou hospitals with medicine to fight malaria.

Taparko invested 32% in developing local educational infrastructure through the construction and equipment of a three-classroom primary school at Nagbingou.

Taparko social programmes to facilitate the fostering of economic empowerment accounted for 7%, and comprised the construction of a borehole at Kario and the repair of boreholes at Taparko (for more information see Fresh water supply (Taparko)).

Social investment programmes in Guinea (Lefa)

Focus areas of social programmes at Lefa in 2015, %

In 2015 the Group allocated US$65 thousand to a social development project through the Lefa mine in Guinea.

56% of this amount was allocated to providing various types of education and to supporting cultural activity: for example, on improving the living conditions of teachers by granting them cash bonuses and food subsidies.

Significant financing (44%) was also spent on improving the health system, predominantly the fight against Ebola (for more information, see the Case study: Ebola prevention (Lefa)).

In 2015 Nordgold continued to fulfil its obligations under the two-year Partnership Agreement between the Lefa mine, UNICEF, local authorities, and communities from the Siguiri and Banora districts, which aims to enhance poverty reduction programmes and to contribute to improving basic social services in two municipalities (for more information, see the Case study: Partnership Agreement with UNICEF and Local Communities (Lefa)).

Case studies: African mines

Bissa (Burkina Faso)

Employment opportunities for young people

In 2015 the Group continued to implement an educational programme to teach young men and women from the Sabce and Kongoussi regions crafts and trades skills that will allow them to engage in commercial activity. The programme was initiated in 2014 and was aimed at providing opportunities for self-employment. In the reporting year 59 young men and 30 women successfully completed the courses.

We also provided programme participants with the equipment they need to begin their own business and to become economically independent. This included equipment for welding, mechanics, carpentry, electricity, plumbing, sewing, and weaving. We hope, along with local authority representative who attended the awards ceremony, that those who received the equipment will employ and attract to craft activities other young men and women from their villages.

Microcredits

In 2015 Nordgold continued to collaborate with the Regional Union of Banks of Bam (Bam-URC) to stimulate the economic development of local communities by providing micro-credits. Various projects were submitted to the Bam-URC commission for consideration, including those related to opening a small cafe, livestock breeding, and the purchase and resale of grain. Several income-generating activities were selected by the commission, and the credits received have enabled a number of women to invest in pig rearing and to start their own businesses. The total sum of credits provided was US$13 thousand.

Drinking water and sanitation

During 2015 the Bissa mine completed five additional wells for the villages of Bissa, Bissighin Gougré. Following the completion of the wells, the regular monitoring was put in place to ensure the quality of groundwater through physicochemical and microbiological analyzes. The implementation of this initiative is crucial to the local communities as it not only contributes to their economic development but also provides sanitation and benefits their overall health and safety.

Taparko (Burkina Faso)

Fresh water supply

In the reporting year Nordgold implemented a number of projects to improve access to safe and clean drinking water for local communities. The Group allocated US$12 thousand to build a new borehole for the village of Kario significantly decreased the distance villagers have to travel to get drinking water, and thus has made their everyday lives easier. In Taparko, a number of boreholes had been degraded due to a lack of maintenancenegatively affecting the water supply. In order to rectify this , Nordgold undertook significant repairs to12 boreholesat total cost of US$19 thousand.

Fight against malaria

For the second year in a row, Nordgold made a significant donation to hospital centres in Yalgo, Taparko, Bouroum, and Nagbingou of medicines to fight malaria. This took place at the beginning of the rainy season, when the disease is at its most severe. Under the initiative aid was provided to 500 people (including pregnant women, children up to five years old, and other vulnerable groups). According to the High Commissioner of the province, "as a result of this initiative the malaria mortality rate fell". A total of US$6 thousand was allocated to the initiative’s implementation.

Developing medical infrastructure

In the reporting year the Taparko mine continued to strengthen and develop the local medical infrastructure. Thus, US$74 thousand were allocated to the construction of two modern houses for Yalgo's hospital and of two for Nagbingou's hospitals, which constitutes to approximately 42% of the mine's charity and sponsorship budget. Also in 2015 the mine invested US$18 thousand into construction and repair of the maternity of Yalgo. Building of this infrastructure will ensure that the women in a maternity will be offered more convenience and comfort as well as the proper support and care after child delivering.

Lefa (Guinea)

Partnership Agreement with UNICEF and Local Communities

In 2015 Nordgold continued to fulfil its obligations under the Partnership Agreement for two years, 2014 and 2015, between the Lefa mine, UNICEF, local authorities and communities from the Siguiri and Banora districts. The partnership aimed to create synergies between the Rural Communes of Banora and Sigurini, UNICEF and Société Minière de Dinguiraye (SMD, a Nordgold subsidiary which operates the Lefa gold mine in the Republic of Guinea) to enhance poverty reduction programmes and to contribute to improving basic social services in both municipalities. The focus areas of the partnership are health, access to clean water, support for the socio-economic activities of young people and women, enhancing the quality of basic education, and child protection.

Total funding for the partnership over two-years was US$520 thousand is as follows: SMD (10%), UNICEF (20%), the Siguirini (35%), and Banora (35%) authorities. The funds allocated by the district authorities funded from social taxes paid by Lefa. The participation in the partnership allows us to ensure that the local authorities use this payments to cover local communities' priority needs.

Progress achieved under the initiative in 2015:

Health system improvement

- Staffing two health centres, providing them with essential medicines
- Support for treatment of common diseases among 2,359 children under five and 4,995 children over five (Malaria, ARI, and diarrhoea)
- Support for 1,335 pregnant women
- Organising two awareness campaigns in 117 villages on Ebola prevention
- Distributing 373 hand hygiene kits
- Distributing 4,434 pieces of soap, 40 cartons of chlorine, and 60 thermo flashes
- Investing in improving local radio coverage as part of work to combat Ebola

Enhancing the quality of basic education and child protection

- 804 children aged 0-o 6 months received birth certificates
- Equipment for 12 classrooms with tables/benches, 12 teachers' offices and three executive offices
- Distributing school supplies (7,708 notebooks, 3,343 pens, 4,453 pencils, 115 bags)
- Holding trainings sessions for 22 teachers

Economic integration for youth and women

- Sewing training centre equipment for young women
- Developing a 1.5-hectare vegetable garden for a Youth association

The implementation of activities was strongly affected by the Ebola outbreak that hit the country in the reporting year. The crisis led to the inclusion in the Partnership Priority Areas Action Plan of measures to combat Ebola.

Ebola prevention

In the reporting year Lefa management continued to take preventive measures against the spread of Ebola. For examples:

- **Dissemination of information and awareness raising**. Nordgold took action to raise the awareness of employees, contract workers, and members of local communities about the disease. Mine' management implemented a roadmap and epidemic management protocol, which were widely distributed among workers and local authorities. In addition, three special teams were created. The first, made up of staff members from the HSE, Community Relations, Industrial Relations and Communication departments, was tasked with raising awareness in all departments / services of the company and among subcontractors. The second team, comprising doctors, an emergency team, and HSE specialists, underwent prevention and treatment training conducted by the French Red Cross in Conakry. The third team, which also included representatives from local authorities, conducted awareness tours in villages surrounding mining facilities.

  The awareness-raising programme was complemented by the distribution of prevention kits, at a total cost of US$11.5 thousand, consisting of hand-washing kits, pieces of soap, and chlorine boxes.

- **Installing hand-washing stations**. A total of 40 hand-washing stations were installed at the mine site and in surrounding villages (in public places such as bus stations, markets, mosques). The company regularly furnished these stations with the required consumables (bleach and liquid sodium hypochlorite). The total cost of the implementation was US$4 thousand.
- **Construction of isolation units**. To prevent and limit the spread of the epidemic, Nordgold built two isolation units for the Lero and Bofeko camps. Total expenditure was US$35 thousand.
- **Support for families that potentially came into contact with infected persons**. 18 families were monitored in conjunction with local health authorities. US$5.6 thousand was allocated for this purpose. The support helped limit the mobility of potential transmitters of the infection and hence contributed to reducing the risk of the disease being spread. At the end of the monitoring period, no one had developed Ebola.
- **Supporting national efforts**. Lefa mine also contibuted US$42.8 thousand towards national initiatives to combat Ebola .
- **The application of health emergency measures**. In accordance with a decision of the Lefa General Manager workers returning from leave were subject to mandatory health checks.

A total of US$99.3 thousand was allocated by the Lefa mine to preventing and combating the Ebola virus. This sum was formed not only from the funds foreseen under community relations and sponsorship budget but also under other departments' budgets. The most significant sums went on constructing isolation units and supporting a national coordination to combat the virus.

In December 2015 the World Health Organization (WHO) declared an end of the Ebola virus epidemic in Guinea. Thankfully, no cases of disease among employees or the inhabitants of nearby villages were reported.

Bouly Project Resettlement

When developing new projects, Nordgold makes every effort to avoid the resettlement of communities. However, sometimes this cannot be avoided, and then the Group seeks to minimise the adverse social and economic impacts of land acquisition or restrictions on land use by compensating for the loss of assets at replacement cost. We also introduce support measures and ensure that consented resettlement activities are carried out with full consultation and the informed participation of those affected.

Since the involuntary displacement of communities is not explicitly covered by national legislation in the countries where we operate, the Group endeavours to align its resettlement activities with international best practice, and in particular the performance standards and principles of the International Finance Corporation and the World Bank – even though Nordgold does not receive any project financing from either body.

In 2015 the Group continued its transitional support to communities in the Sabcé region of Burkina Faso, which were relocated when the Bissa mine was developed in 2011. Also this year we instigated significant community engagement work in preparation for the resettlement of communities as a result of the Group's new Bouly development project.

Bouly Project

The proposed Bouly mine is 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. The project is part of the economic and social development strategy of the country's government. (For more details on the Bouly Project see the section Overview of development and exploration projects)

The communities living in the project area consist of Mossi (98%) and Fulani (2%) peoples, who have a high percentage of female members (54%). Their major economic activities are agriculture and cattle breeding. Other activities, such as trade and artisanal gold panning, are also practiced but to a lesser extent.

All in all the implementation of the Bouly Project will impact 11 villages in 2 provinces – Sanmatenga and Bam.

Social impact of the project

The Bouly Project will certainly have a significant impact on the socio-economic life of local communities. This includes their economic activities and livelihoods, social organisation, safety and health, the well-being of vulnerable groups, infrastructure, cultural heritage and landscape.

In preparing for this we have delineated two distinct impact zones.

The exclusion zone: This is the area within a fenced perimeter where the industrial site and mining facilities will be directly situated. The physical and economic displacement of this area's current inhabitants will be necessary.

The restricted zone: This area, within 500 metres of the boundaries of the exclusion zone, will not include mining activities. However the area's inhabitants will still need to be relocated, due to potentially elevated levels of noise, vibration, and dust.

Thus the project's implementation will require the physical and economic displacement of communities living in the affected villages in Sanmatenga Province and the economic displacement for communities living in the affected villages of Bam Province.

In order to minimise the potential impacts and economic and/or physical displacements, the Group carried out a project infrastructure optimisation exercise which reduced the initial area of land acquisition by approximately 300 ha. We also changed the timing of the project, to allow the local communities to sow and harvest on their habitual land in 2015 to avoid food insecurity. For 2016 the local people will have fields on new sites.

Nonetheless, the acquisition of land in the exclusion zone will directly affect 227 households and 953 people and result in the loss of 547 agricultural plots totalling 758 ha. In the restricted zone properties belonging to 325 households will also be subject to physical relocation.

As well as creating a number of challenges for local communities, the project's implementation will bring discernible benefits. Activities related to the three development phases of the project – construction, operation, and closure – will offer employment for local residents, create business opportunities for local suppliers, boost the socio-economic prospects of the region, and contribute to both regional and state budgets.

These opportunities may not meet all expectations. Nevertheless their importance in terms of impacts on employment and the economy are significant. Employment opportunities will lessen after the mine's construction, and this has been openly communicated to local communities.

Resettlement Action Plan

The Group has developed a Resettlement Action Plan (RAP) for the Bouly project, which is based on a number of socio-economic studies which covered such topics as the administrative and political organisation of the communities involved, demographics and social organisation, health and education, economic activities and livelihoods, household income and spending, community infrastructure, and cultural heritage.

Preparation of the RAP had the following objectives:

(i) to address the economic and social consequences of resettling the local communities

(ii) to comply with national legislation and to align with best international practice in terms of the involuntary displacement of communities

(iii) to reduce as far as possible involuntary resettlement through project optimisation efforts

(iv) to ensure that affected communities adhere to the proposed RAP

(v) to improve the living conditions of those affected through equitable compensation and the restoration of livelihoods.

These objectives reflect the main stakeholder engagement principles the Group adheres to.

Under the RAP, three forms of compensation are available: compensation in kind, restoration of livelihoods and financial compensation. Following best practice the Group tries to avoid financial compensation as much as possible since it does not always promote sustainable economic development. The type of compensation varies, depending on the type of asset lost, be it a building, agricultural land, community infrastructure or cultural property.

Asset	Compensation	Description of compensation measures
Buildings	In kind	Buildings will be built on new resettlement sites. Utility buildings however will be compensated for financially.
Agricultural land	In kind and financial	The Company will support the establishment of new fields. The size of financial compensation for agricultural land loss will depend on the size of the field, the existence of trees in the fields, and the market value of crops calculated as an average for the past five years.
Community infrastructure	In kind	At all resettlement sites there will be created educational, religious and road infrastructure, as well as boreholes, community halls, and a grazing area for livestock.

Asset	Compensation	Description of compensation measures
Cultural property	In kind and/or financial	Compensation in kind will be provided in the form of cemetery transfers. Other assets will be compensated financially at approximate costs proposed by the communities themselves and which are required in order to cover expenses related to the various formalities necessary to accomplish the transfer of these assets.

Measures to restore livelihoods will also include (i) support for the restoration of agricultural land, (ii) training and funding for income-generating activities, and (iii) support for female employment initiatives.

Engagement activities in 2015

Nordgold believes that ongoing and participatory community engagement at every stage of a project benefits all stakeholders. Open discussions and transparent information exchange mean that every aspect of compensation has been decided with the agreement of the community to the resettlement process. This approach has allowed us to build mutual trust between the project team and local communities.

As part of the RAP we will continue to engage with all our stakeholders – and we have a grievance management process in place that allow us to deal with all issues that arise during the relocation process and beyond.

Continuous negotiations were held with affected communities during the year by our newly formed Community Relations Bouly Project team (whichincludes highly qualified specialists who speak the local Mori language) in order to confirm and get approval for RAP-related measuresand to facilitate the communications process with communities.

At an early stage of the project two community committees were set up (for the two provinces with affected villages) in order to facilitate communication. These comprised representatives from all affected villages, including traditional and religious leaders, representatives of different demographic and social groups within the villages themselves (with a special focus on youth and women) and their local authorities.

In 2015, in order to reach an agreement with local communities on resettlement conditions, the Group held six consultations with the Community committees of each village affected by the project. One consultation was dedicated to one important topic (relocation, compensation, new resettlement sites, etc.), when the Group's representatives provided committee members with information on a specific issue and answered all questions. After the consultations, Community committee' members relayed (at a public meeting) information to the residents of their village, and following this a collective decision was taken. The Community committee of the village informed the Group's representatives about the decision that had been taken, and then proceeded to the next topic. At all meetings with affected communities the main principle adhered to by the Company's representatives was "until the last question" – the Community Relations team did its best to answer all submitted questions and respond to all raised concerns in a full, open, and transparent matter.

As a result of the community engagement efforts made during the year, the Group signed a Memorandum of Understanding with representatives of the two provinces and the communities involved that sets out the territories selected for resettlement, the amount of compensation to be provided, the full list of people to be relocated, and all other necessary resettlement conditions.

We also signed – and have begun implementing – individual agreements with each affected person. These can include, for example, exact sums of money for agricultural land compensation or the details and designs ofa new house. After an individual memorandum is signed, respective compensation payments are initiated.

Nevertheless, much work lies ahead. Thus, in 2016 Nordgold plans to elaborate a communities' development programme (which includes host communities) that establishes what type of support the Group will provide to local communities to improve the livelihoods and living standards of displaced persons. This will be introduced in a participatory manner through RAP Monitoring committees (for each provinces) to ensure the commitment of communities to the local ownership of projects.

Physical relocations for the main affected villages are planned for 2016 and will be described in the 2016 Integrated report.

5

GOVERNANCE

EBITDA margin

46%

High standards
of corporate governance
to benefit the Company
and its stakeholders

5.1 CORPORATE GOVERNANCE SUMMARY

We are strongly committed to high standards of transparency and corporate governance. As a company with a listing of global depositary receipts (GDRs) on the London Stock Exchange (the LSE), our efforts are aimed at achieving the highest levels of corporate governance, in accordance with the standards which the UK Code of Corporate Governance (the UK Code) and the Dutch Corporate Code of Governance (the Dutch Code) require of companies with a Premium Listing. Our corporate governance system complies with both the UK Code and the Dutch Code to the extent not explained otherwise in this Integrated Report.

Nord Gold N.V. (the Company) has a strong Board, led by an independent Chairman and comprising two further independent, non-executive directors. Our Board is also fully committed to the highest levels of integrity and ethics in all of its dealings.

The Board consists of international mining executives and experts, who oversee our management processes, identify material risks, and ensure the effective functioning of the necessary risk management and internal control systems. The composition of the Board regularly changes in order to continually ensure the availability of necessary expertise and skills – this helps the Company to be more efficient in terms of meeting its strategic objectives and improving profitability and growth in gold production.

We endeavour to continuously improve our corporate governance procedures in order to maximise shareholder value, ensure long-term business prosperity, and maintain the trust and goodwill of the Company's stakeholders. Such a constant process of improvement requires keeping pace with international corporate governance regulations and best practices, which are constantly evolving.

Pursuant to its commitment the Company updated its remuneration policy which was approved by the annual meeting of shareholders in June 2015.

Detailed information on our corporate governance practices can be found in the Corporate governance statement on page 195 of this Integrated Report.

For detailed information on the Board and Senior Management team biographies, see The Board of the Company and committees section which can be found on pages 206 to 212 of this Integrated Report.

5.2 DIRECTORS REPORT

This Integrated Report comprises the Company's annual report and financial statements for the year ended 31 December 2015. Those financial statements have been audited by Deloitte Accountants B.V. and prepared in accordance with applicable law and regulations. The annual report gives a true and fair picture of the state of affairs and profit or loss and the main risks and uncertainties of the Company as well as its subsidiaries, joint ventures and associates. The financial statements were prepared using accounting policies that comply with International Financial Reporting Standards.

The following sections of this Integrated Report together form the management report (also referred to as the annual report, or "jaarverslag") within the meaning of section 2:391 of the Dutch Civil Code:

- Strategy;
- Financial performance (MD&A);
- Directors Report;
- Corporate governance statement;
- Remuneration Report; and
- Risk management.

For other information "overige gegevens" within the meaning of section 2:392 of the Dutch Civil Code, see the subsection "Other information" in the Company only financial statements.

The Board is responsible for the preparation of the annual report under Dutch law. This includes presenting fairly the consolidated financial position and performance of the Group in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS) and Titel 9, BW2.

Management has designed and implemented an effective internal controls system for the Financial Reporting process, in particular comprising:

- Selecting appropriate accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- 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 above internal controls are subject to review by the Audit Committee.

This 2015 Nordgold Integrated Report dated 19 April 2016 (the Integrated Report) comprises regulated information within the recommendations of sections 1:1 and 5:25c of the Dutch Act on Financial Supervision "Wet op het financieel toezicht".

For the consolidated and the Company only 2015 financial statements (also referred to as annual accounts, or "jaarrekening") within the meaning of section 2:361 of the Dutch Civil Code, see the financial statements. Members of the Board have signed the 2015 financial statements pursuant to their obligation under section 2:101 of paragraph 2 of the Dutch Civil Code.

Principal activities and business review

Nord Gold N.V. (the "Company") and its subsidiaries (together referred to as the "Group") comprise a Dutch public limited liability company, as referred to in the Dutch Civil Code, and companies located abroad.

The Group's principal activity is the extraction, refining, and sale of gold. It has mining and processing facilities in Burkina Faso, Guinea, Kazakhstan, as well as the Republic of Buryatia and the Yakutia, Irkutsk, Amur and the Zabaykalskiy regions of Russia.

A full review of the year's activities as well as details about current and future projects are given in the Business Overview and Performance and Efficiency sections on pages 26 and 33 of this Integrated Report.

Details about the Group's significant subsidiaries and joint ventures are recorded in Note 23 of the consolidated financial statements.

Results and dividends

Net profit for the financial year 2015 was US$189 million, as against US$123.0 million in 2014.

The net profit of the Company for the year ended 31 December 2015 of US$175.6 million, as shown in the Company's financial statements included in the Integrated Report, will be added to the reserves in compliance with article 23 of paragraph 3 of the Company's articles of association, and hence will be added to "retained earnings", which will be discussed at the 2016 Annual General Meeting.

The Company declares quarterly dividends subject to its financial condition, need for investment, and availability of funds. The aim going forward is to maintain a long-term average dividend payment ratio of approximately 30% of the average net profit attributable to shareholders, and calculated in accordance with IFRS. The Company's ability to pay and receive dividends from subsidiaries may, however, be restricted by applicable law. The dividends declared for policy was discussed at the 2015 Annual General Meeting as part of an annual report discussion item. The dividend policy will similarly be discussed at the 2016 Annual General Meeting.

In 2015 the Company paid interim dividends of:

- 3.50 US cents per share or per GDR for Q3 2015, for a total amount of US$13.0 million;
- 4.12 US cents per share or per GDR for Q2 2015, for a total amount of US$15.4 million; and
- 6.40 US cents per share or per GDR for Q1 2015, for a total amount of US$24.2 million.

In February 2016 the Board approved an interim dividend of 1.59 US cents per share or per GDR in respect of the three months ended 31 December 2015, representing a total pay-out of US$5.9 million, which was paid on 17 March 2016. Total dividends for the four quarters of 2015 stood at 15.55 US cent per share or per GDR and the total pay-out was US$58.5 million (total dividends for the year ended 31 December 2014: US$39 million, or 10.31 US$ cents per share or per GDR).

The Board proposes that the General Meeting adopts the financial statements for the financial year 2015 at the 2016 Annual General Meeting.

Total dividends paid in 2015 amounted to US$57.7 million, and comprised US$5.1 million of dividends for the three months ended 31 December 2014 and US$52.6 million of dividends for Q1-Q3, 2015.

Delivering dividends to shareholders remains a key focus of the Company.

Principal risks

The Risk Management section on page 226 of this Integrated Report details the principal risks faced by the Company, their potential impact on its performance and details of how these risks are mitigated.

Risks associated with the Group's use of financial instruments include credit risk, liquidity risk and market risk. Information about these risks is set out in Note 24 of the consolidated financial statements.

Share capital

As at 31 December 2015, the Company's entire issued share capital amounted to EUR 927,053,597, divided into 370,821,439 ordinary shares with a nominal value of EUR 2.50 each. Further details of the Company's share capital and share issues under the period under review are disclosed in Note 21 to the consolidated financial statements.

GDR Buyback Programme

The Company's share capital decreased as a result of the implementation of the GDR buyback programme. On 24 February 2015, the Board approved a share and GDR buyback programme for up to 19,000,000 shares/GDRs up to a maximum total amount of US$30 million, at a price of up to US$4 per share/GDR. In 2015 Nordgold purchased a total of 10,282,212 GDRs for US$29,295,901. The buyback programme of the reporting year ended on 31 December 2015 and was assessed by the Board as being successful as it supported the share price and led to an increase in liquidity of the Company's securities.

On 17 November 2015 the Board approved a new GDR buyback programme for up to 5,000,000 GDRs, up to a maximum total amount of US$15 million and at a price of up to US$5.0 per GDR. The buyback programme will end as soon as the aggregate purchase price of GDRs acquired by the Company reaches US$15 million or, ultimately, by 17 November 2016.

As of 31 December 2015 the Company has 51,761,514 GDRs listed on the LSE, representing approximately 14% of the issued share capital.

Significant shareholders

As of 31 December 2015 following the decrease in the Company's issued share capital, the Company registered an increase in Mr Mordashov's shareholding in the Company from 88.2% to 90.63%. Mr Mordashov is an indirect majority shareholder and non-executive director of the Company. As at 19 April, the Company's free float is approximately 9.25%.

As far as the Directors and Senior Management are aware, as of 31 December 2015, there was no other person who had, directly or indirectly, a 3% or more stake in the Company's issued share capital, or any other person who can, will, or could, either directly or indirectly, or jointly or severally, exercise control over the Company.

Shareholder structure

Employment policies and community engagement

Details about the Group's employment policies, approach and community engagement can be found in the Respect for people, Stakeholder engagement, and Communities sections on pages 144, 135 and 172 respectively of this Integrated Report.

Significant relationships and related-party transactions

Purchases from entities under common control were as follows:

	2015	2014
Purchases	-	-
Operating expenses	3,640	3,867
Capital expenditure	595	15,339

As of 31 December 2015, balances with entities under common control included accounts payable of US$2.6 million (31 December 2014: US$4.1 million), which are to be settled in cash.

Corporate governance

The Company's GDRs were admitted to trading on the LSE on 19 January 2012. The Company is committed to the highest standards of corporate governance and hence has chosen to comply with the Dutch Code and the UK Code as they would apply to a premium-listed entity on the LSE notwithstanding the fact that the Company is not required to comply with the UK Code by virtue of its standard listing of GDRs on the LSE.

Full details about the Company's corporate governance arrangements are contained in the Corporate governance statement on page 195 of this Integrated Report.

Information concerning corporate governance as contained in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) (the "Decree I") includes the information set out below, which is required under articles 3, 3a and 3b of the Decree I. The following information is included in this Integrated Report:

- information concerning compliance with the Dutch Code;
- information concerning the Company's risk management and control frameworks relating to the financial reporting process;
- information on the functioning of general shareholder meetings, and the most important powers and rights of shareholders;
- information on the composition and function of the Board and its committees; and
- information concerning the inclusion of information required under the decree article 10 European Takeover Directive.

Annual general meeting (AGM)

The 2016 AGM of the Company is scheduled to be held on 31 May 2016 at 10.00 am at, Apollolaan 15, 1077 AB Amsterdam, the Netherlands. At this AGM a progress review will be made of the previous year's business, and shareholders are encouraged to attend and to ask questions. The business will include, as discussion items, the annual results and proposed resolutions regarding adoption of this Integrated Report, the release from liability and reappointment of directors, the reappointment of external auditors, and authorisation for the Board to: 1) acquire shares in the Company's capital, 2) issue shares and grant rights to acquire shares, and 3) limit or exclude pre-emptive rights. The shareholders will also be invited to vote on the approval of the conversion of the Company from a NV to a Societas Europaea (SE) (the Conversion) and the subsequent transfer of the Company's corporate seat to the United Kingdom (the Migration) together with the necessary amendments to the Company's articles of association as a result of such Conversion and Migration.

The AGM gives all shareholders the opportunity to communicate directly with the Board and encourages their participation. Shareholders are given the opportunity to raise issues formally at the AGM or informally with Directors after the meeting.

Post-balance-sheet events

Buyback programme

According to the buyback programme (see Note 10 of the consolidated financial statements), from 1 January 2016 until the date of authorization of the consolidated financial statements the Company has purchased 319,849 GDRs for the total amount of US$0.9 million.

Dividends

In February 2016, the Board approved an interim dividend of 1.59 US cents per share or per GDR in respect of the three months ended 31 December 2015. The total amount of dividend payable is US$5.9 million.

Auditors

Deloitte Accountants B.V. has been the Company's auditor since the year ended 31 December 2013. As a result of the tender the Auditor has been elected for a 3 years period.

The Audit Committee has established a process whereby the proposed provision of any non-audit services by Deloitte is considered on a case-by-case basis before any engagement is approved.

In the 2015 financial year, Nordgold did not incur any costs with Deloitte Accountants B.V in respect of non-audit services .

In order to preserve objectivity and independence, the external auditors are not asked to provide consulting services unless this is in the best interests of the Company, in accordance with Nordgold's established process.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report, the Directors' remuneration report and the accounts in accordance with applicable law and regulations.

