

NORDGOLD — A LOW COST PRODUCER

A commitment to operational excellence, efficiency and cost control

Key Indices

\$793/oz

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

\$418 M

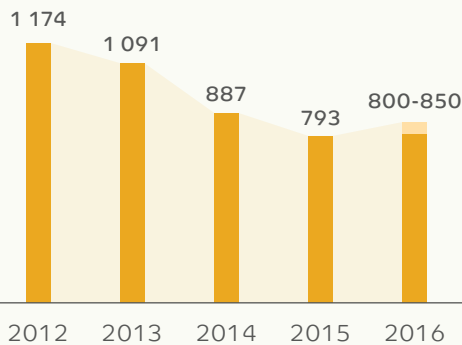
Operating Cash Flow up against backdrop of falling gold price

\$158 M

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

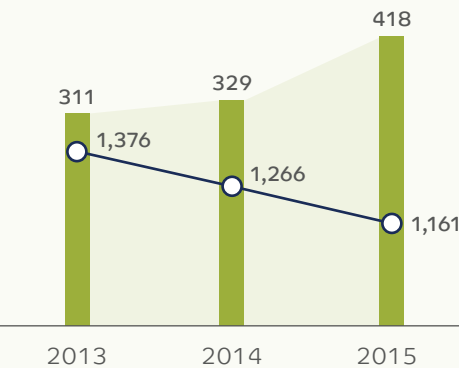
AISC has dropped from \$1,174/oz in 2012 to \$793/oz in 2015, and cemented Nordgold position in the lowest quartile of the industry cost curve.

■ AISC, \$/oz



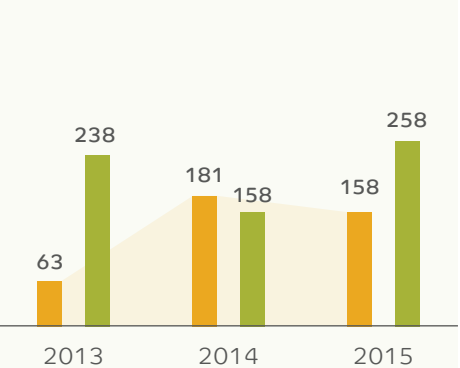
Operating Cash Flow (OCF) increased despite the falling gold price as a result of higher sales and lower costs.

■ OCF, \$ m ● Gold price, \$/oz



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

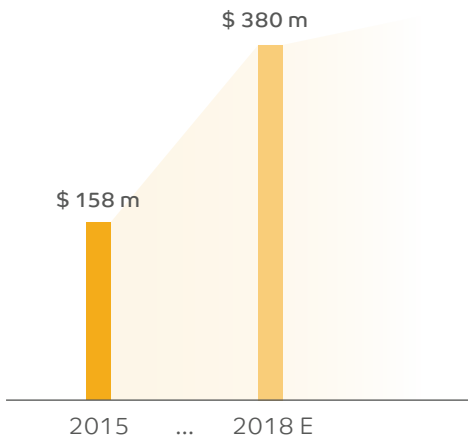
\$ m ■ FCF ■ Capex



Outlook

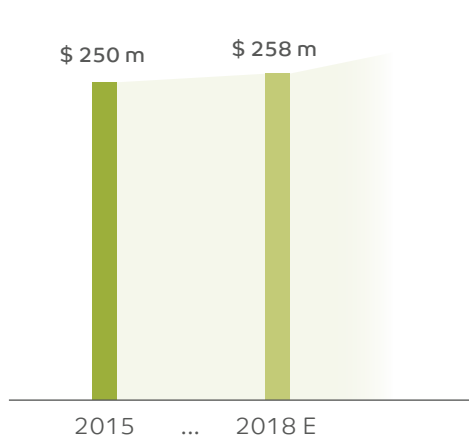
Free Cash flow

Growing production and a stable cost base, combined with falling capex requirements as construction at our Gross mine completes in 2018, give Nordgold confidence in our ability to further increase free cash flow generation.



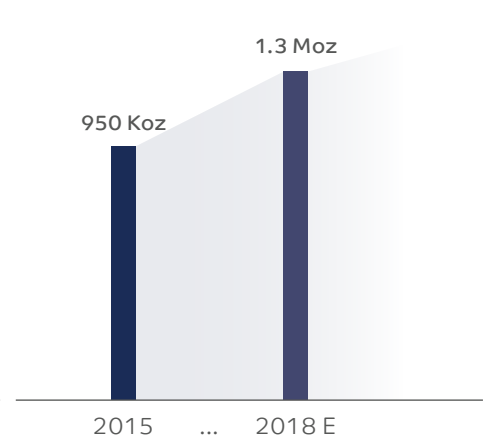
Capex

Annual sustaining capex requirements will remain below \$200 million, while total capex will decline from 2018 following the completion of the Gross mine construction.