Applicable law requires the Directors to prepare accounts for each financial year.

Under that law the Directors have prepared the Group accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and Company accounts in accordance with the Dutch Civil Code.

The Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors in office at the date of this Integrated Report each confirm that, to the best of their knowledge: The financial statements give a true and fair picture of the assets, liabilities, financial position, and the profit or loss of the Company and companies jointly included in the consolidation.

The annual report gives a true and fair picture of the position on the balance sheet date and the state of affairs during the financial year of the Company and its associated companies whose information is disclosed in the financial statements, and the principal risks and uncertainties facing the Company are discussed.

Taken as a whole, the annual report and the financial statements are fair, balanced, and understandable and provide the necessary information for shareholders to assess the Company's position and performance, business model, and strategy. During the year the Audit Committee conducted a formal evaluation of the effectiveness of the external audit process. After considering the tenure, quality, and fees of the auditors the committee recommended to the Board that Deloitte Accountants B.V or Deloitte LLP be reappointed as external auditor at the 2016 AGM.

The Directors are responsible for the maintenance and integrity of, amongst other things, the financial and corporate governance information provided on the Company's website www.nordgold.com.

By order of the Board,

Evgeny Tulubensky

Company Secretary

April 2016

5.3 CORPORATE GOVERNANCE STATEMENT

The Company is committed to the highest standards of corporate governance and has chosen to comply with the Dutch Code and the UK Code as they apply to premium-listed entities on the LSE.

This Corporate governance statement summarises the Company's corporate governance arrangements and its level of compliance with Dutch Code and the UK Code.

Dutch Corporate Governance Code

The Board has reviewed the Dutch Code and supports its best practice provisions. The Board intends to comply with these provisions, except (i) where the Dutch Code cannot be reconciled to the UK Code, (ii) as noted below, or (iii) in the event of any future deviation, subject to explanation at the time.

The Company currently complies with the Dutch Code, with the following exceptions:

- Best practice provisions II.2.12a and II.2.13: in view of the confidential or potentially commercially sensitive nature of the information concerned, individual performance targets and achievements relevant for executive remuneration will only be disclosed in general terms.
- Best practice provision III.8.4, which requires the majority of Board members to be independent non-executive directors, is not complied with as only three of the eight members of the Board are independent non-executive directors for the purposes of the Dutch Code. Mr. Mordashov, Mr. Bacchus and Mr. Yelkin were the three non-independent, non-executive Board directors on 31 December 2015. Given the Company's current ownership structure, the Board considers it appropriate that Mr. Mordashov be part of the Board.

The Company has not formulated an outline policy on bilateral contacts with shareholders and published this policy on its website in accordance with the best practice provision IV.3.13. However, the Board has adopted a communications policy setting out how the Company communicates with shareholders (including GDR holders) and maintains regular and direct contact with such shareholders.

UK Corporate Governance Code

The Company currently complies with the UK Code, with the following exceptions:

- The UK Code recommends that at least half the Board, excluding the Chairman, should be independent, non-executive directors. Only two Board members, excluding the Chairman, are independent, non-executive directors. As explained above, given the current ownership structure of the Company, the Board considers it appropriate that Mr. Mordashov be a member of the Board.
- A Senior Independent Director has not been nominated, as the Board is relatively small and there are regular and open communications within the Board and between the Board, the management and the majority shareholder. The Board keeps this position under review.
- Although the Audit Committee is made up of three non-executive directors, only two are independent and non-executive.

The full text of the UK Code can be found at www.frc.org.uk

The Board

The Board is a one-tier board consisting of executive and non-executive directors. The executive directors and non-executive directors are members of the same corporate body and share overall responsibility for the management, general affairs, direction, and performance of the Company. On 1 January 2013 Dutch legislation formalised a one-tier board model in the Dutch Civil Code, and Section 2:129a of the Dutch Civil Code now provides the statutory basis for a one-tier board.

In accordance with Dutch legislation in force since 1 January 2013, the articles of association provide that certain directors be designated executive directors, while others be designated non- executive directors.

The articles of association provide for the appointment of executive and non-executive directors, with the executive directors responsible for the day-to-day management of the Company, and the non-executive directors responsible for supervising and generally assisting the executive directors.

All duties are, however, subject to overall responsibility of the Board.

There is a formal schedule of issues reserved for the Board, which includes:

- Approving the business strategy, objectives and budget;
- Proposing changes to the Company's capital structure;
- Approving the annual and half-year financial statements and other result announcements;
- Overseeing the Group's risk management and internal control systems and governance issues; and
- Approving all major capital projects, corporate, or related actions and investments with respect to a company in the Group.

There is also a delegated authorities matrix which has been approved by the Board. This sets out how certain aspects of day-to-day management are delegated by the CEO to the management team.

The Board meets regularly throughout the year. At least once a year a separate strategy meeting is held, at which the Board discusses the strategic direction of the Company. To enable the Board to perform its duties, each Director has full access to all relevant information. At the end of each Board meeting a non-executive director session is held, without the presence of the executive directors.

Board composition

The Board is made up of eight directors, of which two are executive directors (the CEO and the Chief Legal Officer, Corporate and Regulatory Affairs), and six are non-executive directors.

The division of responsibilities between the Chairman and CEO is clearly established, formalised in writing, and approved by the Board. The Board considers 3 non-executive directors, to be independent of the management and free from any business or other relationship which could materially interfere with their ability to exercise independent judgement.

The Board considers it appropriate that, given the current ownership structure of the Company, Alexey Mordashov be a member of the Board.

The following table lists each of the current directors:

Name	Position
David Morgan	Independent Non-Executive Director, Chairman of the Board and Chairman of the Nomination Committee
Nikolai Zelenski	CEO, Executive Director
Evgeny Tulubensky	Executive Director
Alexey Mordashov	Non-Executive Director
Roman Yelkin	Non-Executive Director
Peter Lester	Independent Non-Executive Director and Chairman of the Safety & Sustainable Development Committee
Peter Bacchus	Non-Executive Director and Chairman of the Audit Committee
John Munro	Independent Non-Executive Director and Chairman of the Remuneration Committee

On 15 October 2015 at an extraordinary general meeting (EGM), John Munro was appointed as a non-executive director of the Company and the Chairman of the Remuneration Committee.

At this position he replaced Michael Nossal, who resigned as an independent non-executive director of the Company on 31 May 2015 after his appointment as Chief Development Officer of Newcrest Mining Limited.

David Morgan was appointed Chairman on 30 June 2014, having joined the Company as an independent non-executive director in October 2010.

On 30 June 2014 Roman Yelkin and Peter Bacchus were appointed non-executive directors and Evgeny Tulubensky was appointed executive director.

Other directors were initially appointed on 11 October 2010, except for Alexey Mordashov who was initially appointed director on 14 June 2012.

Biographies of each director can be found in The Board of the Company and committees section on pages 206 to 212 of this Integrated Report.

Board meeting attendance

The following table shows directors' attendance at Board meetings for the year ended 31 December 2015. If directors are unable to attend a Board meeting, they are able in advance to discuss any agenda items with the Chairman (or issue a written proxy to another member of the Board in order to be represented at a meeting). Attendance is expressed as the number of meetings attended out of the number of meetings a director is eligible to attend.

Members	Number of meetings attended
David Morgan	6 out of 6
Nikolai Zelenski	6 out of 6
Evgeny Tulubensky	6 out of 6 (note 4)
Alexey Mordashov	4 out of 6
Roman Yelkin	5 out of 6 (note 4)
Peter Lester	6 out of 6
Peter Bacchus	6 out of 6 (note 4)
Michael Nossal (resigned 31 May 2015)	4 out of 4
John Munro (appointed 15 October 2015)	1 out of 1

Notes:
1. Michael Nossal resigned as an independent director on 31 May 2015.
2. John Munro was appointed on 15 October 2015 as an independent director.

The majority of Board meetings are held in Amsterdam, with one meeting being held each year in Moscow and one held in Geneva. From time to time decisions are made by the directors through a written resolution outside a formal meeting and in each such case all directors are consulted to ensure that no director opposes adopting resolutions in this manner without a meeting being convened.

Board effectiveness and evaluation

The Chairman, in conjunction with the Company secretary, leads the process whereby the Board formally assesses its own performance, with the aim of helping improve the effectiveness of the Board and the committees.

A review of the effectiveness of the Board, its committees and the individual directors was undertaken in the second half of the reporting year, based on the completion of questionnaires by directors. The results were subsequently considered by the Board. The review identified certain areas for improvement, and a plan of action was developed to address these areas. Overall, the review confirmed that the Board and its committees work effectively and with an appropriate level of engagement with management.

The Board will in future consider using an externally facilitated evaluation process. However, given the Board composition changes in 2014 and 2015, the Board believes that such a process would not offer the Company good value at the moment. Another reason to defer resorting to engaging an external facilitator is the priority of conserving the Company's financial resources at a time of adverse gold market conditions.

Diversity and even participation

Diversity at board level has continued to be a key topic of governance for companies within the EU, and remains of high relevance on the agenda of both the Board and the Nomination Committee. The Company understands the importance of diversity within its workforce, and diversity runs right through the organisation. A principle of even participation (30% quota for each gender) is set forth in Section 2:166 of the Dutch Civil Code. With regard to gender diversity, the Company currently has no female Board members. However, in the senior management team, which consists of 15 senior managers, two are female. The current Board members represent four nationalities and bring with them experience from a wide range of international business, professional, and operational backgrounds. The Company believes gender makes up only one part of diversity, and directors will continue to be selected based on their wide-ranging experience, backgrounds, skills, knowledge, and insights.

Information and professional development

Each director has the specific expertise necessary to fulfil their duties and has received training on relevant duties and responsibilities under both Dutch and UK regulations. Each independent, non-executive director has also been provided with relevant information on the Company and its operations.

The ongoing training needs of directors will be kept under review and further training will be provided when appropriate.

All directors have full and timely access to the information required to undertake their responsibilities in full and efficiently. They have access to the advice and services of the company secretary, other members of the Company's management and staff, and external advisors. If necessary, the non-executive directors can take independent professional advice in the furtherance of their duties, at the Company's expense.

Appointment, retirement, and re-election of directors

In accordance with the Company's articles of association, the Board consists of one or more executive directors and one or more non-executive directors. Only natural persons can be Board members.

Board members are appointed by the General Meeting, which also determines whether a Board member is an executive or non-executive director. David Morgan, Peter Lester, and Nikolai Zelenski were for the first time appointed by a resolution of the then sole shareholder on 11 October 2010. Alexey Mordashov was appointed director for the first time at the 2012 AGM, held on 14 June 2012. Evgeny Tulubensky, Roman Yelkin, and Peter Bacchus were appointed directors for the first time at the 2014 AGM, held on 30 June 2014. John Munro was appointed by the EGM on 15 October 2015.

In accordance with the Regulations Governing the Principles and Practices of the Board, Board members are appointed until the next AGM and are subject to annual re-election. The Board submits its proposal on the appointment or re-election of Board members at the General Meeting. The Board's proposal is supported by recommendations from the Nomination Committee, as set forth in the best practice provision III.5.14 of the Dutch Code.

In accordance with the Company's articles of association, the Board has a Chairman, who ensures the proper composition and functioning of the Board as a whole. The Chairman must be a non-executive director and cannot be a former executive director of the Company (as set out in the best practice provision III.8.1 of the Dutch Code). The Board may appoint and grant the title of CEO to an executive director. The Board may also appoint and grant the title of Chief Financial Officer to another executive director or another person.

Board members may at any time be suspended or dismissed by the General Meeting. Executive directors may also be suspended by the Board. A suspension cannot last longer than a total of three months, even after having been extended one or more times.

Directors' interests

Except as listed below, no director (or any person connected with a director) had any legal or beneficial interest in the Company's share capital or was granted options over any shares in the Company during the year.

As of 31 December 2015, directors' interests in the Company's share capital were as follows:

- Alexey Mordashov: indirectly held 319,059, 925 shares and 17,006,851 GDRs
- David Morgan: held 50,000 GDRs

There have been no changes in the interests of the directors in 2015.

Full details about remuneration paid to each director can be found in the Remuneration Report.

Conflicts of interest

Each of the above interests has been fully disclosed to, and approved by, the Board in compliance with best practice provisions II.3.2 to II.3.4 of the Dutch Code. The directors have a duty to inform the Board of any relevant changes in this situation. A director may not vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he has a material interest.

Apart from the issues cited above, no director has any conflict of interests between his duties to the Company and his private interests or other duties.

In accordance with the new conflict of interest rules provided in Section 2:129 of paragraph 6 of the Dutch Civil Code, the conflict of interest provision included in the articles of association of the Company provides that each director is obliged to inform, without delay, the Board about any (potential) conflict of interest between such a director and the Company. The director will not participate in any deliberations or decision-making process of the Board, if he has a direct or indirect personal interest that conflicts with the interest of the Company or its business. In such case the other non-conflicted directors will deal with and resolve the matter. If all directors are in conflict as referred to above, then the General Meeting will be authorised to deal with and resolve the matter.

Internal control / risk management

The Board has implemented a continuous process for identifying and managing the risks faced by the Company, and taken action to address any weaknesses.

The Board with assistance from the Audit Committee is responsible for the overall supervision of the Group's internal control system and risk management function. The Board performs an annual review of internal control and risk management systems and adopts the Group's major policies relating to business conduct, environmental, health and safety, insurance, risk management, and labour law issues.

To address risk management and internal control issues, the Audit Committee reviews the policies and overall process for identifying and assessing business risks and managing their impact on the Group, and analyses regular assurance reports from management, internal audit, external audit and others on risk-related issues. Any material issues in relation to internal control or risk identified by the Audit Committee are brought to the attention of the Board.

For more information on the Company's Risk management system, see Risk management section on page 226 of this Integrated Report.

Code of Business Conduct and Ethics

A Code of Business Conduct and Ethics was adopted in 2013 by the Board, which provides guidance on achieving the business goals of the Company and requires officers and employees to behave in an open, honest, ethical and principled manner.

Arrangements for whistle-blowers

The Company has a whistleblowing policy, which was adopted by the Board in 2012. Details about the Company's arrangements for whistle-blowers, including an independently provided international telephone hotline, are published on the Company's website.

Share dealing code

The Company has adopted an internal code on managing securities in relation to the shares (and related financial instruments) of the Company by directors, individuals discharging managerial responsibilities and persons related to them, and finally employees with regular or occasional access to insider information.

This code has been adopted pursuant to chapter 5.4 of the Dutch Financial Supervision Act and is at least as rigorous as the Model Code published in the UK Listing Rules. The code adopted is applicable from the admission to trading of the Company's GDRs to the directors and other relevant employees of the Group.

This code includes rules on:

- Notifications by or on behalf of persons associated with the Company who are required to make notifications to the Dutch Authority for Financial Markets (Autoriteit Financiële Markten AFM) about transactions involving the Company's securities.
- The obligations of employees, managers, and directors with respect to the ownership of, and transactions in, shares and related securities.
- If relevant, the period during which such persons may not effect transactions in shares and related securities.

In addition, the Company has adopted a memorandum on procedures for dealing with inside information, outlining the procedures applicable to individuals working for the Group who could have access to inside information on a regular or occasional basis and the rules on insider trading and market manipulation, including the sanctions that can be imposed in the event of a violation of those rules.

Anti-Bribery and Corruption Policy

In 2013 the Company developed and adopted its own anti-corruption policy and implemented it throughout the Group. This important event for the Group demonstrates how central it is for the Company to do business in accordance with the best international corporate and ethical standards.

The Company strives to comply with UK law on combatting corruption (in particular, the Bribery Act 2010), as well as legislative acts in force aimed at combatting corruption and bribery in those countries where the Company is economically active.

The anti-bribery and corruption policy adopted by the Company is part of a comprehensive programme that includes not only regulating the actions of Group employees and officials in terms of anti-corruption and bribery, but also the organisation of training in this area, including an anti-corruption clause in all contracts and the drafting and implementation of electronic registers for gifts, sponsorships, and charity.

The adoption of the anti-corruption policy demonstrates the Company's commitment both to high standards of corporate governance and to the principles of open and fair business practices. The Group seeks to continuously improve and enhance corporate ethics across all aspects of Group operations.

Communications with shareholders

The Company participates in regular dialogue with institutional shareholders. The CEO and the investor relations team regularly meet institutional shareholders, and the Chairman is also available for major institutions as appropriate. Announcements on half-year and annual results, together with quarterly financial and production results as well as other important announcements and corporate governance documents concerning the Company, are published on the Nordgold website: www.nordgold.com.

In 2014 the Board reviewed the Communications Policy and adopted a Corporate Communication Management Policy setting out how the Company will communicate with shareholders and the holders of the Company's GDRs

Anti-takeover measures

There are currently no anti-takeover measures, in the sense of structures that are intended solely, or primarily, to block future hostile public offers for the Company's shares or GDRs in place, as such measures are not relevant with regard to the current ownership structure of the Company.

Articles of association

The latest amendments to the articles of association (to update the conflict of interest provisions) of the Company were approved on 4 June 2013 at the General Meeting. The Company's articles of association were amended in accordance with current Dutch legislation and have not been amended since.

Set out below is a summary of certain material provisions of the articles of association disclosed in accordance with the Dutch Civil Code and applicable Dutch law.

Distribution of dividends

Distribution can only take place up to the amount of the part of the Company's net assets that exceeds the nominal value of its issued share capital and the reserves it is legally required to maintain. Each year, the Board determines which part of the profit earned in a financial year is to be reserved. The remainder of the profit is then at the disposal of the General Meeting, which may, in response to the Board's proposal, resolve to make a dividend distribution to shareholders, after adopting the annual accounts from which it appears that such a distribution is allowed.

The Board may also resolve to pay an interim dividend distribution, subject to Dutch law, or propose at the General Meeting to resolve upon a payment to the charge of a reserve which does not need to be maintained in accordance with the law. Distributions are claimable and payable at a date determined by the Board. The articles of association provide that shareholder claims in relation to the distribution of dividends expire after five years.

Since November 2013 the Company has had the following dividend policy in place:

An interim quarterly dividend is paid out. The targeted pay-out ratio going forward is 30% of the average net profit attributable to shareholders, calculated in accordance with IFRS for the relevant period. Dividends are based on the estimation of the pro-forma underlying profit (adjusted for one-off non-cash impairment).

The purpose of this dividend policy is to deliver more frequent dividend payments to the shareholders of the Company. The interim dividend distribution can only be resolved by the Board in compliance with Dutch law requirements.

Issue of shares

The General Meeting of Shareholders is authorised to issue shares or grants rights to subscribe for shares, and the Board may make respective proposals.

As long as the maximum number of shares that may be issued is specified, at the General Meeting shareholders may designate the Board as the corporate body competent to issue shares, or grant rights to subscribe for shares, and to determine the issue price as well as other conditions for a specified period not exceeding five years. Shares may not be issued at less than their nominal value and must be fully paid on issue.

A resolution from the General Meeting to issue shares, grant rights to subscribe for shares, or designate the Board as the competent corporate body requires an absolute majority of votes cast. A resolution designating the Board as the competent corporate body cannot be withdrawn unless the resolution states otherwise. No resolution is required to issue shares when exercising a previously granted right to subscribe for shares.

On 15 June 2015 at the AGM of the same year, the Board was designated by the General Meeting as the corporate body competent to issue shares and grant rights to subscribe for shares for a period of 18 months from the date of the AGM and ending on 14 December 2016, provided that such authority (i) will be limited to 10% of the issued share capital of the Company at the date of the 2015 AGM, plus an additional 10% of the issued share capital of the Company as per the same date in relation to mergers or acquisitions, and (ii) will not be limited to the issue of shares so far as this would have to be done to meet obligations resulting from the exercise of rights to acquire shares under approved share (option) schemes. The authority given to the Board of the Company had not been used as at the date of this Report. A resolution to renew such authority will be proposed at the 2016 AGM. Further details about the proposed resolution can be found in the notice of the AGM.

Pre-emptive rights

Under Dutch law and the articles of association, each shareholder has a pre-emptive right in proportion to the aggregate nominal value of their shares, upon the issue of shares, or the granting of rights to subscribe for shares.

Exceptions to this pre-emptive right include the issue of shares or the granting of rights to subscribe for shares:

- to employees of the Company, or another member of its Group;
- against payment in kind (contribution other than in cash); and
- to persons exercising a previously granted right to subscribe for shares.

The General Meeting may limit or exclude pre-emptive rights by a resolution requiring a majority of at least 75% of votes cast. The General Meeting may designate the Board as the corporate body competent to resolve the limitation or exclusion of pre-emptive rights if the Board has also been or is designated as the competent body to resolve the issue of shares for a specified period not exceeding five years. This period can be extended from time to time for further periods not exceeding five years.

Under Dutch law, a resolution designating the Board as the competent corporate body to resolve the limitation or exclusion of pre-emptive rights requires a majority of at least two-thirds of votes cast if less than 50% of the Company's issued share capital is present or represented at the General Meeting. A resolution designating the Board as the competent corporate body to resolve the limitation or exclusion of pre-emptive rights cannot be withdrawn unless the resolution provides otherwise.

On 15 June 2015 the Board was designated by the General Meeting as the authorised body to limit or exclude the pre-emptive rights of shareholders in connection with the provided authority to issue shares and to grant rights to subscribe for shares in the capital of the Company for a period of 18 months from the date of the 2015 AGM and therefore up to and including 14 December 2016. The authority given to the Board of the Company had not been used as at the date of this Report. A resolution to reconfirm such authority will be proposed at the 2016 AGM. Further details about the proposed resolution can be found in the notice of the AGM.

Acquisition of own shares

Subject to certain provisions of the articles of association, the Company may acquire fully paid-up shares or depositary receipts (including GDRs), provided that no consideration is given, or the Company has freely distributable reserves at least equal to the purchase price, and the nominal value of the shares or depositary receipts thereof to be acquired, when aggregated with the nominal value of the shares or depositary receipts the Company and its subsidiaries already hold, does not exceed 50% of the Company's issued share capital.

The acquisition of shares or depositary receipts by the Board, other than for no value, requires authorisation by the General Assembly. Such authorisation may be granted for a period not exceeding 18 months and must specify the number of shares or depositary receipts, as well as the conditions of the acquisition.

Authorisation is not required for the acquisition of shares or depositary receipts for employees of the Company or another member of its Group, under a scheme applicable to such employees. Under Dutch law, a resolution by the General Meeting to designate the Board as the competent corporate body for the acquisition of shares or depositary receipts other than for no value requires a simple majority of votes validly cast.

At the AGM on 15 June 2015 the Board of the Company was authorised by the General Meeting to acquire shares or depositary receipts (including GDRs) through stock-exchange trading or otherwise, for a period of 18 months and therefore up to and including 14 December 2016. The Board of the Company has used its given authority to buy back during the reporting period 10,282,212 GDRs, for a total sum of US$29,295,901. A resolution to renew such authority will be proposed at the 2016 AGM.

Appointment, suspension, and dismissal of Board members

In accordance with article 29 of paragraph 4 of the Company's articles of association, the resolution of the General Meeting to appoint, suspend, or dismiss a Board member requires a simple majority of votes cast.

Amendment to articles of association

The General Meeting may resolve to amend the articles of association upon a proposal from the Board. A resolution by the General Meeting to amend the articles of association requires a simple majority of votes cast.

Powers of the General Meeting of Shareholders

Other powers of the General Meeting of Shareholders, in addition to those cited above, include the adoption of annual financial statements, release of the Board's members from liability, and a reduction in the issued share capital and dissolution of the Company, upon a proposal from the Board.

Other statutory information

The following additional information is disclosed in accordance with the Dutch Civil Code:

In respect of the Company's shares, there are no:

- restrictions on the transfer of, or in respect of, the voting rights of the Company;
- agreements, known to the Company, between shareholders which may result in restrictions over the transfer of shares and/or voting rights;
- special rights with regard to control of the Company attaching to any such shares;
- significant agreements to which the Company is a party which take effect, alter or terminate upon a change of control of the Company following a takeover bid;
- agreements between the Company and its Directors or employees for a compensation provision in connection with a termination of employment resulting from a takeover bid; and
- arrangements under which employees are awarded rights to acquire shares in the capital of the Company or its subsidiary due to an applicable control mechanism.

5.4 THE BOARD OF THE COMPANY AND COMMITTEES

The Board

David Morgan

Chairman

David was appointed Chairman in June 2014, having joined Nordgold as an independent non-executive director in October 2010. He has wide experience of both financial and general management in the chemical and precious metals industries.

Previously, David spent 20 years with Johnson Matthey plc and was on the board as the executive director responsible for corporate development from 1999-2009.

He is currently a Director of a number of companies, both public and private, including: Hargreaves Services plc, where he is chairman, and the Royal Mint. He also chairs the advisory board of the Chemistry Department of Imperial College, London.

David is a member of the Institute of Chartered Accountants in England and Wales and he holds an MA in Mineralogy and Petrology from Trinity College, Cambridge.

John Munro

Independent Non-Executive Director

John joined Nordgold in October 2015 as an independent non-executive director. He is an international mining industry executive with 25 years' experience in the sector.

John currently operates as an independent corporate finance and corporate development advisor to the mining industry, with a focus on African mining projects.

Previously, he was a Director at First Reserve's Mining Buyout Group in London, and CEO at Rand Uranium, where he was responsible for setting up a new gold and uranium company in South Africa.

Prior to that, John held various positions in Gold Fields Limited, Gold Fields of South Africa Limited and Northam Platinum Limited, where he was variously responsible for corporate development, strategy, and international operations and projects.

John holds a BSc in Chemical Engineering from the University of Cape Town and an AMP from Harvard Busines School.

Peter Bacchus

Non-Executive Director

Peter was elected non-executive director of the Company's Board in June 2014.

Peter is a Managing Director, Global Head of Metals & Mining, and Joint Head of European Investment Banking at Jefferies & Company.

Prior to joining Jefferies in March 2011, he was a Global Head of Metals & Mining Investment Banking at Morgan Stanley, and he previously held senior positions at JPMorgan and Citi.

Peter holds an MA from St. John's College, Cambridge and he is a Member of the Institute of Chartered Accountants.

Roman Yelkin

Non-Executive Director

Roman joined Nordgold in June 2014 as a non-executive director.

He has been Head of Corporate Control of Severgroup since October 2010, where his main responsibilities include investment, financial and economic analysis and control.

Prior to that, he worked as a senior manager of the Corporate Control Department of Severgroup. His past experience also includes holding various positions in the steel trading company Severstal-Invest.

Roman graduated from the Vologda State Technical University with a degree in Finance.

Evgeny Tulubensky

Chief Legal Officer, Corporate and Regulatory Affairs

Evgeny was appointed Chief Legal Officer, Corporate and Regulatory Affairs, in 2014 having joined Nordgold as Chief Legal Officer in 2007.

He was previously a senior lawyer at the mining division of Severstal. Before that, he was a legal consultant at Ernst & Young. Evgeny is a member of the Advisory Board of the Russian Society of Subsoil Experts and a participant of the Russian-Guinean Intergovernmental Commission and the Presidential Investment Council in Burkina Faso.

Evgeny graduated from the Law Faculty of St. Petersburg State University and he has an LLM (with honours) from Northwestern University (Chicago). He also holds a degree in economics from St. Petersburg State University of Engineering and Economics.

Peter Lester

Independent Non-Executive Director

Peter joined the Company in October 2010 as an independent non-executive director and Chairman of the Safety and Sustainable Development Committee.

He is a mining engineer with extensive experience in senior operations, development and corporate roles. He serves as a Non-Executive Director of Doray Minerals Limited and Whiterock Minerals Ltd. and as a Director of Accessio Resources Pty Ltd. Prior to a takeover, he was an Executive Director of Citadel Resource Group, which was developing the Jabal Sayid underground copper/gold mine in Saudi Arabia. Previously he was the Executive General Manager for corporate development for Oxiana and OZ Minerals, which operated base metal and gold mines in Australia and Laos. His activities have covered Australia, south east and central Asia, the Middle East, and the Americas.

Peter holds a Bachelor of Engineering (Mining-Hons) from the University of Melbourne and is a member of the Australian Institute of Company Directors and the Australian Institute on Mining and Metallurgy.

Nikolai Zelenski

Chief Executive Officer

Nikolai has led Nordgold's Management Team since the company's inception in 2007, having previously worked, from 2004, at Severstal as a Head of Severstal Resources' Gold Division, which subsequently became Nordgold.

Earlier he was an Engagement Manager at McKinsey & Company in the mining sector.

Nikolai holds a Master of Technical Sciences degree from St Petersburg State Technical University in Russia, a PhD in molecular genetics from University of Texas in the US, and an MBA from Vanderbilt University in the US.

Alexey Mordashov

Non-Executive Director

Alexey was first appointed a non-executive director on 14 June 2012.

He worked for Severstal from 1988, prior to being appointed a non-executive director of the Company. In December 1996 he was appointed Severstal's CEO. In June 2002 Alexey was elected Chairman of Severstal. From 2002 he served as the CEO of Severstal Group, and from December 2006 he worked as the CEO of Severstal.

Alexey serves on the Entrepreneurs Council of the Russian Federation Government. In addition, he is a member of the Russian-German workgroup responsible for strategic economic and finance issues, and he is the head of the Russian Union of Industrialists and Entrepreneurs' (RSPP) Committee of Trade Policy and WTO. Since March 2006 he has been a member of the EU-Russia Business Cooperation Council. Alexey is a member of the Atlantic Council President's International Advisory Board. He is in addition a member of the supervisory board of the Non-Profit Partnership Russian Steel and Deputy Chairman of the World Steel Association (since October 2011), which has its headquarters in Brussels, Belgium.

Alexey gained an undergraduate degree from the Leningrad Institute of Engineering and Economics. He also holds an MBA from Newcastle Business School in the UK. Alexey was granted an Honorary Doctorate from the St Petersburg State University of Engineering and Economics in 2001 and from the University of Northumbria in 2003.

Board committees

In line with the Dutch Code and the UK Code, the Company has established an Audit Committee, a Remuneration Committee and a Nomination Committee. The Board has in addition established a Safety and Sustainable Development Committee. Details about the membership of the committees, as well as a brief description of their responsibilities, are set out below.

Audit Committee

The Audit Committee helps the Board meet its responsibilities relating to internal and external audits and controls, including:

- Reviewing the Group's annual, half-year and interim financial statements;
- Assessing the scope of the annual audit and the extent of the auditors' non-audit work;
- Advising on the appointment of external auditors; and
- Reviewing the effectiveness of the Group's internal controls.

The committee is responsible for overseeing the financial reporting and internal controls of the Company and its Group, and for maintaining an appropriate relationship with the external auditor of the Group. The committee operates under the terms of reference approved by the Board and will normally meet at least three times a year.

Peter Bacchus chairs the committee and its other members comprise Peter Lester and John Munro (who succeeded Michael Nossal as committee member in October 2015). The Board appoints Audit Committee members on the recommendation of the Nomination Committee and in consultation with the Audit Committee Chairman.

Details about the number of Audit Committee meetings held during the year ended 31 December 2015, as well as its members' attendance, are set out below.

When a director is unable to attend a Board or board committee meeting they are provided with all relevant papers and information relating to that meeting, and can discuss issues arising with the respective Chairman and other Board and committee members.

Members	Number of meetings attended
Peter Bacchus	5 out of 5
Peter Lester	5 out of 5
John Munro (from 15 October 2015)	0 out of 0
Michael Nossal (until 31 May 2015)	3 out of 3

In addition to formal meetings, committee members undertook regular communications by telephone and email between themselves and management team members. Issues covered at committee meetings in 2015 included:

- Reviewing legal claims and their accounting treatments;
- Accounting policy issues, including accounting for stripping and depreciation;
- Financial reporting and disclosures;
- Effectiveness of internal audit reporting and activities, including reviews of internal controls, whistleblowing statistics, and internal audits undertaken and planned;
- Company financing;
- Dividend payments;
- Reviews of working capital, general and administrative costs, impairment provisioning, and the value of intangible assets; and
- Reports from external auditors, together with assessment of the performance and fees of external auditors.

At each meeting the committee also receives updates from the Chief Financial Officer on key operating and financial results, from the Head of Internal Audit on internal control and risk management, and from the Chief Legal Officer on pending legal claims against or being made by the Company. The last of these focuses on cases that may be material for the Company’s financial results.

Auditors attend and present at each Audit Committee meeting at which periodic financial statements are considered, including the annual financial statements.

Audit Committee meetings are normally attended by all independent non-executive directors, together with the CEO and Chief Financial Officer. The financial statements are considered in full at such committee meetings.

Board meetings at which periodic financial statements are formally adopted normally take place on the day following the Audit Committee meeting, and auditors are not required to attend. The auditors do, however, attend Board meetings at which the annual financial statements are approved. The Chairman of the Audit Committee advises the Board meeting of any relevant items discussed with the auditors at the Audit Committee meeting, and hence there is full disclosure of auditor comments to the Board prior to their formal adoption of the accounts.

Further information regarding the external auditors and the work of the Audit Committee can be found on page 208.

The Audit Committee has one non-independent, non-executive director and therefore, although in compliance with Dutch Code requirements, is not in compliance with the UK Code.

In accordance with UK Code provisions, David Morgan stepped down as both chairman and Audit Committee member on 30 June 2014 upon taking up the chairmanship of the Board. He does however continue to attend Audit Committee meetings.

Peter Bacchus was elected non-executive director on 30 June 2014, and succeeded David Morgan as Audit Committee chairman. Despite his non-independence, which relates to his role as Managing Director, Global Head of Metals & Mining, and Joint Head of European Investment Banking at Jefferies & Company, the Board feels that Peter's recent and relevant financial knowledge and experience, combined with his wide understanding of the mining industry, serve to strengthen the overall skills and experience of the Audit Committee.

Nomination Committee

The Nomination Committee helps the Board determine its composition. It is also responsible for:

- Periodically reviewing the Board's structure and assessing the size, composition and performance of the Board and evaluating the balance of skills, experience, independence and knowledge of the Board
- Identifying potential candidates to be directors and drawing up selection criteria, including a description of the role and capabilities required for a particular appointment, and making proposals for the (re) appointment of directors; and
- Assessing succession planning for the Chairman and CEO.

The committee operates under terms of reference approved by the Board and meets as and when appropriate.

David Morgan chairs the committee, and its other members comprise Peter Lester and John Munro (who succeeded Michael Nossal as committee member in October 2015). Nomination Committee members are appointed by the Board. The Nomination Committee meets as and when is appropriate.

Neither an external recruitment consultancy nor open advertising was used by the Board when selecting candidates to replace the non-executive director who stepped down in 2015 (Michael Nossal), as it was not felt that this would add value to the process or be an effective use of shareholder funds. Instead, the Board selected from a shortlist of candidates known to one or more of its members. The Board is satisfied that the directors chosen bring with them the appropriate level of experience and enhance the combined skills and experience of the Board.

The number of Nomination Committee meetings held during the year ended 31 December 2015 and member attendance are set out below:

Members	Number of meetings attended
David Morgan	2 out of 2
Peter Lester	2 out of 2
John Munro (from 15 October 2015)	0 out of 0

The committee meeting held during the year focused on Board and committee composition changes, and the directors proposed for re-election at the 2015 Annual General Meeting.

The committee composition complies with both the UK Code and the Dutch Code, as the committee contains only independent non-executive directors.

Remuneration Committee

The Remuneration Committee helps the Board meet its responsibilities to attract and motivate executives and senior management team members, including:

- Determining and agreeing with the Board the framework and policies for all executive director and Chairman remuneration, including appropriate performance-related incentive arrangements, pension rights, clawback mechanisms and consideration of the compensation commitments under the executive directors' terms of appointment and the consequences of early termination;
- Recommending and monitoring senior management remuneration;
- Setting, reviewing, and approving corporate and individual executive performance goals;
- Producing an annual remuneration report to be approved by shareholders at the Annual General Meeting;
- Reviewing Nordgold's Remuneration Policy annually for its ongoing appropriateness and relevance; and
- Determining criteria for the selection, appointment and terms for any remuneration consultants who advise the committee, and obtaining reliable, up-to-date information about executive remuneration among the Company's peers.

John Munro chairs the committee as of the date of his appointments and its other members are Peter Lester and David Morgan. The composition of the Remuneration Committee meets the UK Code requirement as it comprises at least three independent non-executive directors. The Board appoints committee members on the recommendation of the Nomination Committee and in consultation with the Remuneration Committee Chairman. The Remuneration Committee meets at least twice a year.

The number of Remuneration Committee meetings held during the year ended 31 December 2015 and member attendance are set out below:

Members	Number of meetings attended
David Morgan	5 out of 5
Peter Lester	5 out of 5
Michael Nossal (until 31 May 2015)	3 out of 3
John Munro (from 15 October 2015)	1 out of 1

Areas on which the committee focused in its formal meetings in 2015 included:

- 2014 bonus payments and 2015 compensation packages for the CEO and individuals who report directly to him;
- The structure of the 2015 long-term incentive plan (LTIP);
- The organisational structure of the executive team, including succession planning, the retention of key personnel, and discussing candidates for certain key senior roles;
- Reviewing the remuneration section of the 2015 Integrated Report;
- Employee survey findings;
- Changes to director remuneration;
- 2016 STI targets; and
- 2015 bonus payments and 2016 compensation packages for the CEO and Chief Legal Officer.

At each meeting the committee also receives an update from the CEO on the structure, development, and succession planning needs of his executive team, and regularly consults with the CEO and HR Director outside these meetings on issues relating to executive remuneration.

Further details about the activities of the Remuneration Committee can be found in the Remuneration Report.

The committee operates under terms of reference approved by the Board, which are available on the Company's web-site.

The Remuneration Committee composition complies with both the Dutch Code and the UK Code, as the committee contains only independent non-executive directors.

Safety and Sustainable Development Committee

The Safety and Sustainable Development (S&SD) Committee monitors and evaluates reports on the effectiveness of S&SD policies, management standards, strategy, performance, and governance across the Group, and also reports to the Board on key S&SD issues.

The committee operates under terms of reference approved by the Board and normally meets at least twice a year.

Peter Lester chairs the S&SD Committee and its other members comprise Peter Bacchus and John Munro (who succeeded Michael Nossal as a committee member on 15 October 2015). S&SD Committee members are appointed by the Board in consultation with the S&SD Committee Chairman.

Committee meetings are also attended by the CEO and representatives of the management team responsible for various areas of safety and sustainability.

The number of S&SD Committee meetings held during the year ended 31 December 2015 and member attendance is set out below:

Members	Number of meetings attended
Peter Lester	4 out of 4
Michael Nossal (until 31 May 2015)	2 out of 2
Peter Bacchus	4 out of 4
John Munro (from 15 October 2015)	0 out of 0

In addition to formal meetings, committee members are advised on health and safety developments between meetings by regular email communications from management. Areas on which the committee focused in its formal meetings in 2015 included:

- Reviewing safety statistics and incidents during the previous quarter
- Quarterly safety topics: open-pit heavy truck parking procedures, working with pressure vessels, HSE partnering with contractors, damage reporting
- Safety metrics for inclusion in the 2015 Integrated Report
- HSE framework and safety rules applicable across the Company
- The Company's response to the Ebola outbreak in West Africa and political unrest in Burkina Faso
- Mine rehabilitation plans
- 2016 HSE targets and objectives

At each meeting the committee also receives an update from management on safety incidents and developments since the last meeting. In addition, at each quarterly meeting a presentation is made on a specific safety improvement initiative.

The UK Code and the Dutch Code do not contain any S&SD committee-related recommendations.

5.5 MANAGEMENT TEAM

Nikolai Zelenski

Chief Executive Officer

Nikolai has led Nordgold's Management Team since the company's inception in 2007, having previously worked, from 2004, at Severstal as a Head of Severstal Resources' Gold Division, which subsequently became Nordgold.

Earlier he was an Engagement Manager at McKinsey & Company in the mining sector.

Nikolai holds a Master of Technical Sciences degree from St Petersburg State Technical University in Russia, a PhD in molecular genetics from University of Texas in the US, and an MBA from Vanderbilt University in the US.

Dmitry Guzeev

Chief Financial Officer

Dmitry was appointed as Chief Financial Officer in November 2014. Before that, he was appointed Acting Chief Financial Officer in May 2014, having joined Nordgold as Head of Corporate Reporting in July 2013.

Prior to joining Nordgold, Dmitry was Head of Corporate Reporting at SIBUR, Russia's largest gas processing business and a leader in the Russian Petrochemicals Industry, where he established and developed the IFRS function and was a leading IFRS expert supporting complex corporate transactions. His previous experience also includes stints at Deloitte and Arthur Andersen.

Dmitry holds a Degree in International Economics from the State Finance Academy in Russia and he has been a Certified Public Accountant (CPA) since 2005.

Louw Smith

Chief Operating Officer

Louw joined Nordgold in July 2013. He has over 20 years' experience in the mining industry in project execution and operations in senior project management roles.

Previously, Louw was COO of Alacer Gold, leading a successful start-up of the Çopler Gold Mine in Turkey. His responsibilities also included operations in Western Australia and developing the Group's technical services functions.

Prior to Alacer Gold, he spent over 15 years at Gold Fields International in Western Australia, Finland, Bulgaria, and Ghana managing a variety of its mines and projects, including such flagship operations as the Damang and St. Ives mine complexes.

Louw is a member of the Australian Institute of Mining and Metallurgy. He holds degrees in geology and geochemistry, engineering geology and commerce, and an MA in Mining Engineering and Business Administration.

Oleg Pelevin

Director of Strategy and Corporate Development

Oleg has been with Nordgold since the Company's inception, having previously worked at Severstal. He has also been a member of the Board of Directors of High River Gold since November 2008. In October 2014, Oleg was appointed to Columbus Gold's board of directors.

Previously Oleg was a consultant at American Appraisal Russia and was Head of the Investment Department at Alphayurservis.

Oleg graduated from the Moscow Institute of Physics and Technology with an MSc degree.

Evgeny Tulubensky

Chief Legal Officer, Corporate and Regulatory Affairs

Evgeny was appointed as Chief Legal Officer, Corporate and Regulatory Affairs, in 2014 having joined Nordgold as Chief Legal Officer in 2007.

He previously was a senior lawyer at the mining division of Severstal. Before that he was a legal consultant at Ernst & Young. Evgeny is a member of the Advisory Board of the Russian Society of Subsoil Experts and a participant of the Russian-Guinean Intergovernmental Commission and the Presidential Investment Council in Burkina Faso.

Evgeny graduated from the Law Faculty of St. Petersburg State University and he holds an LLM (with honours) from Northwestern University (Chicago). He also has an economics degree from St. Petersburg State University of Engineering and Economics.

Yulia Sklar

Human Resources Director

Yulia joined the Group in January 2012 as Human Resources Director. Before that she served as Human Resources Director at Ferronordic Machines, a successful start-up of an exclusive Volvo equipment dealership in Russia and Ukraine. Yulia has also worked in a number of Russian and international companies, including BP, Alfa Bank, Agros, and PepsiCo. She has accumulated over 18 years of experience in HR.

Yulia holds an MA from New York University and a certificate of the International Executive Programme from INSEAD (France and Singapore). She also graduated from the Krasnoyarsk State Pedagogical Institute with honours.

Igor Klimanov

Development Projects Director

Igor has been with Nordgold since its inception as the Gold Mining Division of Severstal in 2007.

In July 2014 he was appointed to the Board of Directors of Northquest Ltd, and in September 2009 he was appointed to the Board of Directors of High River Gold.

Previously, he was CEO of High River Gold and Manager for Strategy and Corporate Development at Severstal Resources.

Igor holds a PhD from the Swiss Federal Institute of Technology and an Engineering Physics degree from the Moscow Engineering and Physics Institute.

Howard Golden

Exploration Director

Howard joined Nordgold in April 2015. He has over 24 years' mining industry experience, built up across six continents. He has worked with some of the largest mining operators in the world and he played a pivotal role in the discovery of the Syama, Oyu Tolgoi, Agbaou, and West Musgrave ore deposits.

Before joining the Nordgold management team Howard was General Manager Exploration at Rio Tinto Mining and Exploration, responsible for discovering or acquiring resources in Central and Western Africa. From 2009 to 2011 he worked at Kinross Gold Corporation in Russia.

Prior to that, from 2005 to 2008, Howard was Executive General Manager of Global Development at Western Metals Limited, where he was responsible for launching high-quality mineral exploration projects worldwide. Between 1999 and 2005 he was Chief Geophysicist at WMC Resources, and between 1981 and 1999 he also held various positions at BHP Minerals.

Howard holds a BA in Behavioural Science from the University of Utah in the US and an MSc in Geophysics from the University of Leeds in the UK.

Michael Monaghan

Mining Director

Michael joined Nordgold in July 2015. He has over 30 years' experience in both underground and open-pit operations involving various commodities in Australia, Africa, Asia, and Europe.

Before joining the Nordgold management team Michael was Chief Operating Officer and General Manager at Akara Resources in Thailand, a subsidiary of Kingsgate Consolidated.

Prior to that he worked as General Manager and Mining Manager at AngloGold Ashanti's Geita Gold Mine in Tanzania, Etruscan Resources' Youga Gold Mine in Burkina Faso, and Redback Mining's Chirano Gold Mine in Ghana.

Michael is a member of both the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. He holds a degree in Mining from the University of Ballarat in Australia and Diploma in Business (Frontline Management).

Philip Lodewyk Engelbrecht

Director of Metallurgy

Philip joined Nordgold in August 2013. Previously he was Vice President and Head of Metallurgy at Gold Fields International, Australia.

Philip is a professional metallurgist, with over 15 years' experience in optimising and managing multiple ore processing plants in remote locations in Peru, Ghana, South Africa, and Australia.

Philip holds a Higher National Diploma in Extractive Metallurgy from Vaal Triangle University of Technology, Vanderbijlpark, Gauteng, South Africa. He is a member of the Australian Institute.

Ekaterina Yukhanova

Procurement Director

Ekaterina joined the Nordgold team in 2010 as Head of the Raw Materials Supply Department. Previously she was a consultant at A.T. Kearney, specialising in procurement transformation projects.

Ekaterina graduated from MGIMO University and the University of Saarland with a degree in Economics.

Yury Bogdanov

Security Director

Yury joined Nordgold as a Security Director in 2012. Previously he worked in the field of security for various Severstal departments. He also gained experience in the military and working for the police.

Yury holds degrees in Economics and Technical Science.

Oleg Maksimov

Deputy COO, Director Project Office

Oleg joined Nordgold at the beginning of 2012. Previously he worked as a consultant and project manager at the international strategy consulting companies Booz Allen Hamilton and Roland Berger Strategy Consultants, specialising in operations in the steel and mining industries.

At Nordgold Oleg is responsible for implementing the Business System Programme, as well as efficiency improvement and cost reduction initiatives.

Oleg graduated from Ural State Legal Academy, and he also holds an LL.M. In 2013 he completed an Authentic Leadership Development Programme at Harvard.

Igor Shelukhin

Deputy COO, HSE Director

Igor joined Nordgold in 2011. Previously he was COO at Severstal Resources' Vorkutaugol coal mining company, focusing on safety, operational improvement, and processing plant improvement. Before joining Severstal Resources, he built up wide-ranging experience in Strategic Planning and Project Management at numerous companies, including Siberian Coal Energy Company and Boston Consulting Group. At Nordgold Igor oversees safety and environmental functions at all mines.

Igor graduated with an MA in International Business from St Petersburg State University School of Management.

Alexander Shein

Deputy COO, Open-Pit Mines

Alexander began working for Nordgold in July 2012 as the Deputy Chief Operating Officer, and he is responsible for Operational Performance and Improvements. His past experience includes holding various positions at McKinsey, UC RUSAL, and LG Electronics.

He holds a Master's degree in Electronic Machine Building from Bauman Moscow State Technical University and a Master's degree in Economics from First Professional University.

5.6 REMUNERATION REPORT

Remuneration Policy

The Company continues to operate within the framework of the Remuneration Policy (the Policy) approved by the Remuneration Committee and adopted by the Board on the 13 April 2015 and supported by the shareholders' vote at the Annual General Meeting on the 15 June 2015.

The Policy covers Directors of the Board and senior Executive team members of the Company.

The key goals of Nordgold's remuneration policy are to:

(a) attract and retain Directors of the Board and Executive team members;

(b) align Executive team members' motivation to shareholder interests; and

(c) motivate top performance.

The Company is committed to remunerating its Directors and senior Executives in a manner that is market competitive, consistent with the best practice and which promotes the long-term success of the Company.

In the course of development of our remuneration approach, we resorted to the services of an independent consultant – Mercury. Nordgold does not have any other connection with the Consultant except from receiving consultancy on industry benchmarks.

Aligning remuneration with the Nordgold strategy is a focus of the remuneration policy.

Executive Directors and Senior Executive Team Members Remuneration

The Policy ensures a strong performance link to annual and longer term performance targets through variable pay that represents approximately half of the Executives' total remuneration, and two thirds in the case of the CEO.

There are 4 components in the remuneration package of the Senior Executives:

- Base Salary
- Annual Bonus
- Long-term Incentive
- Benefits

The fixed components are base salary and benefits. The variable components are annual bonus and long term incentives. All variable pay has a direct link to performance. The performance link is also present in base pay, which is periodically reviewed based on individual performance and other factors.

Component	Objective	Details
Base salary	To attract and retain high calibre talent taking into consideration the roles and responsibilities of the job, as well as the individual executive competencies and performance results.	• Annual adjustments effective from the 1st of April of every calendar year with reference to market movement and individual performance result. • Benchmarked against international and Russian companies of similar size and operational scale. • The target positioning for the Executives' base salaries is between Median and Upper Quartile of comparators.
Annual performance bonus (short-term incentive)	To align annual reward with annual performance targets according to the business plan.	• The bonus is based 50% on the Company performance objectives and 50% on individual performance objectives. • **Bonus potential for Threshold performance:** 75% of base salary for the CEO, 40% for the COO, 37.5% of base salary for Executives Level 1.25% of base salary for Executives Level 2. • **On-target annual performance bonus** is 150% of annual base salary for the CEO, 80% of annual base salary for the COO, 75% of annual base salary for Executives Level 1, and 50% of annual base salary for Executives Level 2. • **Bonus Potential for Superior Performance** is 225% for the CEO, 120% for the COO, 112.5% for the Executives Level 1.75% of the base salary for Executives Level 2. • The payout for superior performance levels is capped at 150% of the target bonus, while performance below threshold results in no bonus payout. • Bonus payments are typically made with the March payroll, no later than 1 April each year after completion of individual performance assessments and after the audit of the Company financial results.
Long-term incentive plan	To align the Executive performance focus with the shareholder value creation and to reward sustained rise in operational performance over a three-year period.	• The form of the long-term incentive is a deferred 3 year phantom share scheme, with a new cycle starting every year. Long-term incentive grants are based on the effective share price and actual short-term incentive amounts for the completed performance year. Long-term incentive payouts are linked to share price performance and are conditional on operational performance results.
Benefits	To ensure adequate support and retention of Executives.	• Benefits include medical insurance, life and accident insurance, as well as a cash benefit allowance in lieu of pension, cars and other benefits. • All travel is done by business class.

The Executives Level 1 in the table above are direct reports to the CEO. The Executives Level 2 are members of Nordgold Executive Team reporting to Level 1 Executives.

The Remuneration package comprises performance and non-performance remuneration elements. The performance related components are the Long Term and Short Term Incentive schemes referred to above. Base salary level is reviewed regularly taking into consideration individual performance results as well as market movements.

The relative split between the performance related and non-performance related pay is shown below (based on 2015):

Employee Category	Base Pay (not directly performance related, but annual adjustments are linked to performance)	Performance Related Target Annual Bonus	Performance Related Pay LTIP (Value estimate)	Non-Performance Related Annual Benefits
CEO	36%	53%	8%	3%
COO	51%	41%	6%	2%
Level 1 Executives	53%	40%	4%	3%
Level 2 Executives	62%	31%	6%	1%

The Remuneration Committee has a full discretion over the Executives remuneration packages under this Policy and can make any amendments to the Executives' compensation where it finds necessary. The Remuneration Committee has the authority to determine "good leavers" if a decision needs to be taken regarding a payout of STI and LTI to Executives leaving the Company.

The Policy includes the Remuneration Committee's ability to operate clawback over variable pay which is implemented through the terms of each of the STI and LTI schemes of an annual performance bonus or a long term incentive deferred bonus has been paid on the basis of incorrect financial or other data, the Remuneration Committee of the Board may determine that the Company is entitled to recover any amount of such payout in excess of the amount that should have been paid on the basis of the correct financial or other data.

Executive Performance Management and Remuneration Approach in 2015

Nordgold continued implementing the performance management approach used in 2014.

Base Salaries

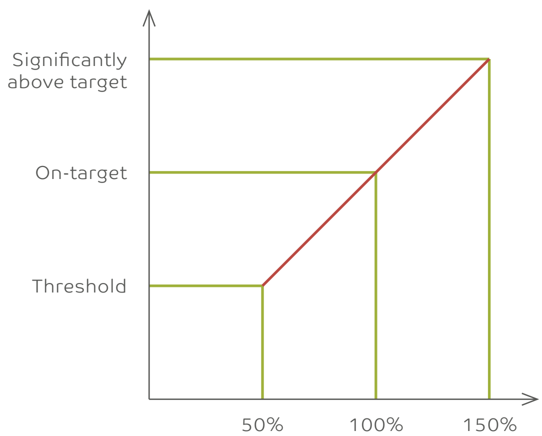
The base salaries of Executives (excluding CEO) were reviewed in line with the market benchmarks and individual performance results on 1 April 2015, except from the CEO's salary, as it was reviewed during CEO's relocation to the UK office. The salary for the CEO was reviewed due to relocation to United Kingdom. As market data The Gold Mining Benchmarks Report provided by Mercer was used.

Annual Bonus

The Annual Performance Bonus objectives set for Executives for 2015 included:

	Weight in the Annual Bonus Structure
Nordgold EBITDA	15%
Nordgold Operational Cash Flow	25%
Safety, reduction of LTIFR	10%
Individual / Functional Targets	50%

The bonus payout was calculated in line with the Remuneration policy.



The bonus payout was calculated using the formula:

$$Bonus_{actual} = ABS_{prorated} \times Bonus_{potential} \times (Result_{company} \times 50\% + Result_{individual} \times 50\%)$$

where:

$Bonus_{actual}$ is the actual amount of bonus expressed in applicable currency to be paid to the Executive;

$ABS_{prorated}$ is prorated annual base salary, expressed in applicable currency; for the purpose of the annual bonus prorated annual base salary is calculated as the contractual salary effective in the last month of the rewarded operational year, multiplied by the number of months actually worked in that year;

$Bonus_{potential}$ is the contractual bonus opportunity for on-target performance, expressed as a percentage of annual base salary;

$Result_{company}$ is the performance result for Company performance measures, expressed as a percentage of the target result;

$Result_{individual}$ is the performance result for individual performance objectives, expressed as a percentage of the target result.

Despite difficult operating conditions, this Company delivered an outstanding performance in all areas except safety. As a result all executives were approved to receive bonuses above target for 2015 performance year.

Total Cash

The total payroll cost incurred by Nordgold in 2015 in relation to the CEO and his six direct reports amounts to US$6,450,270, before payroll taxes. All compensation is paid to most Executives in Russian roubles, the COO is paid in US Dollars and the CEO and the CLO are paid in GB Pounds and Canadian Dollars. Non US dollar amounts reported have been converted to US dollars using effective monthly exchange rates for each month during the period from January to December 2014.

Relative importance of spend on Executive pay in relation to remuneration of all employees is as follows[1]:

Employee Category	Actual Expenditure in 2015, Excluding Payroll Tax, US$	Relative Importance of Spend on Pay, %
All employees	149,184,382	100%
CEO and direct reports	6,450,270	4,4%

[1] All employees value has been converted to US dollars using effective monthly rates of 61,698 in January, 64,632 in February, 60,234 in March, 52,869 in April, 50,580 in May, 54,499 in June, 57,067 in July, 65,151 in August, 66,766 in September, 63,065 in October, 65,026 in November, and 69,660 in December – Russian roubles to 1.00 US dollar, for the period from January to December 2015. CEO and direct reports value has been converted to US dollars using average exchange rate 65.0862 Russian roubles to 1.00 US dollar for rouble salaries and using average exchange rate 1,527 US dollars per 1 Great Britain pound and 1,2787 Canadian dollar to US dollar.