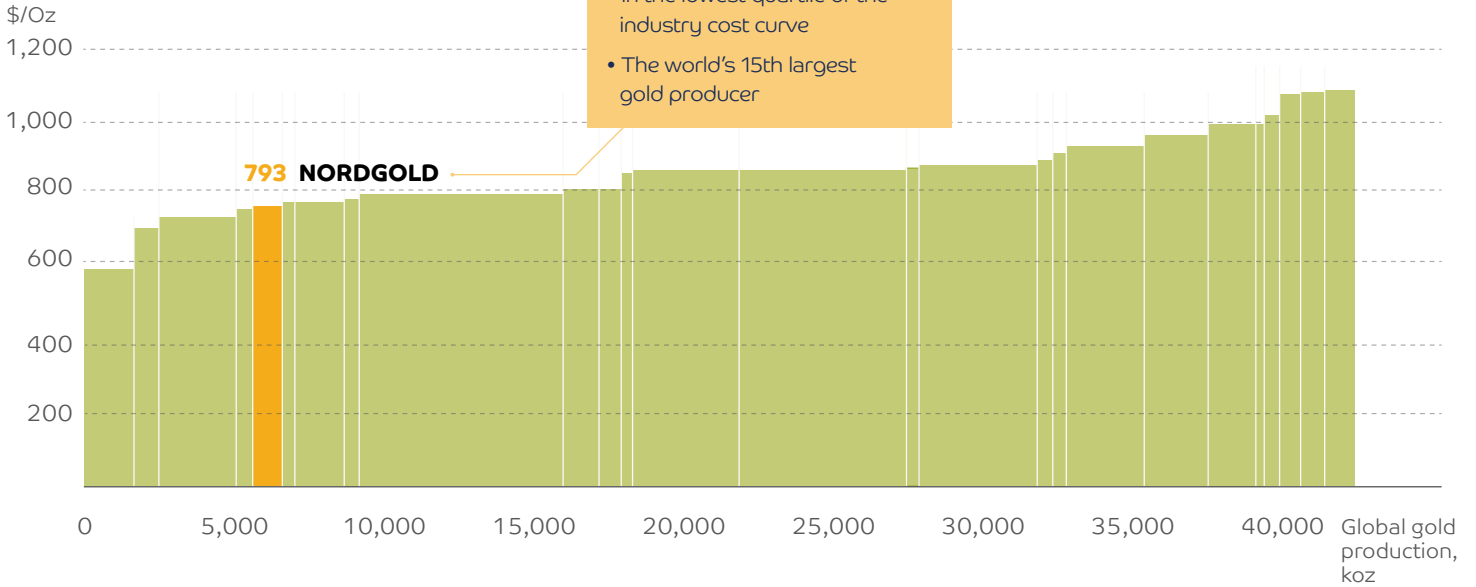
Nordgold annual production

Assuming flat production from the existing portfolio of mines and 350+ koz from Bouly and Gross at full capacity.



Peer group comparison

FY 2015 Global All-in Sustaining Cost Curve



How we do it

BUSINESS SYSTEM OF NORDGOLD

Business system of Nordgold has been central to our success in becoming a low cost producer. It aims to establish best in class sustainable processes at our operating assets, ensuring they are as efficient, low cost, sustainable and above all, safe as possible.

Key components of BSN:



Platform for best practice sharing



Operational improvement



Costs reduction



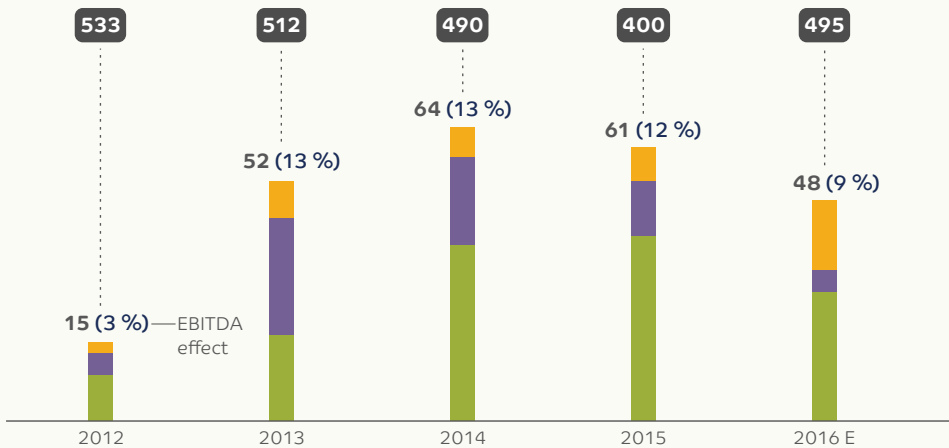
HSE Support



Workforce development and training

Proven impact on EBITDA, \$ m

West Africa Russian open pits Underground Total EBITDA



2015 BSN Effect on EBITDA by Source

12% EBITDA Effect

43%



Cost reduction

57%



Productivity improvement

\$ 240 M

Positive impact on EBITDA of BSN since 2012

KEY PRINCIPLES/DIRECTIONS:

- Constantly seeking for mining fleet efficiency improvement, which includes excavators, drill rigs and trucks.
- Making detailed productivity analysis for comparable open pit operations and mining equipment.
- Identifying opportunities incorporated into a business improvement plan.
- Ensuring full operational and management control across the production value chain with best-in-class technology.

EFFICIENCY CASE STUDIES



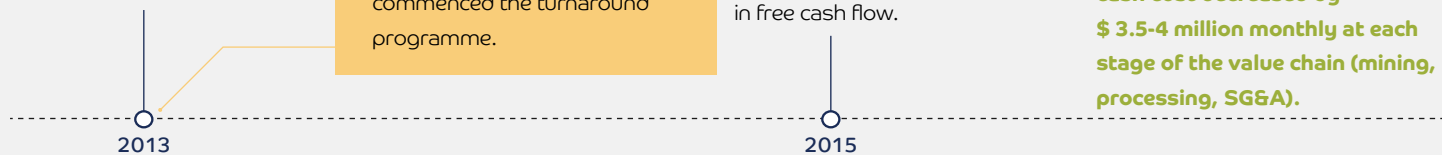
LEFA TURNAROUND PROGRAMME

In 2013 Lefa free cash flow was negative and AISC was **above \$ 1,500/oz.**

A devoted management team, with the support of BSN, commenced the turnaround programme.

By 2015, Lefa AISC had dropped to **\$ 832/oz** and the mine generated **\$ 77.9 million** in free cash flow.

Thanks to an increased level of monthly production, total cash cost decreased by **\$ 3.5-4 million monthly** at each stage of the value chain (mining, processing, SG&A).

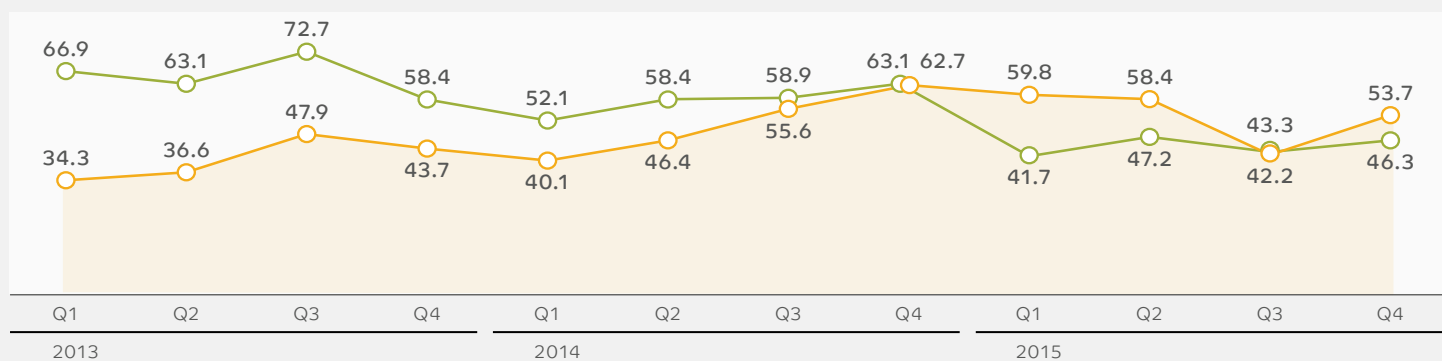


Key success factors of the turnaround programme:

- Headcount reduced from 2,300 to 1,500 employees, as well as overtimes.
- Improvement of overall efficiency of equipment (OEE).
- Mine planning, grade control improvement at new pits — Firifirini, Kankarta North.
- Control over SG&A, including travelling costs.
- Sustainably lower costs of logistics.
- Lower reagent consumption due to improved control and process automation.
- Accurate planning to reduce overstock.
- Training of operators.