Long Term Incentive

All Executives received grants of phantom shares as part of the first LTIP cycle effective 1st of April 2015 – 31st of March 2018. The LTIP participants and grants amounts were approved by the Remuneration Committee.

The number of granted phantom shares was calculated using the formula:

$$LTI_{grant} = (STI_{actual} * 75\%) / Price_{start}$$

where:

LTI_{grant} is the number of phantom shares awarded to an eligible Executive at the beginning of the cycle;

STI_{actual} is the amount of the annual bonus approved as a payout for an Executive for his / her performance during the completed performance year preceding the LTI award expressed in US$ on the date of STI approval;

$Price_{start}$ reflects the weighted average price per share at the London Stock Exchange during the 3 last months of the calendar year prior to the date of the grant, expressed in US$.

The grants for the 1st cycle of the LTIP are expected to vest in 3 phases – 20% on March 31st 2016, 30% on March 31st 2017, 50% on March 31st 2018, subject to the award holder’s continued employment with the Company.

The LTI deferred compensation vests on the vesting dates subject to the following performance conditions:

1. Nordgold corporate results for EBITDA and OCF for the completed operational years of the cycle are acceptable based on judgment of the Remuneration Committee of the Board;
2. The eligible Executives have met the threshold of 75% of target for individual performance results for all of the completed operational years between the LTI grant and the LTI payout.

If the performance conditions are not met the Remuneration Committee of the Board may determine to reduce the payout or pay no deferred award. If an Executive leaves the Company for any reason all his / her phantom shares whether or not vested are forfeited and will not be paid out.

All vested phantom shares are paid out upon vesting. The payout is calculated using the formula:

$LTI_{payout} = LTI_{grant} * (Pric_{eend} + Dividends_{R1...Rn})$

where:

LTI_{payout} is the amount expressed in US$ to be paid out to an eligible Executive;

LTI_{grant} is the number of phantom shares awarded to an eligible Executive at the beginning of the cycle;

$Price_{end}$ reflects the weighted average price per share at the London Stock Exchange during the last 3 months of the last calendar year of the cycle prior to the payout date;

$Dividends_{R1...Rn}$ reflects the income per share resulting from the reinvestment of the dividends paid over the duration of the respective LTIP cycle. For the purpose of this Plan the share price for reinvesting dividends is determined as the closing price per share on the day of dividend payment.

Directors Remuneration Policy

The remuneration structure for the Non-executive Directors consists of a gross fixed base salary unless explicitly waived by the individual director and is fixed by respective engagement with the individual Director.

Non-executive Directors that are nominated by the majority shareholder may receive compensation for serving as Non-executive Directors, at the discretion of the Executive Directors.

A Non-executive Director will not have an entitlement to participate in any share scheme operated by the Company during his appointment as Non-executive Director. In principle the Company does not grant any loans to any Non-executive Director.

Remuneration for non-executive directors does not include performance-related elements.

In addition to the remuneration structure set out in the remuneration policy additional remuneration can be agreed upon with an individual Non-executive Director in accordance with applicable law and may include insurance benefits, including medical, health, life and directors' liability insurance, travel reimbursement and other out-of-pocket expenses in connection with their duties.

Executive director service engagement letter

The two current executive directors have service contracts, which may be terminated by the Company at any time in accordance with its Articles of Association (the Articles), or upon the resignation of the executive director.

The appointment is subject to annual renewal by the general shareholders' meeting (the AGM).

The executive director undertakes to resign as a Director of the Company (and as a member of any committee of the Board and of any group Company (a) immediately after his/her appointment is terminated by the Company or was not renewed by the AGM or (b) upon termination of all contracts of employment with any group Company.

Terms and conditions for non-executive directors' appointment

The appointment of the non-executive directors (the Appointment) is renewed annually at the AGM. The date of the last AGM at which the Appointment is not renewed, or if earlier, the date on which the Appointment is terminated in accordance with the Company's Articles is known as the Termination Date.

The Appointments may be terminated at any time by the Company in accordance with its Articles, or upon the resignation of the particular director. There are no provisions on payment for early termination in letters of the Appointment.

The letters of appointment of non-executive directors and service contracts of executive directors are available for inspection at the Company's registered office during normal business hours.

Directors Remuneration in 2015

Remuneration of the Board members for the year 2015 is presented below. The amounts in the table below reflect the full fees of all Board Directors paid for their services in capacity of Board members (according to the engagement letters). They do not receive any deferred pay, bonus or other types of remuneration in that capacity other than the stated fees.

Actual Board members' gross remuneration paid for the period January 2015 to December 2015 in US dollars[1]:

		US$
David Morgan	Chairman of the Board of Directors	264,655
John Munro[2]	Non-Executive Director	32,360
Alexey Mordashov	Non-Executive Director	-
Peter Lester	Non-Executive Director	150,964
Michael Nossal[3]	Non-Executive Director	54,102
Peter Bacchus	Non-Executive Director	waived his fee for the sake of charity
Roman Elkin	Non-Executive Director	-
Nikolai Zelenski	Chief Executive Officer, Executive Director	18, 963[4]
Evgeny Tulubensky	Executive Director	–[4]

[1] All compensation is paid to Nordgold Directors in Great Britain pounds; the CEO is paid in US dollars. The value has been converted to US dollars using effective monthly GBP/US$ exchange rates for each month during the period from January to December 2014, which are January 1,524; February 1,558; March 1,508; April 1,549; May 1,546; June 1,589; July 1,583; August 1,560; September 1,534; October 1,565; November 1,526; December 1,499.

[2] From the 1st of November, 2015.

[3] Till the 1st of May, 2015.

[4] The remuneration amount in the table above is indicated as per the Director's appointment letter and does not include remuneration received from the Group in relation to their executive duties, which could be found below.

The following table and notes below describe the total compensation of the following Executive Directors for services rendered in all capacities to Nordgold and its subsidiaries during 2015.

Name	Position	Annual Base Salary[1], US$	Annual Bonus[1], US$	Benefits Allow-ance[1], US$	Total Cash Remuner-ation[1], US$	LTI grant for 2015-2018 cycle, US$	Fees, US$
Nikolai Zelenski	Director and Chief Executive Officer[2]	1,170,323	1,959,990	108,029	3,238,342	570,087	18,963
Evgeny Tulubensky	Director and Chief Legal Officer, Corporate and Regulatory Affairs[2]	491,990	413,166	66,730	971,885	150,525	-

[1] All compensation is paid to the Named Executive Directors in Pounds Sterling and Canadian Dollars. The values indicated in the table have been converted to US dollars, being the currency Nordgold uses in its financial statements, using effective monthly exchange rates for each month during the period from January to December 2015. The effective average exchange rate for this period is 1 GBP = 1,5276 US$ and 1 US$ = 1,2787 CAD.
[2] Increase in the overall compensation of these directors is mainly driven by higher income tax rate in the UK, where they are now tax residents.

During 2015 the two executive directors were relocated to the UK, from where they now execute their duties. The remuneration of the two executive was revised to address the increase in tax rate and cost of living of this move.

Recruitment Policy

Nordgold recruitment policy was formalised on the 1st of October 2013. It specifies the approach and the process taken by the Company to fill staff vacancies. When initiating the recruitment process, Nordgold seeks to ensure that the following requirements were satisfied in the process of making the hiring decision:

- scope of the role is defined;
- there is clarity regarding where the role fits within the organizational structure;
- target compensation package is relevant to the role, Nordgold compensation policy and appropriate for the budget;
- there is clarity regarding qualification requirements;
- an appropriate panel of interviewers is in place;
- interviewers / assessors have clarity regarding selection criteria and areas of assessment;
- internal and external candidates are given equal consideration;
- a fair, and relevant to the labour market, number of candidates are considered;
- there is no discrimination (based on race, nationality, religion, age, gender, etc.) in the selection process;
- selection is based on merit;
- there is proper communication to all the candidates during the recruitment process;
- selected candidates are subject to reference checks;
- selected candidates shares Nordgold corporate values;
- the selected candidates duly on-boarded into the employing entity;
- confidentiality is maintained regarding all candidates data.

When recruiting for Executive roles Nordgold presents the finalists to the Remuneration Committee members and other Board Directors for approval.

5.7 RISK MANAGEMENT

Risk management system

Risk management is integrated into our strategic planning and affects all our operational activities. It aims to identify events that may negatively affect the business and to manage these risks so that the Company's risk appetite is not exceeded and our objectives are achieved.

To facilitate effective risk mitigation, Nordgold has established a system of risk management that includes a set of regulations (policies and procedures), risk registers, controls, and responsible authorities. The system allows our senior management to identify, assess, and control the risks we face, and thus increase investment attractiveness and shareholder value by improving the likelihood of achieving planned results and reducing potential losses.

Regulations

As part of the risk management process, Nordgold has developed and adopted a Risk Management Policy, a Risk Management Procedure, and other regulations that apply to all Nordgold Group BUs and functional departments. At least annually the Company checks internal documents to assess areas requiring urgent attention and to make necessary updates.

Risk Management Policy

The Risk Management Policy was approved by the Chief Executive Officer on 15 August 2012. The policy covers the main principles, goals, and responsible parties involved in risk-management-related actions, which are set out in the Risk Management Procedure.

Risk Management Procedure

The Risk Management Procedure was adopted on 15 August 2012 and covers processes related to identifying, evaluating, managing, and lastly monitoring strategic and operational risks. The Risk Management Procedure also describes employee roles in risk management procedures, the Risk Matrix, and criteria for assessing the likelihood and impacts of risk.

According to the Risk Management Procedure, risks are divided into two types:

1. Strategic risks: uncertain future events that may adversely affect the achievement of our vision and strategic objectives.
2. Operational risks: events that may adversely affect the performance or effectiveness of our day-to-day operations.

Risk registers

Identified risks are included in five different types of risk registers:

- Site Operational Risk Register: register of individual mine or BU risks
- Company Strategic Risk Register: a register prepared during the strategic planning cycle
- Company Risks Register: a combination of all BU risk registers, containing both strategic and operational risks
- Key Risk Register: a register that comprises high-scoring (unacceptable) strategic and operational risks
- Top-10 Risk Register: a register used for Strategic and Business planning and Audit Committee reviews.

Risk registers contain all salient information pertaining to risks: a description of risks including the risk owner, the risk score (low, medium, high) according to level of likelihood and impact, current and further risk mitigation measures for high risks, the status of management actions, and the planned risk score.

In 2015 the Company completed the compilation of detailed risk registers in all nine BUs. This work allowed us to improve the quality of our risk management process and to build a complete picture of the Company's risks.

Controls

Identifying, assessing, and managing Nordgold risks is an ongoing process throughout an annual cycle, which requires the development and regular updating of internal controls in order to improve the risk management process. For this purpose, we have established an appropriate control environment, which includes a set of control procedures developed to mitigate each risk type.

Internal audit annually tests the adequacy and effectiveness of internal control procedures over identified risks and promptly address any weaknesses found – this allows us to provide independent and objective assurances to management, shareholders, and the Board over the sufficiency of implemented control procedures. Internal audit reviews have a risk-based approach and are linked to specific items in the risk registers.

When developing the Internal audit plan, we also take into account requests from the Company's management on the need for various audits in certain areas. The 2015 Audit Plan comprised 11 themes (nine audits in all BUs) that were agreed with management and the Audit Committee.

Nordgold 2015 self-assessment of the effectiveness of risk and control processes

Annually we conduct self-assessment by management of risk control procedures and prepare a report for the Audit Committee. Self-assessment in 2015 was based on criteria contained in the UK Corporate Governance Code.

In 2015 the average score (of 23 assessed areas) was 4.13 out of 5.00. There was significant progress in the effectiveness of risk and control processes in 2015, due to various improvements in risk management and internal controls. This means that almost all important controls are in place, or that most controls are working satisfactorily.

Responsible authorities

We have clear ownership at all levels of the organisation to ensure an effective risk management process:

- The CEO has overall responsibility for the functionality of the risk management process and adopting risk management documents.
- The Board of Directors is responsible for annually reviewing the risk management system by analysing reports from the internal audit function.
- The general directors of BUs and the Group's functional directors are responsible for ensuring that this policy is adopted within their areas of responsibility and that they have appointed individual heads of departments to be responsible for specific risk management actions defined in the procedure.
- The Risk Manager (Chief Risk Officer) is responsible for efficient risk management methodology, supporting BUs to ensure a consistent integrated approach, and the cost effective implementation of this policy as well as the Risk Management Procedure.
- Internal Audit, Internal Control, and the Risk Management Department is responsible for providing objective assurance of BUs' compliance with the Risk Management Policy and for monitoring control procedures as well as the implementation of risk mitigation measures.

Anti-Bribery and Corruption Policy

The Anti-Bribery and Corruption Policy (ABC Policy) was accepted and approved by the Board of Nord Gold NV on 30 August 2013. In developing the ABC Policy, we were guided by the 2010 UK Bribery Act as well as other anti-corruption laws effective in the countries where the Group operates.

The purposes of the ABC Policy:

- Determining anti-corruption and anti-bribery requirements for business conducted in the jurisdictions where the Company operates
- Ensuring that the Company's business complies with the applicable laws and requirements of relevant regulatory authorities, including those concerning combatting corruption
- Combatting corruption and reducing relevant risks.

This policy is binding for all legal entities within the Nordgold Group (the Affiliates). During induction programmes, all new employees are informed (within forty-five / 45) days after commencing work for the Company) about ABC Policy requirements.

The adoption of the ABC policy demonstrated our commitment to both high standards of corporate governance and to the principles of open and fair business. We strive towards the continuous improvement and enhancement of corporate ethics across all aspects of our operations.

ABC programme

Nordgold has also developed an anti-corruption and anti-bribery programme in accordance with the 2010 Bribery Act and Adequate Procedures checklist by Transparency International UK, which contains 227 indicators.

The action plan is based on the priority of risks and actions and is kept under review and revised as necessary. Proper and sufficient actions will be added in order to control new risks. The Head of IA, IC&RM (internal audit, internal control and risk management) will monitor actions and deadlines and quarterly report to the Board Audit Committee about the status of planned management actions. By implementing an ABC programme, Nordgold is able to clearly and concisely communicate to all stakeholders the anti-corruption principles and rules which govern the Company.

At the end of 2015 more than half of actions (Indicators) had been completed: 134 out of 227 (59%). All other criteria do not fully apply to our business.

Whistleblowing procedure

In 2012 the Board of Directors adopted a Whistleblowing procedure through which complaints regarding questionable accounting, auditing, ethical, and other matters could be reported.

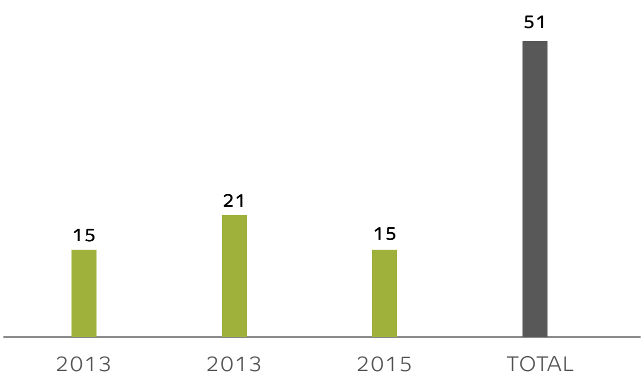
NAVEX Global, the US Ethics and Compliance Experts, are engaged as an independent and confidential whistleblowing service at all Nordgold sites. The service is also available on the Company website in English, French, and Russian (https://nordgold.alertline.eu)[1]. Other whistleblowing channels include the HR Hotline, the Severstal Hotline, and the Shared Service Centre.

Nordgold encourages a culture of openness, therefore the Whistleblowing procedure gives all employees and third parties the opportunity to report in confidence any serious concerns that they might have. Matters of concern include suspicions over possible violations of laws, regulations, or the Code of Business Conduct and Ethics. Employees can also seek guidance over the best course of action to take in a particular situation. All reported concerns are submitted to independent directors (including the Chairman of the Board and the Chairman of the Audit Committee), as well as authorised Nordgold officers for further investigation and appropriate action. Since 2013 all ethics-related issues have been sent to the Ethics Committee for review and, where necessary, for suggestions to be made on remedial actions.

Each quarter, the Audit Committee is provided with a report covering the issues that have been raised by the whistleblowing hotline, as well as any corrective actions instigated following a review by the Ethics Committee.

In 2015, 15 issues were reported to the Hotline (a total of 51 over three years), nine of which were sent for consideration by the Ethics Committee. All 15 issues had been reviewed and resolved by the end of the reporting year.

Whistleblowing hotlines: total number of reports



[1] Hotline for Russia: 8 495 3632400; Kazakhstan: 8 800 1214321; Burkina Faso and Guinea: 00-1 704 4145965

Code of Practice on Dealing in Securities

The Company's Code of Practice on Dealing in Securities was adopted by the Board on 11 October 2010. The code imposes restrictions on dealing in the Company's securities, in accordance with the Model Code as set out in the Financial Conduct Authority's Listing Rules.

These rules are intended to ensure that persons discharging managerial responsibilities (PDMRs), as well as other employees with regular or incidental access to inside information, do not abuse, and do not place themselves under suspicion of abusing, inside information that they have or may be thought to have, especially in periods leading up to an announcement of the Company's results. In particular, all directors and employees must comply with applicable insider trading legislation in relation to dealing in the Company's securities as well as the securities of other companies where they obtain inside information.

During 2015 no violations of the Code of Practice on Dealing in Securities were identified.

Risk assessment results in 2015

Every year during the risk evaluation process we update our risk registers and report to the Audit Committee on the progress made to minimise risks. Risk evaluation is conducted separately from internal audit, in order to ensure a proper segregation of duties and that conflicts of interest between management and audit are avoided.

In 2015 we identified a number of strategic risks. 162 departments from all nine operating mines were involved in this risk assessment process. Neryungri and Berezitovy were the first Nordgold mines where we conducted risk assessments for a second time. There have been significant control improvements, and overall the risk-management culture has been significantly enhanced. These mines significantly decreased their risk impact levels.

The most significant risks making up the Top-10 Risk Register of the Company are provided below.

Top risks and methods to mitigate them

Risk description	Mitigation
Cost increase	
Cost increases in the gold mining sector are expected to intensify over the next few years, due to a number of key factors, including labour, energy, ore grades, currencies, supplier constraints, and taxes. Cost increases put pressure on the Company's profitability.	Nordgold conducts a detailed analysis of TCC and the gold price; provides expenditure and payment controls; and implements investment programmes focused on cost efficiency. New cost effectiveness initiatives: 1. The development of middle management (to prevent non-effective or mistaken decisions). 2. Organisational improvements, including a unification of processes, removing excessive administration barriers, standardisation, and business process improvements. 3. Global Technical Service (GTS) development, including the following areas: technological process and mining quality, technical availability and utilisation of mining transport and equipment, and the rationing of materials.

Risk description	Mitigation
Significant decrease in gold price	
The gold price can fall significantly, driven by a potential worsening in the global economic crisis, which might lead to increasing pressures on the margin, which in turn could lead to the non-achievement of our strategic objectives.	Currently we continue to monitor gold prices and other macroeconomic indicators: inflation, US dollar rates, analyst forecasts, etc. and based on this we develop strategic scenarios with different gold prices. The Company is potentially ready to consider significant cost reduction initiatives in the event of a dramatic decrease in gold prices.
Sanctions against Russia and/or Russian companies	
The European Union could impose fresh economic sanctions against Russia and/or Russian companies, in connection with the 'Ukrainian Crisis'.	Although we have no direct sales of gold to the EU from Russia, potential restrictions on the import of precious metals might lead to a delay in sales, a decrease in price, and an increase in expenses for the logistics of the gold business. Therefore, Nordgold continues to monitor the development of any new economic sanctions, and discusses and develops alternative ways to sell gold.
Ebola at Nordgold's West African mines: potential threat to personnel and production	
Employees may catch this virus due to poor infection controls on sites. This could lead to business interruptions at involved BUs, site closing for quarantine purposes by the authorities, and a spread of the virus.	Nordgold has developed an awareness campaign and established infectious disease control programmes at each African BU. The Company continues to monitor the situation concerning Ebola infections and to implement applicable controls and best situational practices to be able to respond effectively to the virus.
Terrorist attack in Burkina Faso and Western Africa	
The kidnap of Australian doctors in Burkina Faso in 2015, an attack on a hotel in Bamako (Mali), an attack on Burkina policemen near the Nordgold mine (two policemen were killed 100 km from the mine), and a terrorist attack in January 2016 in Ouagadougou.	The adequacy and efficiency of controls over mine security and safety for staff and key management (including NG management travelling to the African sites) were assessed, and additional security controls were implemented, including engaging elements of the national police service.
Employee safety	
As a result of the non-proper implementation of the Labour Safety Code (and corresponding labour safety procedures), as well as technical deficiencies related to production safety, the possibility remains of injuries or deaths at mines.	All BUs comply strictly with labour legislation, and the Labour Safety Code is issued and applicable for all BUs and staff. Nordgold regularly investigates best practices and installs new safety equipment. Compliance audits are conducted by Internal Audit and the management of the Company. Nordgold analyses and investigates all incidents and sends assessment reports to the Safety and Sustainable Development Committee. LTIFR is included in management KPIs; in addition, part of management's bonuses are connected with this KPI.

Risk description	Mitigation
Non-achievement of production plan	
The production plan might not correspond to the production capacity of a mine and gold processing plant, or the quality of mineral reserves and the availability of qualified staff, which might lead to the non-achievement of the plan.	The Company conducts detailed analyses and discussions of production plans in defence of proposals, the grade control process, and pre-development explorations. We constantly improve geological modelling to make it reliable and sufficient for completion of the production plan. Nordgold has also established management KPIs which focus on the attainment of production figures. In 2016 we plan to pay particular attention to realising three-month rolling plans, quarterly and monthly operational plans, and weekly plans.
Unexpected business interruptions	
Unexpected business interruptions might lead to significant production delays, with a subsequent decrease in profits.	We identify risks and develop all necessary mitigation controls (including key spare parts management, and a maintenance programme for key production equipment). Business Continuity Plans are in place at all mines. Nordgold's future activities include: • Analysing the current situation, with emergency action plans in all BUs and, if necessary, creating or updating plans • Launching the pilot Business Continuity Plan project at Suzdal
Fires and explosions	
Inadequate or inefficient controls over fire and explosions, as well as non-qualified staff in this area, might lead to the loss of assets and threats to the life of staff.	We identify fire and explosion risks and elaborate mitigating controls, including anti-fire preventive controls. Internal Audit provides reviews on compliance with safety requirements related to working with combustible and explosive materials.

Risk description	Mitigation
Geological date insufficiency / unreliability	
Geological data might not be sufficient or reliable for the effective assessment of resources and reserves, which might in turn lead to incorrect decisions taken by management in evaluating the economical potential of new deposits and properties.	We conduct detailed analyses and discussions of previous exploration results, accurately plan the exploration process, and ensure that the geological department consists of experienced specialists that can successfully carry out complicated geological research in different countries. Our geological models are continually updated. The Quality Control and Quality Assurance process (QC-QA) and an independent audit of resources/reserves and QC-QA system are conducted. During 2015 we collected all relevant exploration data for the development of a corporate data management system, which will provide access to exploration data and license information. A related tender process was launched for software and implementation. We plan to sign contracts for the system in Q1 2016, and implement it by the end of 2016.

6 FINANCIAL STATEMENTS

Operating Cash Flow

US$ 418 MLN

Operating Cash Flow record for the last 5 years

CONTENTS

FINANCIAL STATEMENTS WITH NOTES

NORD GOLD N.V.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts in thousands of US dollars, except as otherwise stated)

		Year ended 31 December	
	Note	2015	2014
Sales	5	1,129,258	1,216,074
Cost of sales		(777,789)	(845,692)
Gross profit		**351,469**	**370,382**
General and administrative expenses	6	(55,103)	(59,886)
Impairment reversal/(charge) of non-current assets	8	13,270	(24,136)
Other operating expenses, net		(1,039)	(2,470)
Profit from operations		**308,597**	**283,890**
Finance income	9	20,035	8,139
Finance costs	9	(54,400)	(109,118)
Profit before income tax		**274,232**	**182,911**
Income tax expense	10	(85,500)	(59,944)
Profit for the year		**188,732**	**122,967**
Attributable to:			
Shareholders of the Company		175,593	98,307
Non-controlling interests		13,139	24,660
Weighted average number of shares outstanding during the year (millions of shares) – basic and diluted	22	376.156	378.217
Earnings per share			
Basic and diluted earnings/(loss) per share (US dollars)	22	0.47	0.26

Nord Gold N.V.
CONSOLIDATED STATEMENT COMPREHENSIVE LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts in thousands of US dollars, except as otherwise stated)

	Year ended 31 December	
	2015	2014
Profit for the year	**188,732**	**122,967**
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on translation of foreign operations, net of tax	(220,314)	(347,360)
Change in fair value of cash flow hedge	-	2,372
Revaluation of available-for-sale financial assets	11,113	15,452
Deferred tax on revaluation of available-for-sale financial assets	(1,637)	(1,990)
Other comprehensive loss for the year, net of tax	**(210,838)**	**31,526)273**
Total comprehensive loss for the year	**(22,106)**	**(208,559)**
Attributable to:		
Shareholders of the Company	(26,017)	(207,369)
Non-controlling interests	3,911	(1,190)

Nord Gold N.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
(Amounts in thousands of US dollars, except as otherwise stated)

	Note	31 December 2015	31 December 2014
ASSETS			
Current assets			
Cash and cash equivalents	12	281,695	127,692
Short-term deposits	12	81,989	190,175
Accounts receivable	13	19,997	34,103
Inventories	14	191,926	326,858
VAT receivable		47,216	46,507
Income tax receivable		5,999	4,345
Total current assets		**628,822**	**729,680**
Non-current assets			
Property, plant and equipment	16	669,128	672,607
Intangible assets	17	682,864	707,570
Long-term financial investments	15	59,639	47,020
Investments in joint venture and associate		-	2,663
Restricted cash	12	9,029	8,170
Deferred tax assets	10	8,797	21,739
Other non-current assets	11	60,675	56,302
Total non-current assets		**1,490,132**	**1,516,071**
TOTAL ASSETS		**2,118,954**	**2,245,751**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	18	130,345	4,851
Accounts payable	19	163,166	172,287
Income tax payable		18,728	17,869
Provisions	20	2,988	7,556
Total current liabilities		**315,227**	**202,563**
Non-current liabilities			
Long-term borrowings	18	815,344	939,531
Provisions	20	38,447	52,714
Deferred tax liabilities	10	41,049	39,094
Other non-current liabilities		9,406	10,657
Total non-current liabilities		**904,246**	**1,041,996**
Total liabilities		**1,219,473**	**1,244,559**

Nord Gold N.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
(Amounts in thousands of US dollars, except as otherwise stated)

	Note	31 December 2015	31 December 2014
Equity	21		
Share capital		1,280,801	1,315,951
Treasury shares		(300)	-
Additional paid-in capital		870,463	894,352
Foreign exchange differences		(646,748)	(435,662)
Accumulated losses		(698,504)	(846,670)
Revaluation reserve		22,551	13,075
Total equity attributable to shareholders of the Company		**828,263**	**941,046**
Non-controlling interests		71,218	60,146
Total equity		**899,481**	**1,001,192**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,118,954**	**2,245,751**

Nord Gold N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts in thousands of US dollars, except as otherwise stated)

	Year ended 31 December	
	2015	2014
Operating activities		
Profit for the year	**188,732**	**122,967**
Adjustments		
Finance income	(20,035)	(8,139)
Finance costs	54,400	109,118
Income tax expense	85,500	59,944
Depreciation and amortisation	198,121	201,780
Impairment (reversal)/charge of non-current assets	(13,270)	24,136
Impairment charge of work-in-progress recognised in cost of sales	28,508	-
Net loss from joint ventures	-	2,909
Loss on disposal of property, plant and equipment	1,027	794
Environmental provision changes	(9,142)	(2,321)
Provision for obsolescence and write off of inventories	13,913	18,071
Provision for doubtful receivables and other provisions	(3,526)	(3,056)
	524,228	**526,203**
Changes in operating assets and liabilities:		
Accounts receivable	(2,796)	1,884
Inventories	7,567	(36,936)
VAT recoverable	(21,448)	(9,230)
Accounts payable	16,967	(16,436)
Other changes in operating assets and liabilities, net	14,263	3,729
Cash flows from operations	538,781	469,214
Interest paid	(46,978)	(53,953)
Income tax paid	(73,918)	(87,231)
Cash generated from operating activities	**417,885**	**328,030**
Investing activities		
Payments for property, plant and equipment	(227,128)	(115,175)
Payments for exploration and evaluation assets	(40,073)	(34,906)
Decrease/(increase) in short-term deposits	109,050	(189,000)

Nord Gold N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts in thousands of US dollars, except as otherwise stated)

	Year ended 31 December	
	2015	2014
Interest received	7,486	2,347
Purchase of long-term investments	(7,196)	(16,965)
Other movements	(3,538)	(2,957)
Cash used in investing activities	**(161,399)**	**(356,656)**
Financing activities		
Proceeds from borrowings	-	500,234
Repayment of borrowings	(1,800)	(520,935)
Dividends paid	(57,470)	(40,795)
GDRs buyback	(29,529)	-
Transaction costs paid	-	(7,500)
Other movements	(4,139)	(1,816)
Cash used in financing activities	**(92,938)**	**(70,812)**
Net increase/(decrease) in cash and cash equivalents	**163,548**	**(99,438)**
Cash and cash equivalents at beginning of the year	127,692	244,042
Effect of exchange rate fluctuations on cash and cash equivalents	(9,545)	(16,912)
Cash and cash equivalents at end of the year	**281,695**	**127,692**

Nord Gold N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts in thousands of US dollars, except as otherwise stated)

	Attributable to the shareholders of the Company								
	Share capital	Treasury shares	Additional paid-in capital	Foreign exchange differences	Accumulated losses	Revaluation reserve	Total	Non-controlling interests	Total
Balance at 1 January 2014	**1,307,121**	**-**	**894,352**	**(114,152)**	**(912,439)**	**(2,759)**	**1,172,123**	**78,474**	**1,250,597**
Profit for the year	-	-	-	-	98,307	-	98,307	24,660	122,967
Other comprehensive (loss)/income for the year, net of tax	-	-	-	(321,510)	-	15,834	(305,676)	(25,850)	(331,526)
Total comprehensive income for the year							(207,369)	(1,190)	(208,559)
Issuance of ordinary shares	8,830	-	-	-	(4,678)	-	4,152	-	4,152
Acquisitions of non-controlling interests	-	-	-	-	11,549	-	11,549	(15,701)	(4,152)
Dividends	-	-	-	-	(39,409)	-	(39,409)	(1,437)	(40,846)
Balance at 31 December 2014	1,315,951	-	894,352	(435,662)	(846,670)	13,075	941,046	60,146	1,001,192
Profit for the year	-	-	-	-	175,593	-	175,593	13,139	188,732
Other comprehensive (loss)/income for the year, net of tax	-	-	-	(211,086)	-	9,476	(201,610)	(9,228)	(210,838)
Total comprehensive income for the year							(26,017)	3,911	(22,106)
GDRs buyback	-	(29,296)	-	-	-	-	(29,296)	-	(29,296)
Treasury shares cancelation	(35,150)	28,996	(23,889)	-	30,043	-	-	-	-
Acquisition of Northquest Limited	-	-	-	-	-	-	-	9,440	9,440
Dividends	-	-	-	-	(57,470)	-	(57,470)	(2,279)	(59,749)
Balance at 31 December 2015	1,280,801	(300)	870,463	(646,748)	(698,504)	22,551	828,263	71,218	899,481

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

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are 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 consolidated financial statements

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRSs EU") and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code. As the financial data of Nord Gold N.V. (the parent company) is included in the consolidated financial statements, the income statement in the parent company only financial statements is presented in a condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

Management is responsible for the preparation of these consolidated financial statements in accordance with IFRSs EU. The responsibility of management includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2014.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for financial investments classified as available-for-sale, which are stated at fair value, and certain types of inventories stated at net realisable value.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the Group management to make estimates and assumptions that affect the amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The most significant areas where management applied judgment or developed estimates are discussed below.

Going concern

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

Useful economic lives of property, plant and equipment and intangible assets

The Group assesses the remaining useful lives of items of property, plant and equipment and intangible assets at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. These estimates may have a material impact on the amount of the carrying values of property, plant and equipment and intangible assets and on depreciation and amortisation expense for the period.

Mineral reserves

The Group assesses its mineral reserves on the basis of approved feasibility and technical reports. Mineral reserves are used in the calculation of future cash flows for assets impairment testing, estimations of useful economic lives of property, plant and equipment and life of mines for environmental provision calculation.

Assets impairment

The Group considers both external and internal sources of information in assessing whether there are any indications that its tangible and intangible assets are impaired.

External sources of information considered by the Group include changes in the market economic and legal environment in which the Group operates that are not within its control.

Internal sources of information considered by the Group include the manner in which mining properties, plant and equipment are being used or expected to be used and actual and forecasted expectations of economic performance of such assets.

In determining the recoverable amounts of the Group's tangible and intangible assets, the Group management determines the value-in-use by estimating the discounted future pre-tax cash flows expected to be derived from the Group's properties, costs to sell the properties and the appropriate pre-tax discount rate.

Reductions in gold price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable reserves and resources and/or adverse current economic conditions can result in a write-down of the carrying amounts of the Group's tangible and intangible assets.

Further improvements of cash generating unit performance such as continuous decrease of actual costs of production, stable or decreasing estimated future capital costs, stable or increasing actual production volumes and amount of recoverable reserves and resources, and/or adverse current economic conditions can result in the reversal of a previously impaired tangible and intangible assets. An impairment recognised at Lefa in earlier reporting period was partially reversed as at 31 December 2015 in the amount of US$55.3 million (see Note 8).

In making the assessment for impairment, assets that do not generate independent cash inflows are allocated to an appropriate cash-generating unit. Management applies judgement in allocating assets that do not generate independent cash inflows to cash-generating units, and also in estimating the timing and value of underlying cash flows within the value-in-use calculation. Changes to the cash-generating unit allocations or to the timing of cash flows could impact the carrying value of the respective assets.

Management's judgment is involved in the determination of whether the expenditures which are capitalised as exploration and evaluation assets may be recouped by future exploitation or sale or should be impaired. Determining this, management estimates the possibility of finding recoverable ore reserves related to a particular area of interest. However, these estimates are subject to significant uncertainties. The Group is involved in exploration and evaluation activities, and some of its licensed properties contain gold resources under the definition of internationally recognised mineral resource reporting methodologies. A number of licensed properties have no mineral resource delineation. Many of the factors, assumptions and variables involved in estimating resources are beyond the Group's control and may prove to be incorrect over time. Subsequent changes in gold resources estimates could impact the carrying value of exploration and evaluation assets.

As at 31 December 2015, management performed a review of tangible and intangible assets for impairment (see Note 8). As a result, an impairment loss in respect of exploration and evaluation assets of US$16.2 million and reversal of previously recognized impairment in respect of Lefa CGU amounting to US$55.3 million were recorded in the income statement.

Environmental provision

The Group reviews its environmental provision at each reporting date. The amount recognised as a provision is the best estimate of the expenditures required to settle the present obligation at the reporting date based on the requirements of the current legislation of the country where the respective operating assets are located. The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Considerable judgment is required in forecasting future site restoration costs. Future events that may affect the amount required to settle an obligation are reflected in the amount of provision when there is sufficient objective evidence that they will occur.

Stripping activity asset

The Group incurs stripping costs during the production phases of its surface mining operations. Significant judgement is required to distinguish between the stripping which relates to the extractionof inventory and those which relates to the creation of a stripping activity asset.

In order to perform the allocation the Group is required to identify separate components towards which the stripping costs have been incurred for the ore bodies in each of its mines. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. For the purposes of identification of separate components the Group uses mine operating plans.

As at 31 December 2015, an additional stripping activity asset at Lefa, Taparko and Berezitovy mines in the amount of US$63.6 million was capitalized.

Valuation of stockpiles and gold-in-process

Costs that are incurred in the production process are accumulated as stockpiles, gold-in-process and gold doré. Stockpiles are measured based on each stockpile's average cost per tonne; gold-in-process and gold doré are measured based on recoverable ounces of gold.

Stockpile quantities are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Although the quantities of recoverable gold are reconciled by comparing the grades of ore to the quantities of gold actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to monitor precisely recoverability levels. As a result, the metallurgical balancing process is constantly monitored and engineering estimates are refined based on actual results over time. Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realisable value are accounted for on a prospective basis.

The split of stockpiles and gold-in-process between current (expected to be recovered within 12 months) and non-current (Inventories expected to be recovered after 12 months) is based on approved mine operating plans. As at 31 December 2015, ore stockpiles in the amount of US$44.0 million were classified as non-current assets.

Gold-in-process and ore stockpiles are carried at the lower of cost or net realisable value. Estimates of net realisable value of gold inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the reporting date to the extent that such events confirm conditions existing at the end of the period.

As at 31 December 2015, management has determined that due to technological reasons gold recoverable from heap leach pads at Aprelkovo and Neryungri-Metallic mines will be less than expected. Accordingly, a US$22.2 million decrease in the carrying value of work in progress was recognised in cost of sales.

As at 31 December 2015, an additional net realizable value provision in respect of ore stockpiles at Taparko mine in the amount of US$6.3 million was recognised.

Valuation of raw materials and spare parts

The Group creates an allowance for obsolete and slow-moving raw materials and spare parts. Raw materials and spare parts are carried at the lower of cost or net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the reporting date to the extent that such events confirm conditions existing at the end of the period.

As at 31 December 2015, an additional obsolescence provision in respect of slow moving spare parts at Lefa mine in the amount of US$8.1 million was recognised.

Renewal of licenses

The Group's geological research licenses with a carrying value of US$9.6 million are partially expired or near expiry term as at 31 December 2015. The licenses primarily relate to Burkina Faso fields. Management is in the process of applying for renewal and has assessed the probability of the renewal of the licenses as high based on the competitive advantage of the Group and historical experience of renewal of the licenses in Burkina Faso. These consolidated financial statements therefore have been prepared based on management's expectation that the term of all such licenses will be renewed. If the expired or near expiry licenses are not renewed, the Group will recognise an impairment loss in the amount of US$9.6 million.

Recoverability of indirect tax

The Group is due substantial amounts of indirect tax in West Africa from the local tax authorities. At each reporting date management assesses the recoverability of the respective asset and create impairment provision when needed. In addition, timing of the expected cash inflows is assessed.

Since as at 31 December 2015 management expected that a portion of the indirect tax due from tax authorities will not be recovered within the next twelve months, the respective amount was classified within current non-current assets in the consolidated statement of financial position.

Litigations

The Group exercises judgment in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or liability will arise, and in quantifying the possible range of the final settlement. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of internal specialists or with the support of outside consultants. Revisions to estimates may significantly affect future operating results.

Deferred income taxes

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The estimation of that probability includes judgments based on the expected performance. Various factors are considered in the assessment of the probability of the future utilisation of deferred tax assets, including past operating results, operational plans, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from estimates or if these estimates are adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected.

The operations of the Group performed in Kazakhstan are subject to corporate income tax, consisting of a fixed component and a variable component – excess profit tax. Deferred tax assets and liabilities are measured at each reporting date using average income tax rates expected for the future periods when the asset (liability) is realised (settled), based on planned performance and forecasted gold prices.

Functional and presentation currency

The presentation currency of these consolidated financial statements is the US dollar.

The functional currency of each of the Group`s entities is determined separately.

For all Russian Federation entities, the functional currency is the Russian Rouble. The functional currency of the Group's entities located in Kazakhstan is the Tenge, the functional currency for Burkina Faso entities is the Communaute Financiere Africaine Franc and the functional currency for Guinea is the US Dollar.

The translation into the presentation currency is made as follows:

- All assets and liabilities, both monetary and non-monetary, are translated at the closing exchange rates at the dates of each statement of financial position presented;
- All income and expenses in each statement of profit or loss are translated at the average exchange rates for the periods presented; and
- All resulting exchange differences are recognised as a separate component in other comprehensive income.

Any conversion of amounts into US Dollars should not be interpreted as a representation that such amounts have been, could be, or will be in the future, convertible into US dollars at the exchange rates used, or any other exchange rate.

New accounting pronouncements

A number of new standards and amendments to standards that have been issued but were not yet effective for the year ended 31 December 2015, and have not been applied in these consolidated financial statements.

- IFRS 9 Financial Instruments[2];
- IFRS 15 Revenue from Contracts with Customers[2];
- IFRS 16 Leases, effective for annual periods on or after 1 January 2019;
- Amendments to IFRS 11 – Accounting for Acquisition of Interests in Joint Operations;
- Amendments to IAS 1 – Disclosure Initiative[1];
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation[1];
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants[1];
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1];
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception[1];
- IFRS 14 Regulatory Deferral Accounts[1];
- Amendments to IAS 27 – Equity Method in Separate Financial Statements[1];
- Annual Improvements to IFRSs 2012-2014 Cycle[1].

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Management is currently considering the potential impact of the adoption of these standards and amendments. However, it is not practicable to provide a reasonable estimate of their effect until a detailed review has been completed.

3. Summary of significant accounting policies

The following significant accounting policies have been consistently applied to all periods presented in preparing these consolidated financial statements throughout the Group.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing these consolidated financial statements; unrealised losses are also eliminated unless the transaction provides an evidence of impairment of the asset transferred.

Acquisition of additional interest in subsidiaries

No goodwill is recognised where the Group acquires additional interests in subsidiaries. The difference between the share of net assets acquired and the cost of investment is recognised directly in equity.

Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill in respect of subsidiaries is disclosed as an intangible asset.

Where goodwill forms part of a cash generating unit and part of the operations within that unit is disposed of, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of each entity at the foreign exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of each entity at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency of the entity at the foreign exchange rate ruling at the date of the transaction. Foreign exchange gains and losses arising on the translation are recognised in the consolidated statement of profit or loss.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses or at fair value when acquired as part of a business combination. Cost includes expenditure that is directly attributable to the acquisition of the asset and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. In the case of assets constructed by the Group, related works and direct project overheads are included in cost. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Repair and maintenance expenses are charged to the statement of profit or loss as incurred. Gains or losses on disposals of property, plant and equipment are recognised in the statement of profit or loss.

Capital expenditures for mine development works (pit opening, construction of capital mine workings and stripping activity) are accounted for as buildings and construction.

Depreciation is provided so as to write off property, plant and equipment over its expected useful life. Depreciation is calculated using the straight-line method. The estimated useful lives of assets are reviewed regularly and revised when necessary.

The principal periods over which assets are depreciated are as follows:

Buildings and constructions	5-50 years
Plant and equipment	5-20 years
Other assets	1-20 years

For assets of the newly acquired entities the periods for depreciation are determined in accordance with the terms above taking into consideration the period of previous usage.

Intangible assets (excluding goodwill)

Recognition and amortisation

Intangible assets acquired by the Group are measured on initial recognition at cost or at fair value when acquired as part of a business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the estimated useful lives using the straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Mineral rights

Mineral rights are recorded as intangible assets when acquired as part of a business combination or when reclassified from exploration and evaluation assets.

Mineral rights are amortised on a straight-line basis over their useful life. The useful life is assessed on the basis of terms set up by the mineral license (contract) and estimated mineral reserves and resources subject to such license (contract).

Based on current mineral licenses (contracts) terms and available estimations of mineral reserves and resources useful lives of the Group's mineral rights vary from 5 to 9 years.

Amortisation of mineral rights is charged to cost of sales for the period.

Exploration and evaluation assets

Recognition and measurement

Exploration and evaluation assets are generated during exploration and evaluation works aimed to search for new mineral deposits at new or existing license (contract) areas (for extension of the mineral basis) after the Group may obtain the right to extract these new deposits.

An exploration and evaluation asset is no longer treated as such when the technical feasibility and commercial viability of extracting a new mineral deposit are demonstrable and the Group may extract these resources according to the local governmental procedures. The carrying amount of such exploration and evaluation asset is reclassified into mineral rights. An exploration and evaluation asset is assessed for impairment and if any, an impairment loss is recognised before reclassification.

The Group measures exploration and evaluation assets on initial recognition at cost or at fair value when acquired as part of a business combination. Following initial recognition, they are carried at cost less accumulated impairment losses.

The following expenditures comprise the cost of exploration and evaluation assets:

- Obtaining the rights to explore and evaluate mineral reserves and resources including costs directly related to this acquisition;
- Researching and analysing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and/or
- Compiling prefeasibility and feasibility studies.

Administration and other overhead costs are charged to the cost of exploration and evaluation assets only if directly related to an exploration and evaluation project.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among other, indicate that exploration and evaluation assets must be tested for impairment:

- The exploration license in the specific area has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of gold resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of gold resources in the specific area have not led to the discovery of commercially viable quantities of gold resources and the decision was made to discontinue such activities in the specific area;
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purpose of assessing exploration and evaluation assets for impairment, such assets are allocated to cash-generating units, being exploration license areas.

Any impairment loss is recognised as an expense in accordance with the policy on impairment of assets set out below.

Calculation of recoverable amount

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and its recoverable amount that is the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For other assets the recoverable amount is the greater of the fair value less cost to sale and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of a loan or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

Inventories include materials and consumables, work-in-progress and finished goods.

Materials and consumables are valued at cost less allowances for slow-moving and obsolete items.

Work-in-progress consists of ore stockpiles and gold-in-process (including dore alloy).

Stockpiles represent mined ore before processing and are measured based on each stockpile's average cost per tonne.

Gold in ore involved in processing (crushing, milling, leaching and other operations for recovery of gold in the form of Dore alloy) is accounted for as gold-in-process. Gold-in-process and dore alloy are measured based on recoverable ounces of gold.

Work-in-progress is valued at production costs incurred at the relevant stage of the production process. Production costs include materials and consumables, labour costs, mining and other services, refining costs, amortisation and depreciation of operating assets, etc.

Refined gold represents the Group's finished goods, and is valued on the basis of total production cost.

Financial instruments

Non-derivative financial instruments

Financial assets

Financial assets include cash and cash equivalents, investments, and loans and receivables.

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial assets are classified into the following specified categories: 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the carrying value of a financial asset held at amortised cost and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Trade receivables, loans, short-term deposits and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables are reviewed and subsequently assessed for impairment on an individual basis. Objective evidence of impairment for an individual account receivable could include: significant financial difficulty of the issuer or counterparty; or breach of contract, such as default or delinquency in payments; or it becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

AFS financial assets

AFS financial assets are those non-derivative financial assets that are not classified as held-to-maturity or loans and receivables and are stated at fair value. Listed shares that are traded in an active market are stated at their market value. Investments in unlisted shares that do not have a quoted market price in an active market are measured at management's estimate of fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of

Financial Statements with Notes | Company Only Financial Statements for the Year Ended 31 December 2015 | Independent Audit's Report

impairment losses, which are recognised directly in the statement of profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the statement of profit or loss for the period.

If after the initial recognition of an AFS financial asset objective evidence indicating a loss event occurs and that loss event has a negative effect on the estimated future cash flows of that asset, the AFS financial asset is impaired.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant (in excess of 20 percent) or prolonged (for the period more than nine months) decline in the fair value below cost is objective evidence of impairment.

Impairment losses are recognised in the statement of profit or loss, computed as the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

Dividends on AFS equity instruments are recognised in the statement of profit or loss when the Group's right to receive the dividends is established.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised in the statement of profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Income tax

Income tax comprises current and deferred tax and is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax expense is calculated by each entity on a pre-tax profit determined in accordance with the tax law of the country, in which the entity is incorporated, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which these assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised in respect of the following:

- Investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future;
- If it arises from the initial recognition of an asset or liability that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss;
- Initial recognition of goodwill.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Environmental provision

The Group has environmental obligations related to restoration of soil and other related works, which are due upon the closures of certain of its production sites.

Provision for each production site is estimated case-by-case based on available information, taking into account applicable local legal requirements. The estimation is made using existing technology, at current prices, and discounted using a real discount rate.

Future costs, discounted to net present value, are recognised in the period, in which the environmental disturbance occurs.

Costs are capitalised if environmental disturbance occurred during the construction of property, plant and equipment or charged to production costs for the period if the environmental disturbance occurred as part of the operating production process.

The unwinding of the environmental provisions is included in the consolidated statement of profit or loss as interest expense.

Share capital

Share capital comprises ordinary shares. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of tax effects.

Revenue

Revenue from the sale of gold is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Other expenses

Lease payments

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

Social expenditure

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in the statement of profit or loss as incurred.

Finance income and costs

Finance income comprises interest income on funds invested, dividend income, and net foreign currency gains. Interest income is recognised as it accrues in the statement of profit or loss, using the effective interest method. Dividend income is recognised in the statement of profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, net foreign currency losses and impairment losses recognised on financial assets. All borrowing costs are recognised in the statement of profit or loss using the effective interest method except borrowing costs capitalised as part of qualifying assets.

Foreign currency gains and losses are reported on a net basis.

Earnings per share

The Group's basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. No dilutive instruments were present during the period.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment may engage in business activities for which it has yet to earn revenues, for example, entities on the exploration and evaluation stage.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker ("CODM"), the Group's Chief Executive Officer ("CEO"). The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

4. Segment reporting

The Group has ten reportable segments, as described below, representing the strategic business units. Each strategic business unit is managed separately with the operating results being 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 development 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.
- **Russian Greenfields.** Includes a number of gold deposits at exploration and evaluation stage located in the Russian Federation.
- **Canadian Greenfields.** Pistol Bay gold deposit at exploration and evaluation stage located in Canada.

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

The Group's CEO uses normalised EBITDA in assessing each segment's performance and allocating resources. Normalised EBITDA represents profit before income tax adjusted to exclude finance income, finance costs, depreciation and amortisation, impairment/utilization of work-in progress impairment recognised in cost of sales, impairment of assets, net loss on disposal of property, plant and equipment, and other income, net.

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

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

Segment financial performance

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

	2015	2014
Sales		
Neryungri and Aprelkovo	119,092	123,632
Suzdal and Balazhal	86,667	96,067
Buryatzoloto	143,937	140,008
Berezitovy	150,034	149,641
Taparko	95,242	141,505
Lefa	260,136	247,044
Bissa	274,150	318,177
Total	**1,129,258**	**1,216,074**

	Year ended 31 December	
	2015	2014
Normalised EBITDA by segment		
Neryungri and Aprelkovo	58,398	38,111
Suzdal and Balazhal	38,080	35,802
Buryatzoloto	67,382	48,704
Berezitovy	93,038	76,708
Taparko	13,231	59,060
Lefa	118,662	62,640
Bissa	157,859	195,913
Burkina Faso Greenfields	(1,040)	(165)
Russian Greenfields	17	(152)
Total normalised EBITDA for reportable segments	**545,627**	**516,621**
Normalised EBITDA for other companies	(25,863)	(29,577)
Total	**519,764**	**487,044**

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

	Year ended 31 December	
	2015	2014
Segment capital expenditures		
Neryungri and Aprelkovo	10,701	5,826
Suzdal and Balazhal	12,727	7,533
Buryatzoloto	17,272	20,345
Berezitovy	22,180	13,225
Taparko	34,313	20,669
Lefa	48,945	46,114
Bissa	105,987	19,542
Burkina Faso Greenfields	5,807	6,248
Russian Greenfields	184	898
Total capital expenditures for reportable segments	**258,116**	**140,400**
Other companies	213	17,438
Total segment capital expenditures	**258,329**	**157,838**
Northquest consolidation	19,480	-
Depreciation capitalised	19,855	21,300
Other reconciling items	4,075	3,443
Additions to PP&E and Intangible assets	**301,739**	**182,581**

The reconciliation of profit before income tax to the normalised EBITDA:

	Year ended 31 December	
	2015	2014
Profit before income tax	**274,232**	**182,911**
Finance income	(20,035)	(8,139)
Finance costs	54,400	109,118
Depreciation and amortisation	198,121	201,780
Impairment (reversal)/charge of non-current assets	(13,270)	24,136
Impairment charge of work-in-progress recognised in cost of sales	28,508	-
Utilisation of work-in-progress impairment through cost of sales	-	(19,742)
Net loss on disposal of property, plant and equipment	1,027	794
Other income, net	(3,219)	(3,814)
Normalised EBITDA	**519,764**	**487,044**

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

Geographical information

The following is a summary of the Group's non-current assets by location of asset, excluding financial instruments and deferred tax assets:

	Year ended 31 December	
	2015	2014
Burkina Faso	524,074	477,047
Guinea	506,423	498,075
Russian Federation	323,780	386,428
Kazakhstan	38,668	74,793
Canada	19,480	-
Other	242	136
Total	**1,412,667**	**1,436,479**

The following is a summary of the Group's sales by location of operations:

	Year ended 31 December	
	2015	2014
Russian Federation	413,063	413,274
Burkina Faso	369,392	459,682
Guinea	260,136	247,044
Kazakhstan	86,667	96,074
Total	**1,129,258**	**1,216,074**

5. Sales

	Year ended 31 December	
	2015	2014
By product		
Gold	1,123,142	1,208,133
Silver	6,116	7,941
Total	**1,129,258**	**1,216,074**

Nord Gold N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts expressed in thousands of US dollars, except as stated otherwise)

	Year ended 31 December	
	2015	2014
By customer		
Switzerland: Metalor Technologies S.A.	259,517	459,682
Switzerland: MKS Finance S.A.	370,011	247,044
Russian Federation: Otkrytie	249,455	267,345
Russian Federation: VTB	150,034	149,641
Russian Federation: Sberbank	96,242	82,706
Kazakhstan: Tau-Ken Altyn	3,999	9,656
Total	**1,129,258**	**1,216,074**

6. General and administrative expenses

	Year ended 31 December	
	2015	2014
Wages and salaries	29,992	35,166
Professional and other services	14,982	17,613
Depreciation and amortisation	6,937	3,807
Other	3,192	3,300
Total	**55,103**	**59,886**

7. Staff cost

	Year ended 31 December	
	2015	2014
Wages and salaries	139,353	192,520
Social security costs	25,367	36,875
	164,720	**229,395**
Less capitalised amounts:		
Wages and salaries	(9,062)	(11,309)
Social security costs	(2,161)	(2,203)
Total	**153,497**	**215,883**

For the year ended 31 December 2015, key management's remuneration, representing short-term employee benefits, amounted to US$9.6 million (2014: US$6.7 million).

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

8. Impairment of non-current assets

Summary results of the impairment review of the Group's tangible and intangible assets recognised in profit or loss for 2015 and 2014 were the following:

	Year ended 31 December	
	2015	2014
Intangible assets		
Lefa mineral rights	(55,287)	-
Exploration and evaluation assets	**16,151**	**21,840**
	(39,136)	21,840
Property, plant and equipment	**-**	**2,296**
Other non-current assets	**25,866**	**-**
Impairment of non-current assets	**(13,270)**	**24,136**

As at 31 December 2015, management conducted an impairment review of intangible assets and property, plant and equipment of Taparko CGU (31 December 2104: all business units except for Bissa CGU).

In addition, during 2014 and 2015 production costs of Lefa mine reduced significantly as a result of the improved operational management and revised mining plan. On that basis, management updated its assessment of Lefa CGU's value in use. As a result an impairment loss recognised in respect of Lefa in earlier reporting periodsas at 31 December 2013 was partially reversed as at 31 December 2015 in the amount of US$55.3 million.

Key assumptions used by the Group in determining the value in use of Taparko and Lefa CGUs were as follows:

- A long-term gold price of US$1,250/oz (2014: US$1,259/oz), based on the analysts consensus data;
- Approved mine plans;
- Pre-tax discount rate for Taparko 18.32% (2014: 15.42%) and Lefa 18.04% (2014: 15.48%), based on the Group's weighted average cost of capital and risk factors.

Sensitivity analysis

Management performed an analysis as to whether a reasonably possible adverse change to any of the key assumptions used in impairment models for CGUs would lead to the additional impairment loss.

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

The following scenarios were considered as reasonably possible and were used for this sensitivity analysis:

Scenarios	Decrease of profit
Long-term gold price of US$1,200 per ounce	18,599
Long-term gold price of US$1,150 per ounce	37,198
Long-term gold price of US$1,100 per ounce	55,797
10% increase in future cost of production	80,852
1% increase in discount rate applied	25,102

All of the scenarios presented above assumed that the relevant assumptions move in isolation.

Other impairments

Impairment of exploration and evaluation assets relates to exploration projects in Russia, Guinea and Burkina Faso which did not result in the discovery of commercially viable quantities of gold resources and the decision was made to discontinue such activities in the specific area (Note 17).

Impairment of other non-current assets relates to the indirect taxes in West Africa due to the uncertainty in respect of their recoverability period.

9. Finance income and costs

	Year ended 31 December	
	2015	2014
Finance income		
Foreign exchange gain, net	10,658	-
Interest income	9,377	8,139
Total	**20,035**	**8,139**
Finance costs		
Interest expense	(48,382)	(53,050)
Foreign exchange loss, net	-	(33,763)
Other	(6,018)	(22,305)
Total	**(54,400)**	**(109,118)**

In 2014, other finance costs included US$7.1 million of loss related to the discontinuance of hedge accounting (Note 13), US$6.5 million of long-term input VAT discounting and US$5.1 million of royalties related to Bissa operations.

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

10. Income tax

	Year ended 31 December	
	2015	2014
Current tax charge	(70,528)	(66,183)
Prior period adjustments	(3,387)	654
Deferred tax (benefit)/expense	(11,585)	5,585
Income tax expense	**(85,500)**	**(59,944)**

In 2015, the Group's profits were taxable at 20% in the Russian Federation and Kazakhstan, 17.5% and 27.5% in Burkina Faso and 30% in Guinea. Increase in tax rate in Burkina Faso from 17.5% in 2014 to 27.5% in 2015 was a result of changes in local legislation.

The amount of income tax recorded in profit or loss statement differs from the theoretical amount that would arise by applying the weighted average tax rate to profit before tax and is reconciled as follows:

	Year ended 31 December			
	2015		2014	
Profit before income tax expense	**274,232**		182,911	
Theoretical tax at rates applicable to the profits in the respective countries	(53,927)	20%	(39,808)	22%
Prior period adjustments	(3,387)	1%	654	0%
Permanent differences	(11,735)	4%	(3,592)	2%
Effect of intragroup dividend received	3,538	-1%	7,162	-4%
Changes in unrecognised deferred tax assets	(16,615)	6%	(24,360)	13%
Changes in tax rate	(3,374)	1%	-	-
Income tax expense	**(85,500)**	**31%**	(59,944)	33%

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

The movement in the net deferred tax liabilities was as follows:

2015	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclas-sifications	Foreign exchange difference	Closing balance
Deferred tax assets/(liabilities) related to:						
Property, plant and equipment	10,586	182	-	-	(1,086)	**9,682**
Intangible assets	(92,420)	(14,011)	-	-	7,161	**(99,270)**
Inventories	(6,382)	13,086	-	-	(1,445)	**5,259**
Financial investments	5,891	1,044	(1,637)	-	(2,234)	**3,064**
Accounts payable	6,539	-	-	-	-	**6,539**
Provisions	4,356	365	-	-	(2,494)	**2,227**
Other	2,223	(734)	-	-	1,923	**3,412**
Tax losses carried forward	51,852	(11,517)	-	(320)	(3,180)	**36,835**
Total	**(17,355)**	**(11,585)**	**(1,637)**	**(320)**	**(1,355)**	**(32,252)**

2014	Opening balance	Recog-nised in profit or loss	Recognised in other comprehensive income	Reclas-sifications	Foreign exchange difference	Closing balance
Deferred tax assets/(liabilities) related to:						
Property, plant and equipment	22,065	(13,207)	-	(1,110)	2,838	**10,586**
Intangible assets	(117,604)	6,923	-	1,597	16,664	**(92,420)**
Inventories	(9,432)	(4,845)	-	18	7,877	**(6,382)**
Financial investments	7,845	137	(1,990)	585	(686)	**5,891**
Accounts payable	5,584	1,308	-	-	(353)	**6,539**
Provisions	12,051	(1,914)	-	9	(5,790)	**4,356**
Other	1,728	2,295	-	(1,099)	(701)	**2,223**
Tax losses carried forward	44,546	14,888	-	-	(7,582)	**51,852**
Total	**(33,217)**	**5,585**	**(1,990)**	**-**	**12,267**	**(17,355)**

Certain deferred tax assets and liabilities have been offset to the extent they relate to taxes levied in the same jurisdiction and on the Group's entities which can pay taxes on a consolidated basis. Deferred tax balances (after offset) presented in the consolidated statement of financial position were as follows:

	Year ended 31 December	
	2015	2014
Deferred tax liability	(41,049)	(39,094)
Deferred tax asset	8,797	21,739
Net deferred tax liability	**(32,252)**	**(17,355)**

Taxable differences related to investments in subsidiaries where the Group is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future, amounted to US$1,192 million at 31 December 2015 (31 December 2014: US$1,193 million) and have not been recognised in the consolidated financial statements.

The Group has not recognised deferred tax assets on tax losses carried forward related to certain Group entities where it is not probable that deferred tax assets can be utilised.

The cumulative amounts of unrecognised tax losses with related expiry dates were the following (stated in millions of US dollars):

	Year ended 31 December	
	2015	2014
Within one year	-	-
Between one and five years	49.9	23.6
Between five and ten years	65.8	89.8
Between ten and twenty years	0.3	-
No expiry date	60.3	33.3
Total	**176.3**	**146.7**

11. Other non-current assets

	Year ended 31 December	
	2015	2014
Long-term ore stockpiles	44,036	25,094
Indirect taxes recoverable within more than 12 months	10,788	31,077
Other non-current assets	5,851	131
Total	**60,675**	**56,302**

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

12. Cash and cash equivalents

	Year ended 31 December	
	2015	2014
Cash at bank	53,559	40,099
Short-term bank deposits	227,993	87,503
Petty cash	143	90
Total	**281,695**	**127,692**
Short-term deposits	81,989	190,175
Restricted cash in Non-current assets	9,029	8,170

Restricted cash comprise cash reserved in banks in accordance with the local legislation requirements in respect of Taparko, Bissa, Lefa and Alel site restoration.

The Group's exposure to risks associated with cash and cash equivalents is disclosed in Note 24.

13. Accounts receivable

	Year ended 31 December	
	2015	2014
Advances paid and prepayments	9,822	26,116
Trade accounts receivable	300	953
Other receivables	11,236	8,936
Allowance for doubtful debts		
Advances paid and prepayments	(369)	(597)
Trade accounts receivable	(279)	(520)
Other receivables	(713)	(785)
Total accounts receivable	**19,997**	**34,103**

The Group's exposure to risks arising from accounts receivable and policies on creating allowance for doubtful debts are discussed in Note 24.

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

14. Inventories

	Year ended 31 December	
	2015	2014
Materials and consumables	145,396	181,273
Work-in-progress	43,504	127,706
Finished goods	3,026	17,879
Total	**191,926**	**326,858**

Inventories included in cost of sales in 2015 amounted to US$245.5 million (2014: US$311.5 million).

As at 31 December 2015, obsolescence and net realisable value provision amounted to US$34.8 million (31 December 2014: US$24.2 million).

As at 31 December 2015, management has determined that due to technological reasons gold recoverable from heap leach pads at Aprelkovo and Neryungri-Metallic mines will be less than expected. Accordingly, a US$22.2 million decrease in the carrying value of work in progress was recognised in cost of sales.

15. Long-term financial investments

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

- 1.8% equity interest in Detour Gold Corporation, valued at US$32.2 million (31 December 2014: 2.0% valued at US$25.3 million) held by the Group's Canadian subsidiary and accounted for as available for sale investment;
- US$23.2 million of advances paid to Columbus Gold Corporation (31 December 2014: US$16.2 million) for the ongoing bankable feasibility study, which is a requirement of the Option agreement to acquire 50.01% stake in the 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 staged work expenditures during one year;
- Other individually immaterial investments of US$4.2 million (31 December 2014: US$5.5 million) represented by a number of holdings in gold exploration and mining companies.

16. Property, plant and equipment

	Land, buildings and constructions	Plant and equipment	Other assets	Construction in progress	Total
Cost					
Balance at 1 January 2014	**578,977**	**600,761**	**13,346**	**135,082**	**1,328,166**
Reclassifications from intangible assets and inventories	-	-	1,743	33,805	35,548
Additions	-	9	12	137,441	137,462
Change in environmental provision	7,060	-	-	-	7,060
Transfers	48,077	93,342	5,819	(147,238)	-
Disposals	(477)	(12,024)	(68)	-	(12,569)

Nord Gold N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts expressed in thousands of US dollars, except as stated otherwise)

	Land, buildings and constructions	Plant and equipment	Other assets	Construction in progress	Total
Foreign exchange differences	(118,436)	(112,810)	(2,123)	(35,984)	(269,353)
Balance at 31 December 2014	**515,201**	**569,278**	**18,729**	**123,106**	**1,226,314**
Reclassifications from inventories	-	-	-	638	638
Reclassifications between groups	15,815	(15,815)	-	-	-
Additions	-	-	-	249,591	249,591
Change in environmental provision	1,983	-	-	-	1,983
Transfers	35,202	41,142	1,143	(77,487)	-
Disposals	(166)	(7,016)	(244)	(4,653)	(12,079)
Foreign exchange differences	(87,153)	(73,899)	(2,658)	(24,455)	(188,165)
Balance at 31 December 2015	**480,882**	**513,690**	**16,970**	**266,740**	**1,278,282**
Depreciation and impairment					
Balance at 1 January 2014	**(212,826)**	**(277,363)**	**(12,088)**	**(9,533)**	**(511,810)**
Reclassifications from intangible assets and inventories	-	-	(1,556)	-	(1,556)
Depreciation for the year	(82,314)	(95,224)	(3,435)	-	(180,973)
Transfers	8,976	(9,551)	575	-	-
Disposals	477	10,129	-	-	10,606
Impairment	–	–	-	(2,296)	(2,296)
Foreign exchange differences	63,278	66,960	1,761	323	132,322
Balance at 31 December 2014	**(222,409)**	**(305,049)**	**(14,743)**	**(11,506)**	**(553,707)**
Reclassifications between groups	(2,687)	2,687	-	-	-
Depreciation for the year	(72,264)	(88,065)	(2,109)		(162,438)
Disposals	166	6,663	226		7,055
Foreign exchange differences	46,627	50,495	2,202	612	99,936
Balance at 31 December 2015	**(250,567)**	**(333,269)**	**(14,424)**	**(10,894)**	**(609,154)**
Net book value					
Balance at 1 January 2014	**366,151**	**323,398**	**1,258**	**125,549**	**816,356**
Balance at 31 December 2014	**292,792**	**264,229**	**3,986**	**111,600**	**672,607**
Balance at 31 December 2015	**230,315**	**180,421**	**2,546**	**255,846**	**669,128**

During 2015, the Group modified the classification of certain plant and equipment objects to reflect more appropriately technical characteristics of the objects. As a result, objects amounted to US$15.8 million were reclassified from plant and equipment group to land, building and constructions group.

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

17. Intangible assets

	Mineral rights	Exploration and evaluation assets	Other intangible assets	Total
Cost				
Balance at 1 January 2014	**1,035,791**	**593,887**	**9,393**	**1,639,071**
Reclassifications from property, plant and equipment	-	(1,853)	(1,556)	(3,409)
Additions	-	29,982	15,137	45,119
Transfers	88,873	(88,873)	-	–
Disposals	-	(12,831)	(287)	(13,118)
Foreign exchange differences	(79,765)	(164,778)	(5,814)	(250,357)
Balance at 31 December 2014	**1,044,899**	**355,534**	**16,873**	**1,417,306**
Additions	-	49,488	2,660	52,148
Transfers	206,693	(206,693)	-	-
Foreign exchange differences	(93,542)	(61,713)	(3,610)	(158,865)
Balance at 31 December 2015	**1,158,050**	**136,616**	**15,923**	**1,310,589**
Amortisation and impairment				
Balance at 1 January 2014	**(670,153)**	**(58,515)**	**(4,403)**	**(733,071)**
Reclassifications to property, plant and equipment	–	-	1,556	1,556
Amortisation for the year	(46,842)	–	(1,381)	(48,223)
Impairment	–	(21,840)	–	(21,840)
Disposals	–	12,831	250	13,081
Foreign exchange differences	59,653	18,783	325	78,761
Balance at 31 December 2014	**(657,342)**	**(48,741)**	**(3,653)**	**(709,736)**
Amortisation for the year	(43,286)	-	(3,276)	(46,562)
Impairment	55,287	(16,151)	-	39,136
Disposals	-	-	-	-
Foreign exchange differences	69,853	18,582	1,002	89,437
Balance at 31 December 2015	**(575,488)**	**(46,310)**	**(5,927)**	**(627,725)**
Net book value				
Balance at 1 January 2014	**365,638**	**535,372**	**4,990**	**906,000**
Balance at 31 December 2014	**387,557**	**306,793**	**13,220**	**707,570**
Balance at 31 December 2015	**582,562**	**90,306**	**9,996**	**682,864**

Nord Gold N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts expressed in thousands of US dollars, except as stated otherwise)

The movements in mineral rights by segments were the following:

	Mineral rights							
	Neryungri and Aprelkovo	Buryatzoloto	Berezitovy	Suzdal and Balazhal	Taparko	Bissa	Lefa	Total
Cost								
Balance at 1 January 2014	**57,593**	**28,486**	**6,541**	**143,324**	**89,197**	**32,244**	**678,406**	**1,035,791**
Transfers	-	25,808	5,604	2,990	11,726	21,167	21,578	88,873
Foreign exchange differences	(24,087)	(13,900)	(4,787)	(22,597)	(10,332)	(4,062)	-	(79,765)
Balance at 31 December 2014	33,506	40,394	7,358	123,717	90,591	49,349	699,984	1,044,899
Transfers	133,449	5,030	-	413	20,352	28,171	19,278	206,693
Foreign exchange differences	(11,381)	(9,436)	(1,678)	(57,280)	(8,863)	(4,904)	-	(93,542)
Balance at 31 December 2015	**155,574**	**35,988**	**5,680**	**66,850**	**102,080**	**72,616**	**719,262**	**1,158,050**
Amortisation								
Balance at 1 January 2014	**(48,035)**	**(16,216)**	**(3,773)**	**(130,745)**	**(48,792)**	**(4,033)**	**(418,559)**	**(670,153)**
Amortisation for the year	(1,666)	(7,330)	(919)	(1,733)	(9,429)	(3,938)	(21,827)	(46,842)
Foreign exchange differences	20,642	9,182	1,872	20,639	6,499	819	-	59,653
Balance at 31 December 2014	**(29,059)**	**(14,364)**	**(2,820)**	**(111,839)**	**(51,722)**	**(7,152)**	**(440,386)**	**(657,342)**
Amortisation for the year	(864)	(2,914)	(705)	(1,737)	(6,728)	(4,430)	(25,908)	(43,286)
Impairment reversal (see Note 8)	-	-	-	-	-	-	55,287	55,287
Foreign exchange differences	6,782	3,678	764	52,413	5,413	803	-	69,853
Balance at 31 December 2015	**(23,141)**	**(13,600)**	**(2,761)**	**(61,163)**	**(53,037)**	**(10,779)**	**(411,007)**	**(575,488)**
Net book value								
At 1 January 2014	**9,558**	**12,270**	**2,768**	**12,579**	**40,405**	**28,211**	**259,847**	**365,638**
At 31 December 2014	**4,447**	**26,030**	**4,538**	**11,878**	**38,869**	**42,197**	**259,598**	**387,557**
At 31 December 2015	**132,433**	**22,388**	**2,919**	**5,687**	**49,043**	**61,837**	**308,255**	**582,562**

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

The movements in exploration and evaluation assets by segments were the following:

	Exploration and evaluation assets										
	Neryungri and Aprelkovo	Buryatzoloto	Berezitovy	Suzdal and Balazhal	Taparko	Bissa	Lefa	Russian greenfields	Canadian greenfields	Burkina-Faso greenfields	Total
Net book value at 1 January 2014	**267,116**	**38,388**	**10,764**	**2,459**	**16,736**	**14,680**	**36,327**	**63,120**	**-**	**85,782**	**535,372**
Additions	2,008	7,004	553	993	1,622	3,811	3,955	863	-	9,173	29,982
Transfers to mineral rights	-	(25,797)	(5,604)	(3,056)	(11,726)	(13,083)	(21,577)	-	-	(8,030)	(88,873)
Reclassifications from property, plant and equipment	-	-	-	-	(2,749)	896	-	-	-	-	(1,853)
Impairment	(27)	(588)	(4,550)	-	-	-	-	(7,318)	-	(9,357)	(21,840)
Foreign exchange differences	(91,410)	(16,039)	(850)	(396)	(1,996)	(1,717)	-	(23,834)	-	(9,753)	(145,995)
Net book value at 31 December 2014	**177,687**	**2,968**	**313**	**-**	**1,887**	**4,587**	**18,705**	**32,831**	**-**	**67,815**	**306,793**
Additions	3,480	6,613	1,577	662	3,367	3,388	4,457	189	19,480	6,275	49,488
Transfers to mineral rights	(133,449)	(5,030)	-	(413)	(4,709)	(7,425)	(19,278)	-	-	(36,389)	(206,693)
Reclassifications from property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	(2,500)	-	-	-	-	(3,884)	-	-	(9,767)	(16,151)
Foreign exchange differences	(26,139)	(906)	(304)	(249)	(545)	(550)	-	(7,518)	-	(6,920)	(43,131)
Net book value at 31 December 2015	**21,579**	**1,145**	**1,586**	**-**	**-**	**-**	**-**	**25,502**	**19,480**	**21,014**	**90,306**

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

Additions to Canada greenfields resulted from consolidation of the results of Northquest limited operating the Pistol Bay exploration project in Canada.

Reclassification of exploration and evaluation assets to mineral rights during 2015 included the following:

- US$133.5 million at Neryungri and Aprelkovo segment related to Gross project;
- US$12.0 million at Burkina-Faso greenfields segment related to Bouly project;
- US$61.2 million related to exploration projects around operating mines, which resulted in increase of gold reserves for each mine.

18. Borrowings

	31 December	
	2015	2014
Short-term borrowings		
Bank loans	125,000	
Accrued interest	5,345	4,851
Total	**130,345**	**4,851**

	31 December	
	2015	2014
Long-term borrowings		
Notes and bonds issued	448,000	450,000
Bank loans	375,000	500,000
Unamortised balance of transaction costs	(7,656)	(10,469)
Total	**815,344**	**939,531**

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 subsidiaries.

During 2014, the Company repurchased US$50 million of the notes in the open-market for the total consideration of US$46.4 million. The resulting gain of US$3.6 million was recognised as finance income. During the year ended 31 December 2015, the Company repurchased US$2 million of the notes in the open-market for the total consideration of US$1.8 million. The resulting gain of US$0.2 million was recognised as finance income.

As at 31 December 2015, bank loans were represented by the loan facility from Sberbank, which was secured by the Group's subsidiaries shares:

- 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;

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

- 75% of the Group's ownership in OJSC Buryatzoloto;
- 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$836.7 million.

The fair value of debt instruments approximated their carrying value at 31 December 2015, except for the fair value of notes which had a market value of US$452.0 million (31 December 2014: US$380.3 million).

19. Accounts payable

	31 December	
	2015	2014
Trade accounts payable	96,818	91,610
Amounts payable to employees	19,529	24,498
Other taxes payable	16,561	22,164
Accrued expenses	2,445	2,641
Advances received	642	273
Other payables	27,171	31,101
Total	163,166	172,287

20. Provisions

	Legal and tax claims	Environmental provision	Other	Total
Balance at 1 January 2014	**17,758**	**67,608**	**1,897**	**87,263**
Additional accruals	237	7,384	43	7,664
Change in estimate	(10,385)	(2,707)	-	(13,092)
Unwinding of discount and change in discount rate	-	2,207	-	2,207
Provisions used	(357)	-	(76)	(433)
Foreign exchange differences	(1,542)	(21,778)	(19)	(23,339)
Balance at 31 December 2014	**5,711**	**52,714**	**1,845**	**60,270**
Additional accruals	1,135	1,165	200	2,500
Change in estimate	(1,837)	(8,574)	-	(10,411)
Unwinding of discount and change in discount rate	-	2,185	-	2,185
Provisions used	(4,002)		-	(4,002)
Foreign exchange differences	(45)	(9,043)	(19)	(9,107)
Balance at 31 December 2015	**962**	**38,447**	**2,026**	**41,435**

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

Environmental provision was classified within non-current liabilities, and provision for legal and tax claims and other provisions were classified as current.

During 2015 environmental liabilities in respect of Neryungri and Aprelkovo mines were reassessed due to management's intention to apply the most recent deactivation technologies in respect of heap leach operations in Russia. As a result, a decrease of respective liability in the amount of US$10.3 million was recognised in cost of sales.

The Group's environmental liabilities relate to the restoration of soil and other related works, which are due upon the closures of mines and production facilities. These costs are expected to be incurred between 2018–2028. The present value of expected cash outflows were estimated using existing technology and discounted using the following real discount rate:

	Year ended 31 December	
	2015	2014
Russian Federation	(0.94) – 2.19%	6.06 – 7.46%
Kazakhstan	(0.06) – 2.42%	(0.92) – (0.86)%
Burkina Faso	4.06 – 4.08%	4.15 – 4.19%
Guinea	2.92%	1.47%

21. Capital and reserves

Share capital

At 31 December 2015 and 2014, the authorised share capital amounted to 4,484,927,250 Euros and consisted of 1,793,970,900 ordinary shares with a nominal value of 2.50 Euro each. The issued and fully paid share capital comprised 370,821,439 ordinary shares amounting to US$1,280,801 thousand at 31 December 2015 (2014: US$1,315,951 thousand).

In December 2014, the Company issued 2,876,335 ordinary shares with par value of 2.5 Euro for the purpose of funding the acquisition of 7.06% interest in Butyatzoloto's from non-controlling shareholders.

In February 2015, the Board of Directors of Nordgold 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. Since the announcement of the programme through 31 December 2015 the Company has repurchased 10,282,212 GDRs for the total amount of US$29.3 million, of which 10,176,851 of purchased GDRs were cancelled by 31 December 2015.

The holders of ordinary shares are entitled to receive dividends as declared at General meetings and are entitled to one vote per share at meetings of the Company.

Additional paid-in capital

Additional paid-in capital includes of the excess of consideration received over the par value of shares and GDRs issued by the Company, and the effects of transactions under common control in course of the Group formation.

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments and cash-flow hedge instruments, net of the related tax effects.

Nord Gold N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts expressed in thousands of US dollars, except as stated otherwise)

22. Earnings per share

Basic earnings per share for the year ended 31 December 2015 were based on the profit attributable to shareholders of the Company of US$175.6 million (2014: US$98.3 million) and a weighted average number of outstanding ordinary shares of 376.2 million (31 December 2014: 378.2 million), calculated as per below (in million of shares):

	Issued shares	Weighted average number of shares
1 January 2014	**378 122**	**378 122**
Shares issued in December 2014	2 876	0 095
31 December 2014		**378 217**
1 January 2015	**380 998**	**380 998**
Shares cancelled in April 2015	(2.958)	(2.058)
Shares cancelled in May 2015	(1.516)	(0.906)
Shares cancelled in June 2015	(1.191)	(0.617)
Shares cancelled in July 2015	(0.883)	(0.387)
Shares cancelled in August 2015	(1.308)	(0.448)
Shares cancelled in October 2015	(1.356)	(0.316)
Shares cancelled in November 2015	(0.579)	(0.094)
Shares cancelled in December 2015	(0.386)	(0.016)
31 December 2015	**370 821**	**376 156**

23. Subsidiaries

The following is a list of the Group's significant subsidiaries and the effective ownership holdings therein:

Subsidiaries	31 December 2015	31 December 2014	Location	Activity
Neryungri and Aprelkovo segment				
OOO Neryungri-Metallik	100.0%	100.0%	Russian Federation	Gold mining
ZAO Mine Aprelkovo	100.0%	100.0%	Russian Federation	Gold mining
Suzdal and Balazhal segment				
Celtic Resources Holdings Ltd	100.0%	100.0%	Ireland	Holding company
Celtic Resources (Central Asia)	100.0%	100.0%	United Kingdom	Holding company
JSC FIC Alel	100.0%	100.0%	Kazakhstan	Gold mining
Zherek LLP	100.0%	100.0%	Kazakhstan	Gold mining
Opeloak Ltd	100.0%	100.0%	United Kingdom	Gold sales

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

Subsidiaries	31 December 2015	31 December 2014	Location	Activity
Semgeo LLP	100.0%	100.0%	Kazakhstan	Gold exploration
Buraytzoloto segment				
OJSC Buryatzoloto*	92.0%	92.0%	Russian Federation	Gold mining
Berezitovy segment				
LLC Berezitovy Rudnik	99.9%	99.9%	Russian Federation	Gold mining
Taparko segment				
Societe Des Mines de Taparko*	90.0%	90.0%	Burkina Faso	Gold mining
Lefa segment				
Crew Gold Corporation	100.0%	100.0%	Canada	Holding company
Societe Miniere de Dinguiraye	100.0%	100.0%	Guinea	Gold mining
Bissa and Burkina Faso Greenfields segment				
High River Gold Mines	100.0%	100.0%	Cayman Islands	Holding company
(West Africa) Ltd Bissa Gold SA*	90.0%	90.0%	Burkina Faso	Gold mining
High River Gold Exploration Burkina SARL*	100.0%	100.0%	Burkina Faso	Gold exploration
Jilbey Burkina, SARL*	100.0%	100.0%	Burkina Faso	Gold exploration
Russian Greenfields segment				
North Gold Mining Company	100.0%	100.0%	Russian Federation	Gold exploration
Other companies				
Nordgold Management LLC	100.0%	100.0%	Russian Federation	Management services
Northquest Limited	51.5%	23.8%	Canada	Gold exploration
Centroferve Limited	100.0%	100.0%	Cyprus	Holding company
Castleway Limited	100.0%	100.0%	Cyprus	Holding company
High River Gold Mines Ltd	100.0%	100.0%	Canada	Holding company

* Subsidiary of High River Gold Mines Ltd.

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

24. Related party transactions and balances

Transactions with entities under common control mainly included purchases of goods and services and were the following:

	Year ended 31 December	
	2015	2014
Operating expenses	3,640	3,867
Capital expenditures	595	15,339

As at 31 December 2015, balances with entities under common control included accounts payable of US$2.6 million (31 December 2014: US$4.1 million), which are to be settled in cash.

25. Financial risk management

Overview

The Group's activities expose it to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk;
- Interest rate risk.

Presented below is information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's capital management. Quantitative disclosures are included throughout these consolidated financial statements.

The Group has established comprehensive risk management policies 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 Board of Directors monitors 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.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, as detailed in the table below, and arises principally from the Group's cash and cash equivalents, trade and other receivables, loans given and available-for-sale investments:

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

	31 December	
	2015	2014
Cash and cash equivalents	281,695	127,692
Restricted cash	9,029	8,170
Trade and other receivables	9,438	7,000
Short-term deposits	81,989	190,175
Long-term financial investments	59,639	47,020
Total	**441,790**	**380,057**

Management of the Group believes that credit risk is limited based on the following:

- a substantial portion of gold sales are made to banks on immediate payment terms, therefore the credit risk related to trade receivables is minimal;
- the Group does not provide significant loans to third parties;
- the majority of the Group's cash and cash equivalents and short-term deposits are placed in reputable banks that have credit ratings not lower than "B" from Moody's credit rating agency.

Analysis of trade and other receivables

The aging of trade and other receivables:

	31 December 2015		31 December 2014	
	Gross	Impairment	Gross	Impairment
Not past due	8,788	-	6,308	-
Past due 0-365 days	649	-	692	-
More than one year	992	(991)	1,305	(1,305)
Total	10,429	(991)	8,305	(1,305)

Concentration of credit risk

As at 31 December 2015, the Group had a concentration of cash and cash equivalents and bank deposits with Sberbank in the amount of US$306.8 million.

At 31 December 2015, the Group had a concentration of investments available-for sale with Detour Gold Corporation represented by its shares of 2.0% in the amount of US$32 million (2014: 2.0% in the amount of US$25.3 million).

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

At 31 December 2015, the Group had US$42 million undrawn bank facilities available to manage its liquidity.

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

The following table details the contractual maturity of the Group's non-derivative financial liabilities as at 31 December 2015, including both principal and interest cash flows on an undiscounted basis:

	Carrying amount	Future contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Notes and bonds issued *	448,000	519,400	28,560	28,560	462,280	-
Bank and other credit organizations financing *	500,000	529,125	140,927	176,199	211,999	-
Trade and other payables	155,369	155,839	146,234	1,406	3,541	4,658
Total	**1,103,369**	**1,204,364**	**315,721**	**206,165**	**677,820**	**4,658**
Net exposure	**1,103,369**	**1,204,364**	**315,721**	**206,165**	**677,820**	**4,658**

* Including interest

Market risk

The Group activities expose it primarily to the financial risks of changes in commodity prices, foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Sensitivity analysis

A 10 percent decrease of gold price would have decreased profit for the year ended 31 December 2015 by US$90.3 million (2014: US$97.7 million).

Commodity price risk

The Group is exposed to a gold price risk. Market prices of gold to be sold in future influence the Group's future profitability and the recoverability of assets. Management monitors gold price trends and regulates sales policy accordingly. The Group does not use derivatives to mitigate its exposure to commodity price risk.

Currency risk

Currency risk arises when a Group entity enters into transactions denominated in foreign currencies. The Group has monetary assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

The Group is mainly exposed to changes in the following currencies: US Dollar, Russian Rouble, Kazakh Tenge, Canadian Dollar and Central African Franc.

The Group's exposure to foreign currency risk based on notional amounts of assets and liabilities was as follows:

Nord Gold N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Amounts expressed in thousands of US dollars, except as stated otherwise)

31 December 2015	USD	RUB	KZT	CAD	CFA (XOF)	Other
Cash and cash equivalents	262,933	19	-	-	-	209
Trade and other receivables*	23,839	(8,460)	-	225	15,419	872
Financial investments *	103,296	35,613	8,754	7,726	83,607	18,953
Bank loans and accrued interest	-	-	-	-	-	-
Loans *	(235,342)	(919)	-	(24,472)	-	(4,763)
Trade and other payables*	(20,658)	(506)	-	(311)	(17)	(17,809)
Net exposure	**134,068**	**25,747**	**8,754**	**(16,832)**	**99,009**	**(2,538)**

31 December 2014	USD	RUB	KZT	CAD	CFA (XOF)	Other
Cash and cash equivalents	69,704	26	-	-	-	103
Trade and other receivables*	19,691	12,421	-	-	14,222	-
Financial investments*	214,977	9,418	41,137	10,993	86,773	19,921
Bank loans and accrued interest **	-	568	-	-	-	-
Loans*	(232,351)	(919)	-	(10,992)	-	(7,818)
Trade and other payables*	(35,477)	(3,453)	-	(3)	-	(27,104)
Net exposure	**36,544**	**18,061**	**41,137**	**(2)**	**100,995**	**(14,898)**

* Including Group's intercompany balances and interest
** Including interest

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

Sensitivity analysis

A 20% strengthening of the Group entities' following currencies against each other at 31 December 2015 and 10% at 31 December 2014 would have increased/(decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Foreign currency differences, arising on translation into the presentation currency were not considered.

	31 December	
	2015	2014
USD	27,803	3,053
RUB	5,124	1,551
KZT	1,915	3,582
CAD	(3,257)	(0)
CFA (XOF)	24,754	8,248
Other	(75)	(1,304)
Total	**56,264**	**15,130**

A 20% weakening of these currencies against the entities' functional currencies at 31 December 2015 and 10% at 31 December 2014 would have increased/(decreased) profit and equity by the amounts shown below, on the basis that all other variables remain constant.

	31 December	
	2015	2014
USD	(18,536)	(2,498)
RUB	(3,416)	(1,269)
KZT	(1,277)	(2,930)
CAD	2,171	-
CFA (XOF)	(16,502)	(6,748)
Other	50	1,067
Total	**(37,510)**	**(12,378)**

Interest rate risk

Interest rates on the Group's debt finance are either fixed or variable at a fixed spread over LIBOR for the duration of the contract. Changes in interest rates impact loans and borrowings by changing their fair value (fixed rate debt) or future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. When raising new financing, management uses its judgment to decide whether fixed or variable rate would be more favourable over the expected period until maturity.

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

The Group's interest-bearing financial instruments at variable rates:

	31 December	
	2015	2014
Liabilities at interest with fixed spread over Libor	(500,000)	(500,000)
Net position	**(500,000)**	**(500,000)**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in variable interest rates would increase/(decrease) profit for the year ended 31 December 2015 by US$8 million (2014: US$14 million).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, except financial instruments measured at amortised cost, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1
31 December 2015	
Available-for-sale financial assets	36 352
31 December 2014	
Available-for-sale financial assets	30 802

At 31 December 2015 and 2014, the Group did not have financial instruments of Level 2 and Level 3.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. This policy includes compliance with certain externally imposed minimum capital requirements. The Group's management constantly monitors profitability and leverage ratios and compliance with the minimum capital requirements. The Group uses the return on assets ratio which is defined as profit from operations divided by total assets (averaged over the measurement period) and the leverage ratio calculated as net debt, comprising of long-term and short-term indebtedness less cash, cash equivalents and short-term bank deposits, divided by shareholder's equity.

26. Commitments and contingencies

Capital commitments

As at 31 December 2015, the Group had contractual capital commitments of US$13.7 million (31 December 2014: US$11.2 million).

Operating environment

A significant portion of the Group's operations is based in the Russian Federation and is consequently exposed to the economic and political effects of the policies adopted by the Russian Federation government. Operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the contraction in the capital and credit markets and its impact on the Russian economy has further increased the level of economic uncertainty in the environment.

Starting from March 2014, sanctions have been imposed by the U.S. and E.U. on certain Russian Federation officials, businessmen and companies. In the first quarter of 2015 two international credit agencies downgraded Russian Federation's long-term foreign currency sovereign rating to the speculative level with the negative outlook.

The above mentioned events have led to reduced access of the Russian Federation businesses to international capital markets, increased inflation, economic recession and other negative economic consequences. The impact of further economic developments on future operations and financial position of the Group's Russian Federation subsidiaries is difficult to determine at this stage. No impact is expected on the Group's subsidiaries located in other countries.

The Group also conducts business in Kazakhstan, Burkina Faso and Guinea. Each of these countries are subject to significant economic, political and social risks. These risks include matters arising from the policies of the government, economic conditions, the imposition of, or changes to, taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The consolidated financial statements reflect management's assessment of the impact of the Russian, Kazakhstan, Burkina Faso and Guinean business environment on the operations and the financial position of the Group. The future developments in political and economic environment in the countries where the Group operates may differ from management's assessment.

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. At 31 December 2015, management estimated total amount of potential non-tax legal proceedings at US$1.5 million. Management assesses the likelihood of unfavourable outcome as possible and therefore provision is not recognised in the financial statements.

Tax contingencies

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 December 2015, management assessed total amount of potential claims from Russian tax authorities at US$17.7 million, including mineral extraction tax at US$8.7 million and income tax at US$5.0 million. Management assesses the likelihood of unfavourable outcome as possible and therefore provision is not recognised in the financial statements.

Burkina Faso

The total amount of various tax and legal risks of Group's entities located in Burkina Faso, which may lead to negative consequences, is estimated at US$5.2 million. Management assesses the likelihood of unfavourable outcome as possible and therefore provision is not recognised in the financial statements.

Guinea

The total amount of tax risks of Société Minière de Dinguiraye ("SMD") located in Guinea, which may lead to negative consequences, is estimated at US$5.3 million. Management assesses the likelihood of unfavourable outcome as possible and therefore provision is not recognised in the financial statements.

Given the uncertainty to authorities control over application and interpretation of the mining code issued in 2011 in Guinea, 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 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$ 14.3 million. Management assesses the likelihood of unfavourable outcome as possible and therefore provision is not recognised in the financial statements.

27. Events after the reporting period

In February 2016, the Board of Directors of Nordgold has approved an interim dividend of 1.59 US cents per share or per GDR in respect of the three months ended 31 December 2015. Total amount of dividend payable is US$5.9 million.

According to the buyback programme (see Note 21), from 1 January 2016 until the date of authorization of the consolidated financial statements the Company has repurchased 319,849 GDRs for the total amount of US$0.9 million.

In April 2016, 425,210 GDRs, which were purchased in the course of the share buyback programme, has been withdrawn from the GDR programme and the treasury shares representing such GDRs were cancelled. As a result, the share capital of the Company reduced to US$1,279.3 million.

COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

Company balance sheet as at 31 December 2015 (before profit appropriation)

	Note	31 December 2015	31 December 2014
Fixed assets			
Financial fixed assets	4	1,234,598	1,271,344
Total fixed assets		**1,234,598**	**1,271,344**
Current assets			
Cash and cash equivalents		8,229	8,126
Loans receivable from group companies	5	531,970	608,497
Total current assets		**540,199**	**616,623**
Total assets		**1,774,797**	**1,887,967**
Shareholders' equity	6		
Issued share capital		1,009,283	1,156,425
Share premium		31,303	32,162
Revaluation reserve		22,551	13,075
Foreign currency translation reserve		(389,479)	(297,585)
Retained earnings		(20,988)	(61,338)
Unappropriated result		175,593	98,307
Total equity		**828,263**	**941,046**
Non-current liabilities	7	**815,343**	**939,531**
Current liabilities	8	**131,191**	**7,390**
Total equity and liabilities		**1,774,797**	**1,887,967**

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

Company income statement for the year ended 31 December 2015

	Year ended 31 December	
	2015	2014
Share in results from participating interests, after taxation	190,425	118,022
Other result after taxation	(14,832)	(19,715)
Net result	**175,593**	**98,307**

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

1. General

The company financial statements are part of the 2015 financial statements of Nord Gold N.V. (the 'Company').

With reference to the income statement of the Company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code. As a result the income statement presentation only comprises the results from its investments in participating interest and other income and expense items after taxation.

2. Principles for the measurement of assets and liabilities and the determination of the result

For the selection of the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRSs EU"). Subsidiaries and participating interests, over which significant influence is exercised, are stated on the basis of the equity method. Please refer to Note 2 in the consolidated financial statements for a description of these principles.

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they are deemed to be unrealised.

3. Functional and presentation currency

The functional currency of the Company and presentation currency of the financial statements is the US dollar.

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

4. Financial fixed assets

	Year ended 31 December	
	2015	2014
Participating interests in group companies	1,200,330	1,202,064
Deposits	-	44,449
Advance paid for a bankable feasibility study	23,220	16,177
Loans receivable from group companies	7,878	4,176
Other investments	3,170	4,478
Total financial fixed assets	**1,234,598**	**1,271,344**

The movements of the financial fixed assets can be shown as follows:

	Particpating interests in group companies	Loans receivable from group companies	Deposits	Advance paid for a bankable feasibility study	Other investments	Total
1 January 2014	**1,582,402**	**577,489**	**-**	**-**	**3,212**	**2,163,103**
Changes:						
– Change in fair value	-	-	-	-	528	528
– Disposals	(217,500)	-				(217,500)
– Loans issued to group companies	-	4,065	-	-	-	4,065
– Interest accrued	-	111	-	-	-	111
– Reclass to short-term loans receivable	-	(577,489)	-	-	-	(577,489)
– Additional investments	13,459	-	44,449	16,177	738	74,823
– Share in result of participating interests	118 022	-	-	-	-	118,022
– Change in other reserves of participating interests	(294,319)	-	-	-	-	(294,319)
31 December 2014	**1,202,064**	**4,176**	**44,449**	**16,177**	**4,478**	**1,271,344**

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

	Particpating interests in group companies	Loans receivable from group companies	Deposits	Advance paid for a bankable feasibility study	Other investments	Total
1 January 2015	**1,202,064**	**4,176**	**44,449**	**16,177**	**4,478**	**1,271,344**
Changes:						
– Change in fair value	-	-	-	-	(1,308)	(1,308)
– Loans issued to group companies	-	270	-	-	-	270
– Interest accrued	-	265	466	-	-	731
– Reclass to short-term loans receivable	-	(4,440)	-	-	-	(4,440)
– Reclass from short-term loans receivable	-	7,607	-	-	-	7,607
– Additional investments	7,822	-	-	7,043	-	14,865
– Deposit closed	-	-	(44,915)	-	-	(44,915)
– Share in result of participating interests	190,425	-	-	-	-	190,425
– Change in other reserves of participating interests	(199,981)	-	-	-	-	(199,981)
31 December 2015	**1,200,330**	**7,878**	**-**	**23,220**	**3,170**	**1,234,598**

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

As at 31 December 2015 long-term loans receivable from group companies represent following loans:

	Amount	Currency	Interest rate, %	Repayment date
Delta Gold Mining Ltd	**7,607**	**USD**	**6.0**	**31 December 2018**
principal	4,000			
interest	3,607			
High River Gold Mines Ltd	**101**	**USD**	**6.5**	**25 November 2017**
principal	100			
interest	1			
Crew Gold Corporation	**50**	**USD**	**6.5**	**25 November 2017**
principal	50			
interest	0			
Nord Prognoz	**50**	**USD**	**6.5**	**25 November 2017**
principal	50			
interest	0			
Semgeo	**20**	**USD**	**6.5**	**25 November 2017**
principal	20			
interest	0			
Centroferve Limited	**20**	**USD**	**6.5**	**25 November 2017**
principal	20			
interest	0			
Severnaya Zolotorudnaya Kompanya LLC	**20**	**USD**	**6.5**	**25 November 2017**
Principal	20			
Interest	0			
Severnaya Zolotorudnaya Kompanya LLC	**10**	**USD**	**6.5**	**25 November 2017**
principal	10			
interest	0			

The interest rates are not significantly different from market interest rates. There are no specific covenants agreed with regard to these loans.

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

The Company, with its statutory seat in Amsterdam, is the holding company and has the following direct financial interests:

	Location	Share in issued capital %
Direct investments in group companies		
OOO Neryungri-Metallik	Russia	100.0%
ZAO Mine Aprelkovo	Russia	100.0%
High River Gold Mines Ltd	Canada	100.0%
Centroferve Limited	Cyprus	100.0%
Semgeo LLP	Kazakhstan	100.0%
Severnaya Zolotorudnaya Kompaniya LLC	Russia	100.0%
Nordgold Management LLC	Russia	100.0%
Crew Gold Corporation	Canada	100.0%
Nord Gold (Yukon) Inc.	Canada	100.0%
NordPrognoz Ltd.	BVI	100.0%
Northquest Ltd.	Canada	51.5%
Buryatzoloto JSC	Russia	7.7%
Other investments		
Columbus Gold	French Guiana	8.6%
Sacre-Couer Minerals Limited	Canada	7.55%

With regard to full list of the Group's significant subsidiaries and joint venture and the effective ownership holdings therein reference is made to Note 23 of the consolidated financial statements.

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

5. Short-term loans receivable from group companies

Balance at 31 December 2013	-
– Reclass from long-term loans receivable	577,489
– Loans issued to group companies	59,815
– Interest accrued	46,966
– Loans and interest settled	(75,773)
Balance at 31 December 2014	**608,497**
– Reclass to long-term loans receivable	(7,607)
– Reclass from long-term loans receivable	4,440
– Loans issued to group companies	28,179
– Interest accrued	36,944
– Loans and interest settled	(136,572)
– Foreign exchange differences	(1,911)
Balance at 31 December 2015	**531,970**

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

As at 31 December 2015 short-term loans receivable from group companies represent following loans:

	Amount	Currency	Interest rate, %	Repayment date
Delta Gold Mining Ltd	**463,073**	**USD**	**LIBOR 3M + 7.0%**	**on demand**
principal	400,000			
interest	63,073			
OOO Neryungri-Metallik	**40,494**	**USD**	**6.6**	**31 December 2016**
principal	35,053			
interest	5,442			
ZAO Mine Aprelkovo	**20,642**	**USD**	**6.4**	**31 December 2016**
principal	14,598			
interest	6,044			
Amur Gold Ltd	**4,440**	**USD**	**6.5**	**31 December 2016**
principal	4,065			
interest	375			
LLC Nordgold Management	**3,111**	**RUR**	**6.5**	**31 December 2016**
principal	2,652			
interest	459			
Goldrush Burkina SARL	**210**	**USD**	**6.5**	**31 December 2016**
principal	205			
interest	5			

The interest rates are not significantly different from market interest rates. There are no specific covenants agreed with regard to these loans.

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

6. Shareholders' equity

	Issued share capital	Share premium	Legal reserves: Revaluation reserves	Legal reserves: Foreign currency translation reserve	Retained earnings	Unappropriated result	Total equity
Balance at January 1, 2014	**1,301,481**	**32,162**	**(2,759)**	**(129,961)**	**189,287**	**(218,087)**	**1,172,123**
Appropriation of result	-	-	-	-	(218,087)	218,087	-
Net result for the year	-	-	-	-	-	98,307	98,307
Issue of ordinary shares	8,830	-	-	-	(4,678)	-	4,152
Dividends to equity holders	-	-	-	-	(39,409)	-	(39,409)
Change in fair value of cash flow hedges	-	-	2,372	-	-	-	2,372
Revaluation of available for sale financial assets	-	-	13,462	-	-	-	13,462
Acquisitions of non-controlling interest without a change in control	-	-		-	11,549	-	11,549
Foreign exchange differences	(153,886)	-	-	(167,624)	-	-	(321,510)
Balance at 31 December 2014	**1,156,425**	**32,162**	**13,075**	**(297,585)**	**(61,338)**	**98,307**	**941,046**
Balance at January 1, 2015	**1,156,425**	**32,162**	**13,075**	**(297,585)**	**(61,338)**	**98,307**	**941,046**
Appropriation of result	-	-	-	-	98,307	(98,307)	-
Net result for the year	-	-	-	-	-	175,593	175,593
Dividends to equity holders	-	-	-	-	(57,470)	-	(57,470)
Revaluation of available for sale financial assets	-	-	9,476	-	-	-	9,476
GDRs buyback	-	-		-	(29,296)	-	(29,296)
Treasury share cancellation	(27,950)	(859)	-	-	28,809	-	-
Foreign exchange differences	(119,192)	-	-	(91,894)	-	-	(211,086)
Balance at 31 December 2015	**1,009,283**	**31,303**	**22,551**	**(389,479)**	**(20,988)**	**175,593**	**828,263**

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

Issued share capital

	2015	2014
On issue at 1 January	1,156,425	1,301,481
Issued in exchange of investments in subsidiaries	-	8,830
Treasury share cancellation	(27,950)	-
Foreign currency translation differences	(119,192)	(153,886)
On issue at 31 December	**1,009,283**	**1,156,425**

At 31 December 2015 and 2014, the authorised share capital amounted to 4,484,927,250 Euros and consisted of 1,793,970,900 ordinary shares with a nominal value of 2.50 Euro each. The issued and fully paid share capital comprised of 370,821,439 ordinary shares (2014: 380,998,290 ordinary shares) amounting to EUR 927,054 thousand or US$1,009,284 thousand at 31 December 2015 (2014: EUR 952,496 or US$1,156,425 thousand).

The forex rate as at 31 December 2015 is 0.9185 US$/EUR (31 December 2014: 0.8237 EUR US$/EUR).

In December 2014, the Company issued 2,876,335 ordinary shares with par value of 2.5 Euro for the purpose of funding the acquisition of 7.74% interest in Butyatzoloto's from non-controlling shareholders.

In February 2015, the Board of Directors of Nordgold 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. 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 through 31 December 2015 the Company has purchased a total of 10,282,212 GDRs for the total amount of US$29.3 million. 10,176,851 of purchased GDRs were cancelled by 31 December 2015.

The holders of ordinary shares are entitled to receive dividends as declared at General meetings and are entitled to one vote per share at meetings of the Company.

Share premium

Share premium consists of the excess of consideration received over the par value of shares and GDRs issued by the Company.

Foreign currency translation reserve

Foreign currency translation differences represent the currency translation reserve in equity.

Revaluation reserve

The revaluation reserve comprise the cumulative net change in the fair value of available-for-sale investments and cash-flow hedge instruments, net of the related tax effects.

Legal reserves

Legal reserves as stipulated by NCC 2:373.4 related to the revaluation reserve and the foreign currency translation reserve.

Nord Gold N.V.
Company balance sheet as at 31 December 2015
(Amounts expressed in thousands of US dollars, except as otherwise stated)

7. Non-current liabilities

	31 December	
	2015	2014
Notes and bonds issued	448,000	450,000
Bank loans	375,000	500,000
Unamortized balance of transaction costs	(7,657)	(10,469)
Total non-current liabilities	**815,343**	**939,531**

With regard to disclosure for the non-current liabilities and terms and conditions of bank loans reference is made to Note 18 of the consolidated financial statements.

8. Current liabilities

	31 December	
	2015	2014
Bank loans	125,000	-
Interest payable	5,345	4,851
Debts to group companies	143	1,973
Accruals	702	566
Total current liabilities	**131,190**	**7,390**

With regard to disclosure for the current liabilities and terms and conditions of bank loans reference is made to Note 18 of the consolidated financial statements.

9. Taxation

Tax is calculated by applying the current corporate income tax rate of 25.5% (2014: 25.5%) to the result for the financial year and taking account carry-forward tax losses, tax exempt profit and adding back any non-deductible expenses.

Reference is made to Note 10 of the consolidated financial statements for disclosure on corporate income tax.

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

10. Off-balance sheet commitments

Several liability and guarantees

The Company has no off-balance sheet commitments.

Fiscal entity

The Company does not have a fiscal unity for tax purposes.

11. Share in results from participating interests

For the year ended 31 December 2015 an amount of US$190.4 million of share in results from participating interests relates to the group companies (for the year ended 31 December 2014: US$118.0 million).

12. Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. to the Company, its subsidiaries and other consolidated entities:

			2014
	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audit of annual accounts	50	605	655
Other assurance services	15	75	90
Tax advisory services	-	108	108
Other non-audit services	-	-	-
Total	**65**	**788**	**853**

			2015
	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Statutory audit of annual accounts	90	516	606
Other assurance services	50	190	240
Tax advisory services	-		
Other non-audit services	-	-	-
Total	**140**	**706**	**846**

13. Related parties

Parent and ultimate controlling party

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

Transactions with key management personnel

Loans to directors

There are no loans to Company's directors.

Key management personnel and director transactions

As at 31 December 2015 controlling shareholder directly and indirectly control 90.63% of the voting shares of the Company (as at 31 December 2014: 88.2%).

Other related party transactions

Reference is made to Note 11 in the consolidated financial statements.

14. Emoluments of directors and supervisory directors

The emoluments, including pension obligations as intended in Section 2:383(1) of the Netherlands Civil Code, which were charged in the financial year to the Company and group companies, amounted to the gross amount of US$4.7 million (2014: US$3.2 million) including 4.2 US$ million for executive directors (2014: US$2.4 million) and US$0.5 million for non-executive directors (2014: US$0.8 million).

The statement of the emoluments per individual individual executive and non-executive directors is included to the Remuneration report in section 5.6 Remuneration report of Remuneration report of the Integrated report.

There are no loans, prepayments and guarantees granted to the Company's executive and non-executive directors.

There is no share option programme set up for the executive and non-executive non-executive directors.

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

15. Staff costs

The average number of employees by business units:

	2015	2014
Operating mines:		
Buryatzoloto	2,723	2,978
Lefa	1,453	1,600
Suzdal	955	1,011
Berezitovy	934	1,032
Taparko	799	816
Neryungri	719	780
Aprelkovo	516	614
Bissa	288	285
Other entities:		
Nodgold Management	88	97
High River Gold Management	62	66
Others	15	33
Total	**8,551**	9,312

All employees are working outside the Netherlands.

The social security expenses over 2015 of US$25.4 million (2014: US$36.9 million) as disclosed in Note 7 to the consolidated financial statements include an amount US$15.7 million for pension charges (2014: US$21.5 million).

OTHER INFORMATION

Provisions in the Articles of Association governing the appropriation of profit

According to article 23 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Appropriation of the profit

In 2015 the Company paid an interim dividend of:

-3.50 US cents per share or per Global Depositary Receipt for Q3 2015 for the total amount of US$13.0 million, payout date is December 16, 2015;

-4.12 US cents per share or per Global Depositary Receipt for Q2 2015 for the total amount of US$15.4 million, payout date is Deptember 30, 2015;

-6.40 US cents per share or per Global Depositary Receipt for Q1 2015 for the total amount of US$24.2 million, payout date is June 22, 2015;

In February 2016 Board has approved an interim dividend of 1.59 US cents per share or per Global Depositary Receipt in respect of the three months ended 31 December 2015, representing a total pay-out of US$5.9 million, payout date is March 17, 2016.

It is proposed to settle the net gain for the year of US$175.6 million against retained earnings. The financial statements do not yet reflect this proposal.

Subsequent events

In February 2016, the Board of Directors of Nordgold has approved an interim dividend of 1.59 US cents per share or per Global Depositary Receipt in respect of the three months ended 31 December 2015. Total amount of dividend payable is US$5.9 million.

According to the buyback programme, from 1 January 2016 until the date of authorization of the consolidated financial statements the Company has purchased 319 849 GRDs for the total amount of US$ 0.9 million.

In April 2016, 425,210 GDRs, which were purchased in the course of the share buyback programme, has been withdrawn from the GDR programme and the treasury shares representing such GDRs were cancelled. As a result, the share capital of the Company reduced to US$1,279.3 million.

Independent auditor's report

The independent auditor's report with respect to the financial statements is set out on pages 301 through 306.

INDEPENDENT AUDIT'S REPORT

To: the shareholders and Board of Directors of Nord Gold N.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Nord Gold N.V. ("company"), based in Amsterdam. The financial statements include the Consolidated Financial Statements and the Company Financial Statements.

In our opinion:

- The Consolidated Financial Statements give a true and fair view of the financial position of Nord Gold N.V. as at 31 December 2015, and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The Company Financial Statements give a true and fair view of the financial position of Nord Gold N.V. as at 31 December 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

The Consolidated Financial Statements comprise:

- The Consolidated Statement of Financial Position as at 31 December 2015;
- The following statements for 2015: the Consolidated Statement of Profit or Loss, the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows; and
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The Company Financial Statements comprise:

- The Company Balance Sheet as at 31 December 2015;
- The Company Income Statement for 2015; and
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section

"Our responsibilities for the audit of the financial statements" of our report.

We are independent of Nord Gold N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

As part of our audit we have determined materiality and used it to assess the risks of material misstatement. We have specifically assessed accounts where subjectivity is high because of estimates regarding uncertain future developments. We have likewise specifically focused on the risk related to management override of controls and the risk of material misstatement due to fraud. In addition, our audit expressly included the continuity and reliability of the automated information systems.

Company and consolidated financial statements

MANAGEMENT BOARD REPORT

- Prepared in accordance with Part 9 Book 2 Dutch Civil Code
- Consistent with financial statements

KEY AUDIT MATTERS

- Impairment testing property plant and equipment
- Impairment testing of exploration and evaluation ("E&E") assets
- Valuation of non-metal inventories at Lefa
- Recoverability of input VAT related to Guinea

MATERIALITY

Materiality for the financial statements as a whole
USD 18,1 million
(2014 — 14,9 million)

SCOPE

Deloitte audited the company and consolidated financial statements

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at USD 18.1 million. The materiality represents 6.6% of profit before income tax.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. Further, we agreed with the Audit Committee that misstatements in excess of USD 0.9 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Materiality overview	
Group materiality level	**USD 18.1 million**
Basis for group materiality level	**6.6% of profit before income tax**
Threshold for reporting misstatements	**USD 0.9 million**

Scope of the group audit

Nord Gold N.V. is at the head of a group of entities. The financial information of this group is included in the financial statements of Nord Gold N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities ('components'). Decisive were the size and/or the risk profile of the components or operations. On this basis, we selected components for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our audit scope focused on covering all significant components in the Russian Federation, Burkina Faso and Guinea. In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team and by component auditors from other Deloitte network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components so as to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. For each component we determined whether we required an audit of their complete financial information or whether other procedures would be sufficient. Those where a full audit was required included all significant components, because they each make up material portion of the group's revenue or underlying profits. The group consolidation, financial statement disclosures and a number of complex items were audited by the group engagement team predominantly at the head office located in Moscow, Russian Federation. These include impairment testing of property, plant and equipment and exploration and evaluation assets, capitalization of stripping costs, obscolescence of stores and spares inventory, valuation of work in progress, recoverability of input VAT, completeness of contingencies and other. Further, the group engagement team visited component audit teams to direct the planning, review the work undertaken and assess the findings.

Audit coverage	
Audit coverage of consolidated revenues	**100%**
Audit coverage of operating profit	**88%**
Audit coverage of total assets	**90%**

In addition, we performed other procedures with respect to the remaining components.

By performing the procedures mentioned above at the significant and non-significant components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the key audit matter was addressed in the audit
Impairment testing of property, plant and equipment The group operates a number of gold mines with a total carrying value of property, plant and equipment of USD 669 million (see Note 16). This area is significant to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgement. Such judgement predominantly focuses on future cash flows, which are, amongst others, dependent on the life of mine model and long-term forecast gold price, and are inherently surrounded by uncertainties. As described in note 16 of the financial statements, no impairment loss in respect of property, plant and equipment was recognized in 2015. The company has provided disclosures for its key accounting estimates in note 8 of the financial statements which include disclosures of: • The reversal of (part of) the impairment recorded for the Lefa mine in Guinea in 2013. US$55 million of the impairment was reversed based on management's assumption that the improvement in results is sustainable. • The impairment indicator for the Taparko mine in Burkina Faso which did not result in the recognition of an impairment based on value in use remaining higher than the carrying value of this asset.	Our impairment testing included, among others, evaluating the group's policies and procedures to identify triggering events for potential impairment of mines. We first considered the appropriateness of management's defined cash generating units. We were satisfied that there are no factors requiring management to change their classification since the prior reporting period. For the mines that triggered management's impairment testing, we challenged management's significant assumptions regarding the impairment test amongst others by assessing the reasonableness of: • Macroeconomic assumptions and judgements, including both short-term and long-term views on gold prices, discount and inflation rates: • Assumptions relating to the ongoing operation of the assets, including reserves data and production costs and volumes. Further, we involved our valuation experts to validate the weighted average cost of capital by country as applied by the group. We further assessed that the main assumptions and related uncertainties are appropriately reflected in the sensitivity disclosure in note 8 to the financial statements.
Impairment testing of exploration and evaluation ("E&E") assets The Group capitalises expenditures on E&E activities to the amount of USD 90 million in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources, including license costs and all other costs incurred in evaluating the technical feasibility and commercial viability of extraction. At each balance sheet date management reassesses the future prospectivity of its E&E asset portfolio, and recognises impairment when needed. The assessment of each asset's future prospectively requires significant management judgement. Hence there is a risk that amounts are capitalised which no longer meet the recognition criteria of IFRS 6. As discussed in note 8 to financial statements, based on management's assessment an impairment loss of USD 16 million was recognised.	We have reviewed management's consideration of impairment indicators for the E&E asset portfolio.We have challenged this by holding discussions with operational specialists to obtain updates on the prospectivity of the E&E projects, as well as to review licence issues and review of 2015 actual and 2016 budgeted capital expenditure in order to confirm that exploration projects were ongoing and committed. We have reviewed disclosures presented in note 17 to the financial statements.

Key audit matter	How the key audit matter was addressed in the audit
Valuation of non-metal inventories at Lefa Inventories are required to be carried at the lower of its cost and net realisable value. The Group has significant stores and spares inventory balance, in particular at Lefa mine in Guinea in the amount of USD 93 million, which reflects the need for key spares to be available on site given the logistical complexity and delays in obtaining spares in the event of mechanical failure. The significance and ageing of the inventory balance could result in a heightened risk of obsolescence. During 2015 management undertook a comprehensive review of the stores and spares balance at Lefa. Inventories that did not move for more than twentyfour months were analysed by technical specialists on an individual basis and updates were made to the provision required.	We held meetings with management to understand the procedures undertaken as part of the stores and spares inventory review. Further, we attended inventory counts at all significant components, assessed the results of full stock-count at Lefa, and performed audit procedures on the company's analysis of slow moving stock and calculation of the obsolescence provision. We also focused on the adequacy of the company's disclosure regarding this key audit matter. The company's disclosure concerning the valuation of non-metal inventories at Lefa is included in the critical accounting judgements, estimates and assumptions paragraph.
Recoverability of input VAT related to operations in Guinea The Group has a significant receivable from the Guinea authorities of US$47.6 million in respect of input VAT originated in 2011-2015. There is a risk that the amount recorded in the financial statements at 31 December 2015 is not fully recoverable, and that management's expectations of timing of recoverability are not realistic.	We evaluated the official correspondence with Guinea authorities, including a written confirmation of the amount owed to the group and assessed the history of repayments. Further, we held discussions with management to confirm the plans to recover the amount due. We obtained written representations that the amount recorded in the financial assets is considered the best estimate based on the information available at the time of publishing the financial statements and assessed that the related uncertainties are appropriately reflected in the disclosure of critical accounting judgements, estimates and assumptions in note 2 to the financial statements.

Responsibilities of management and the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

For an overview of our responsibilities we refer to NBA's website www.nba.nl

(Standard texts auditor's report).

Report on other legal and regulatory requirements

Report on the management report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management report and other information):

- We have no deficiencies to report as a result of our examination whether the management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the management report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were appointed by the Annual General Meeting as auditor of Nord Gold N.V.

on 15 June 2015

Rotterdam, 18 April 2016

Deloitte Accountants B.V.

Signed on the original: K.G. Auw Yang

APPENDIX

Net debt

US$584 MLN

7% reduction reflected strong free cash flow generation

7.1 ABOUT THE REPORT

Nordgold is pleased to present 2015 annual Integrated Report.

Guidelines and standards

Data contained within the annual report are disclosed in line with the following standards:

- Disclosure Rules and Transparency Rules (DTR)
- Dutch Civil Code
- Global Reporting Initiative G4 Guidelines and the Metals and Mining Sector Supplement
- The International Integrated Reporting Standard (<IR>)
- International Financial Reporting Standards (IFRS)
- The UK and Dutch corporate governance codes

As of 31 December 2015 a new Ore Reserves and Mineral Resources statement has been in force, in accordance with the JORC Code guidelines (2012).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Unless otherwise indicated, all financial indicators are denominated in US dollars in accordance with the audited consolidated IFRS financial statements.

Nordgold believes that the Report as well as all additional materials on its corporate website (www.nordgold.com) conform to the core option of GRI G4 guidance.

Scope of the Report

The Report covers the reporting period from 1 January 2015 to 31 December 2015. The previous annual Integrated Report 2014 was published in April 2015.

The Report provides an overview of the operational, sustainability and financial performance and plans of nine Nordgold operations located in Russia, Kazakhstan, Burkina Faso, and Guinea:

- Bissa
- Taparko
- Lefa
- Buryatzoloto (Irokinda and Zun-Holba mines)
- Berezitovy
- Neryungri
- Aprelkovo
- Suzdal

And six development and exploration projects:

- Bouly
- Gross
- Montagne D'Or
- Uryakh
- Prognoz
- Pistol Bay

In 2015 HR data also cover the managing company, Nordgold Management, as well as foreign offices (London, Toronto), and North Gold Mining Company.

Restatements

There were no significant restatements of data during the reporting period.

Assurance

The financial data in the report have undergone an independent assurance by Deloitte Accountants B.V.

Nordgold decided not to conduct an independent assurance of the sustainability information contained in the Report.

Key topics and material aspects

Following a number of interviews with the managers of the Group and the analysis of the Group's principal concerns, key focus areas (reflecting both the Group's aspirations and the needs of stakeholders) were identified as:

- Firmly established premium gold mining company
- Sustainable returns to our stakeholders

Other important topics were:

- Exciting pipeline of high quality development projects
- Continuing focus on safety
- Unique sustainability experience in African countries
- Personnel Engagement

The disclosure of material aspects in the Report is required under the GRI G4 and <IR> frameworks. The Group used a step-by-step procedure to identify material topics:

Step 1

Compiling a list of potential relevant topics

Compiling a list of potential relevant topics for a gold mining company, with reference to Global Reporting Initiative G4 recommendations

Step 2

Compiling a shortlist of material topics

- Questioning top-management
- Questioning departmental heads

Step 3

Confirming the shortlist of material topics

Organising the material topics from the shortlist in terms of their significance from the perspective of Nordgold management (see Appendix. The correspondence between identified material topics and GRI aspects)

Based on the questionnaires completed by the Company's management each material topic was evaluated. The following topics were indicated as the most material[1]:

- Occupational health and safety
- Economic Performance
- Training and Education
- Motivation and Engagement
- Efficient use of resources
- Anti-corruption
- Emergency Preparedness.

1 See the table of correspondence between identified material topics and GRI aspects in the GRI Index.

Forward-looking statement

This Integrated Report contains forward-looking statements and forecasts concerning the Group's operational and financial results, which involve risks and uncertainties, since they refer to events and depend on circumstances that will occur in the future.

The actual performance or achievements could differ materially from those expressed in, or implied by, any forward-looking information contained herein. Factors that could cause or contribute to such differences include those discussed in the Financial section and elsewhere in the Report.

Contact information

In order to ensure the quality and constant improvement of our reporting, your feedback is welcome. To provide feedback or ask questions You are always welcome to contact us:

- **Valentina Bogomolova**, Investor Relations: va.bogomolova@nordgold.com;
- **Daria Grigorieva**, Sustainable Development: daria.grigorieva@nordgold.com;
- **Olga Ulyeva**, Media Relations: olga.ulyeva@nordgold.com.

For further information on Nordgold please visit our website: www.nordgold.com.

7.2 GRI INDEX

The correspondence between identified material topics and GRI aspects

Focus areas	Material topics	Boundary		GRI G4 and MMSS Aspects
		Within the Group	Outside the Group	
• **Firmly established premium gold mining company** • **Exciting pipeline of high quality development projects**	• Economic Performance	V	V	• Economic performance • Indirect economic impacts • Anti-corruption
	• Anti-corruption	V	V	
• **Personnel Engagement**	• Training and Education	V		• Employment • Training and education
	• Motivation and Engagement	V		
• **Continuing focus on safety**	• Occupational health and safety	V	V	• Occupational health and safety • Emergency preparedness
	• Emergency Preparedness	V	V	
• **Sustainable returns to our stakeholders** • **Unique sustainability experience in African countries**	• Efficient use of resources	V	V	• Energy • Water • Biodiversity • Emissions • Effluents and waste • Overall • Local communities • Resettlement
	• Communities engagement	V	V	

GENERAL STANDARD DISCLOSURES

General Standard Disclo-sures	Disclosure	Page Number (or Link)	Comment
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	• 1.2 Message from the Chairman • 1.3 Message from the CEO	
G4-2	Description of key impacts, risks, and opportunities.	• 4.1Approach to sustainability • 4.2 Stakeholder Engagement • 5.7 Risk management	
ORGANIZATIONAL PROFILE			
G4-3	Name of the organization.	• About the report	
G4-4	Primary brands, products, and/or services.	• 2.1 About Nordgold	
G4-5	Location of organisation's headquarters.	• 2.1 About Nordgold • About the report	
G4-6	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	• 2.2 Map of Operations • About the report	
G4-7	Nature of ownership and legal form.	• 5.2 Directors Report • 5.3 Corporate Governance Statement • About the report • Financial Statements	
G4-8	Markets served.	• 1.5 Market overview	
G4-9	Scale of the reporting organization.	• 1.1 2015 in Brief • About the report	
G4-10	Total workforce by employment type, employment contract, and region, broken down by gender.	• 4.3.1. Our people	The non-disclosed information is not consolidated at the Group level within the current reporting system.
G4-11	Percentage of employees covered by collective bargaining agreements.	• 4.3.1. Our people	

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Disclosure	Page Number (or Link)	Comment
G4-12	The organisation's supply chain.	• 2.4 Business model • 1.5 Market overview	The business model of Nordgold includes a significant portion of the supply chain for gold – from exploration and evaluation of gold-bearing ores till sales to bullions banks, central banks, jewellery-fabrication and other companies all around the world (For details see "Business model" and "Market overview"). Nordgold purchase consumables (stock and non-stock), off-site repairs and on-site services and repairs using local suppliers. Once the operational requirements for goods and services have been identified, our centralised procurement department works in accordance with the company's policies and procedures. We use approved manufacturers, wholesalers, contractors and service providers and these are determined by our requirements and by best purchasing practices. Emphasis is placed on supplier development, encouraging joint ventures for skills development, and economic development.
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.	• 3.1. Operational performance • 5.2. Directors report	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	• 5.7 Risk management	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	• 4.1 Approach to Sustainability • 4.2 Stakeholder engagement • 4.5 Environment	

GENERAL STANDARD DISCLOSURES			
General Standard Disclosures	**Disclosure**	**Page Number (or Link)**	**Comment**
G4-16	Memberships of associations (such as industry associations) and/or national/international advocacy organisations.	• 4.2 Stakeholder engagement	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents.	• About the report • 6 Financial Statements	
G4-18	The process for defining the report content and the Aspect Boundaries.	• About the report	
G4-19	Material Aspects identified in the process for defining report content.	• About the report	
G4-20	Materials Aspects' Boundary within the organisation.	• GRI index	
G4-21	Materials Aspects' Boundary outside the organisation.	• GRI index	
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	• About the report • 6 Financial Statements	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	• About the report	
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organization.	• 4.2 Stakeholder engagement	
G4-25	The basis for identification and selection of stakeholders with whom to engage.	• 4.2 Stakeholder engagement	
G4-26	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	• 4.2 Stakeholder engagement	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	• 4.2 Stakeholder engagement	

GENERAL STANDARD DISCLOSURES

General Standard Disclo-sures	Disclosure	Page Number (or Link)	Comment
REPORT PROFILE			
G4-28	Reporting period for information provided.	• About the report	
G4-29	Date of most recent previous report.	• About the report	
G4-30	Reporting cycle.	• About the report	
G4-31	Contact point for questions regarding the report or its contents.	• About the report	
G4-32	The 'in accordance' option the organisation has chosen and the GRI Content Index for the chosen option.	• About the report • GRI Index	
G4-33	Policy and current practice with regard to seeking external assurance for the report.	• About the report	
GOVERNANCE			
G4-34	The governance structure of the organisation, including committees of the highest governance body.	• 5.3. Corporate governance statement • 5.4. The Board of the Company and committees	
G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	• 4.2 Stakeholder engagement	
G4-36	Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics.	• 4.2 Stakeholder engagement • 4.3.1. Our People • 4.5 Environment • 4.3. Corporate governance statement	
G4-38	The composition of the highest governance body and its committees.	• 5.4. The Board of the Company and committees	
G4-39	Whether the Chair of the highest governance body is also an executive officer.	• 5.3. Corporate governance statement	
G4-41	Process for the highest governance body to ensure conflicts of interest are avoided and managed.	• 5.3. Corporate governance statement	

GENERAL STANDARD DISCLOSURES			
General Standard Disclosures	**Disclosure**	**Page Number (or Link)**	**Comment**
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	• 5.4. The Board of the Company and committees	
G4-44	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	• 5.3. Corporate governance statement	
G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	• 5.7 Risk management	
G4-46	The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	• 5.7 Risk management	
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	• 5.7 Risk management	
G4-48	The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered.		The Board of Directors reviews and approves Nordgold Integrated report including sustainability issues and ensures that all material Aspects are covered.
G4-51	The remuneration policies for the highest governance body and senior executives.	• 5.6. Remuneration report	
G4-52	The process for determining remuneration.	• 5.6. Remuneration report	
ETHICS AND INTEGRITY			
G4-56	The organisation's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	• 2.3 Mission, Vision and Values • 4.1 Approach to sustainability • 4.2 Stakeholder engagement • 4.3.4. Corporate culture	

GENERAL STANDARD DISCLOSURES

General Standard Disclo-sures	Disclosure	Page Number (or Link)	Comment
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organisational integrity, such as helplines or advice lines.	• 5.7 Risk management	
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organisational integrity.	• 5.7 Risk management	

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Disclosure	Page Number (or Link)	Comment
CATEGORY: ECONOMIC			
MATERIAL ASPECT: ECONOMIC PERFORMANCE			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.2 Stakeholder Engagement • 4.5 Communities	
G4-EC1	Direct economic value generated and distributed.	• 4.2 Stakeholder Engagement	
G4-EC4	Financial assistance received from government.		No financial assistance was received from the government in the reporting year
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.2 Stakeholder Engagement • 4.5 Communities	

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Disclosure	Page Number (or Link)	Comment
G4-EC7	Development and impact of infrastructure investments and services supported.	• 4.6 Communities	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	• 4.6 Communities	
CATEGORY: ENVIRONMENTAL			
MATERIAL ASPECT: ENERGY			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.5 Environment	
G4-EN3	Energy consumption within the organization.	• 4.5 Environment	The non-disclosed information is not consolidated at the group level within the current reporting systems.
G4-EN6	Reduction of energy consumption.	• 4.5 Environment	The non-disclosed information is not consolidated at the group level within the current reporting systems.
MATERIAL ASPECT: WATER			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.5 Environment	
G4-EN8	Total water withdrawal by source.	• 4.5 Environment	The non-disclosed information is not consolidated at the group level within the current reporting systems.
MATERIAL ASPECT: BIODIVERSITY			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.5 Environment	
G4-EN13	Habitats protected or restored.	• 4.5 Environment	

SPECIFIC STANDARD DISCLOSURES			
DMA and Indicators	**Disclosure**	**Page Number (or Link)**	**Comment**
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	• 4.5 Environment	
MATERIAL ASPECT: EMISSIONS			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.5 Environment	
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).	• 4.5 Environment	The non-disclosed information is not consolidated at the group level within the current reporting systems.
G4-EN21	NOX, SOX, and other significant air emissions.	• 4.5 Environment	The non-disclosed information is not consolidated at the group level within the current reporting systems.
MATERIAL ASPECT: EFFLUENTS AND WASTE			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.5 Environment	
G4-EN22	Total water discharge by quality and destination.	• 4.5 Environment	The non-disclosed information is not consolidated at the group level within the current reporting systems.
G4-EN23	Total weight of waste by type and disposal method.	• 4.5 Environment	The non-disclosed information is not consolidated at the group level within the current reporting systems.
G4-EN24	Total number and volume of significant spills.		There were no significant spills in the reporting period.
MATERIAL ASPECT: OVERALL			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.5 Environment	

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Disclosure	Page Number (or Link)	Comment
G4-EN31	Total environmental protection expenditures and investments by type.	• 4.5 Environment	The non-disclosed information is not consolidated at the group level within the current reporting systems.
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
MATERIAL ASPECT: EMPLOYMENT			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.2 Stakeholder Engagement • 4.3 Respect for People	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	• 4.3.1. Our People	Given the industry specifics, gender indicators are not relevant to the Group.
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.4 Health and safety	
G4-LA6	Type of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	• 4.4 Health and safety	
G4-LA8	Health and safety topics covered in formal agreements with trade unions		There are collective bargaining agreements in Suzdal (Kazakhstan) and at Aprelkovo (Russia), Lefa (Guinea) and Taparko (Burkina- Faso). They cover such topics as health and safety policy, working hours and using PPE.

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Disclosure	Page Number (or Link)	Comment
MATERIAL ASPECT: TRAINING AND EDUCATION			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.2 Stakeholder Engagement • 4.3 Respect for People	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	• 4.3.3. Human capital development	Given the industry specifics, gender indicators are not relevant to the Group.
MATERIAL ASPECT: LOCAL COMMUNITIES			
G4-DMA		• 2.3 Mission, Vision and Values • 4.1 Approach to Sustainability • 4.2 Stakeholder Engagement • 4.6 Communities	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes		All the new sites/ assets which are under development underwent EIA. The community development programs at all sites are implemented as part of the Group's charity and sponsorship activities.
G4-SO2	Operations with significant actual and potential negative impacts on local communities	• 4.6 Communities	An SEA a number of studies were conducted for the Bouly Project (Burkina Faso). Among other the studies assessed key positive and negative impacts on local community and developed mitigation measures. Nordgold plans to continue efforts in this field in the following years.

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Disclosure	Page Number (or Link)	Comment
MATERIAL ASPECT: ANTI-CORRUPTION			
G4-DMA		• 5.3 Corporate governance statement	
G4-SO4	Communication and training on anti-corruption policies and procedures	• 5.7 Risk management	
G4-SO5	Confirmed incidents of corruption and actions taken		There were no confirmed incidents of corruption in Nordgold during the reporting period.
METALS AND MINING SECTOR SPECIAL ASPECTS			
MATERIAL ASPECT: EMERGENCY PREPAREDNESS			
G4-DMA		• 4.5 Environment • 4.6 Communities	
MATERIAL ASPECT: RESETTLEMENT			
G4-DMA		• 4.6 Communities	
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	• 4.6 Communities	

7.3 NORDGOLD SUSTAINABILITY REGULATIONS

Aspect of SD	Policy / Programme	Standards / Rules	Leader / Department / Division
Stakeholders engagement	• Corporate Communications Management Policy	• AA1000 principles • Corporate Code of Business Conduct and Ethics	• Head of Investor Relations • Head of Media Relations • Head of Internal Communications and Sustainable Development Projects
Safety and Health	• Health and Safety Policy	• OHSAS 18001:2007 • Nordgold Safety Rules	• Safety and Sustainable Development Board Committee • COO • HSE Director
Environment	• Environmental Policy	• ISO 14001 • International Cyanide Management Code	• Safety and Sustainable Development Board Committee • COO • HSE Director • Head of EMS
Communities	• Corporate Community Relations Policy • Sponsorships and Charitable Donations Registers • Social investment programmes	• AA1000 principles	• Safety and Sustainable Development Board Committee • Head of Internal Communications and Sustainable Development Projects • Community relations teams
Corporate culture and Ethics	• Anti-Bribery and Corruption Policy	• Corporate Code of Business Conduct and Ethics • Code of values • Corporate behavioral standards • Rules of the Ethics Committee	• Audit Board Committee • Ethics Committee • CEO • HR Director • Internal auditor

7.4 GLOSSARY

AISC	All-in sustaining costs
AGM	Annual General Meeting
BSN	Business System of Nordgold
BU	Business unit
CCD	Counter-current decantation
CFO	Chief Financial Officer
CEO	Chief Executive Officer
Company	Nord Gold N.V.
COO	Chief Operating Officer
CIL	Carbon in leach
Dutch Code	Dutch corporate governance Code
FCF	Free cash flow
GDP	Gross domestic product
GDR	Global Depositary Receipt
GRI	Global Reporting Initiative – Global Reporting Initiative in the area of sustainable development
Group	Nordgold, the Company with its subsidiaries
GTS	Global Technology System
HL	Heap-leach
HR	Human resources
HS	Health and Safety
HSE	Health, safety, environment
IFRS	International Financial Reporting Standards
IRR	Internal rate of return
ISO 14001	International Standard for the establishment of an Environmental Management System
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves produced by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
KPI	Key performance indicator
LSE	London Stock Exchange
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
LTIP	Long-term incentive plan

M&A	Mergers and Acquisitions
NGO	Non-Government Organisation
OCF	Operating cash flow
PPE	Personal Protective Equipment
TCC	Total cash costs
TRIFR	Total Recordable Injury Frequency Rate
UK Code	UK corporate governance Code
YoY	Year-on-year
Metric conversion	• grams x 31.10348 = troy ounces • grams per tonne x 34.28600 = troy ounces per short ton • tonnes x 0.00045 = pounds • tonnes x 0.90718 = tons • metres x 0.30480 = feet • kilometres x 1.60930 = miles • hectares x 0.40468 = acres
g/t	Gram per tonne
koz	Thousand ounces
Ktpy	Thousand tonnes per year
Kt	Thousand tonnes
Moz	Million ounces
Mt	Million tonnes
Mtpy	Million tonnes per year
Oz or oz	Troy ounce (31.1035g)
Tonne	Metric ton

Definitions

Bacterial oxidation (BIOX)	A process in which a combination of three bacteria are used to break down the sulphide mineral matrix in the ore being treated, thus freeing occluded gold for subsequent cyanidation. The bacteria attach themselves to the metal sulphide surfaces in the ore, resulting in the accelerated oxidation of the sulphides. During the bacterial oxidation process, elements like iron, sulphur and arsenic are dissolved.
Carbon in leach (CIL)	A method of recovering gold and silver, in which a slurry of gold/silver-bearing ore, carbon, and cyanide are mixed together. The cyanide dissolves the gold, which is subsequently absorbed by the activated carbon whose base is usually ground coconut shells.
Carbon in pulp (CIP)	A technique in which granular activated carbon particles much larger than the ground ore particles are added to a cyanide pulp which is already impregnated with the gold particles. The activated carbon and pulp are agitated together to enable the solubilised precious metals to become adsorbed onto the activated carbon.
CIM Standards	The Canadian Institute of Mining, Metallurgy and Petroleum definitions standards in Mineral Resources and Mineral Reserves.
Crushing	Breaking of ore from the size delivered from the mine into smaller and more uniform fragments to be then fed to grinding mills or to a leach pad.
Doré	Semi-pure alloy of gold and silver produced at the mine site which is then transported to a refinery for further purification.
Drilling	Core: a drilling method that uses a rotating barrel and an annular-shaped, diamond impregnated rock-cutting bit to produce cylindrical rock cores and lift such cores to the surface, where they may be collected, examined and assayed. ZZ Reverse circulation: a drilling method that uses a rotating cutting bit within a double-walled drill pipe and produces rock chips rather than core. Air or water is circulated down to the bit between the inner and outer wall of the drill pipe. The chips are forced to the surface through the centre of the drill pipe and are collected, examined and assayed. ZZConventional rotary: a drilling method that produces rock chips similar to reverse circulation except that the sample is collected using a single-walled drill pipe. Air or water circulates down through the centre of the drill pipe and returns chips to the surface around the outside of the pipe. ZZIn-fill: the collection of additional samples between existing samples, used to provide greater geological detail and to provide more closely spaced assay data.
Exploration	Prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.
Flotation	A milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink.
Grade	The amount of metal in each tonne of ore, expressed as troy ounces per tonne or grams per tonne for precious metals and as a percentage for most other metals.
Grinding (milling)	The powdering or pulverising of ore, by pressure or abrasion, to liberate valuable minerals for further metallurgical processing.

Indicated resource	That part of a resource for which tonnage, grade and content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred resource	That part of a resource for which tonnage, grade and content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves produced by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
Measured resource	That part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.
Open-pit mine	A mine that is entirely on the surface. Also referred to as open-cut or opencast mine.
Ore	A mixture of ore minerals and gangue from which at least one of the metals can be extracted at a profit.
Probable reserves	The economically mineable part of an indicated (and in some cases measured) resource which has a lower level of confidence than proved reserves but is of sufficient quality to serve as the basis for a decision on the development of the deposit.
Proved resources	The economically mineable part of a measured resource that represents the highest confidence category of reserve estimate. The style of mineralisation or other factors could mean that proved reserves are not achievable in some deposits.
Reclamation	The restoration of a site after mining or exploration activity is complete.
Recovery rate	The percentage of valuable metal in the ore that is recovered by metallurgical treatment.
Refining	The final stage of metal production in which impurities are removed from the molten metal.
Reserves	The economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Reserves are sub-divided in order of increasing confidence into probable reserves and proved reserves.

Resources	A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of resources are known, estimated or interpreted from specific geological evidence and knowledge. Resources are subdivided, in order of increasing geological confidence, into inferred, indicated and measured categories.
Tailings	Material rejected from a mill after most of the recoverable valuable minerals have been extracted.