Cost dynamics and refined gold production, 2013-2015

■ AISC, \$ m ■ Production, koz



The Lefa turnaround programme was successful following an in-depth, detailed analysis of all the factors affecting the operational performance of the mine, combined with the resulting implementation of a series of corrective measures put in place by our experienced management team. Nordgold continues to monitor Lefa performance closely and to invest further in its development.



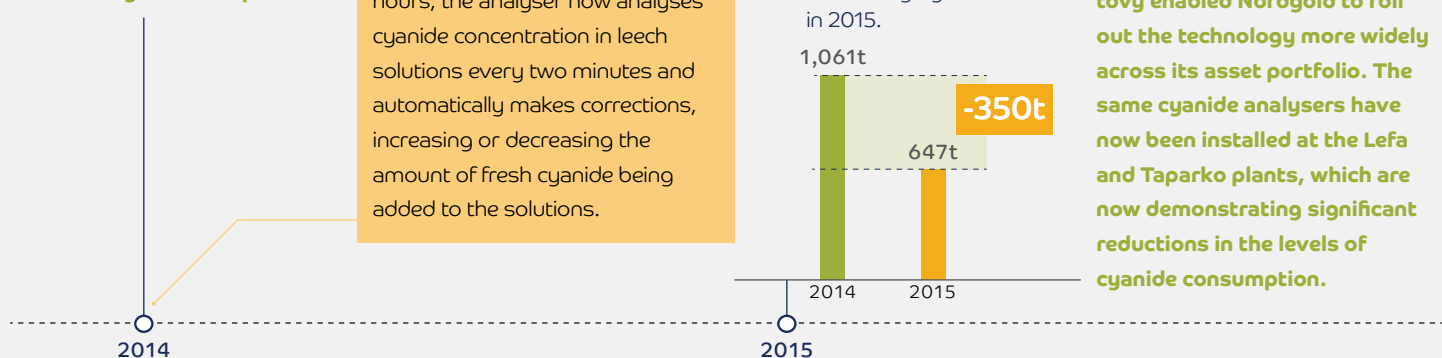
CYANIDE CONSUMPTION REDUCTION AT BEREZITOVY

Nordgold installed an **automatic cyanide analyser at the plant.**

Having previously only analysed measurements of cyanide every 2 hours, the analyser now analyses cyanide concentration in leach solutions every two minutes and automatically makes corrections, increasing or decreasing the amount of fresh cyanide being added to the solutions.

As a result, cyanide consumption rate decreased at Berezitovy by 350 tonnes in 2015.

The success of the cyanide consumption project at Berezitovy enabled Nordgold to roll out the technology more widely across its asset portfolio. The same cyanide analysers have now been installed at the Lefa and Taparko plants, which are now demonstrating significant reductions in the levels of cyanide consumption.





OVERALL EQUIPMENT EFFICIENCY

Having analysed our studied breakdown of equipment costs, we concluded that the most significant reductions could be made by improvements in the following three performance metrics of loading and hauling units. We work continuously to improve and optimise our performance in these areas: **availability ratio of staff and equipment, utilisation of available time, productivity rate.**



We run detailed productivity analysis for comparable open pit operations and mining equipment



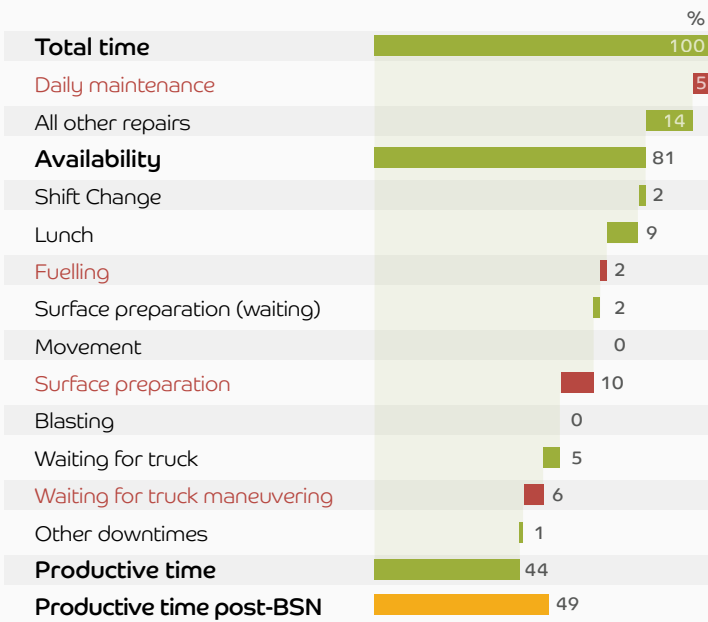
We continue to identify opportunities and incorporate them into our business improvement plans

EXAMPLES



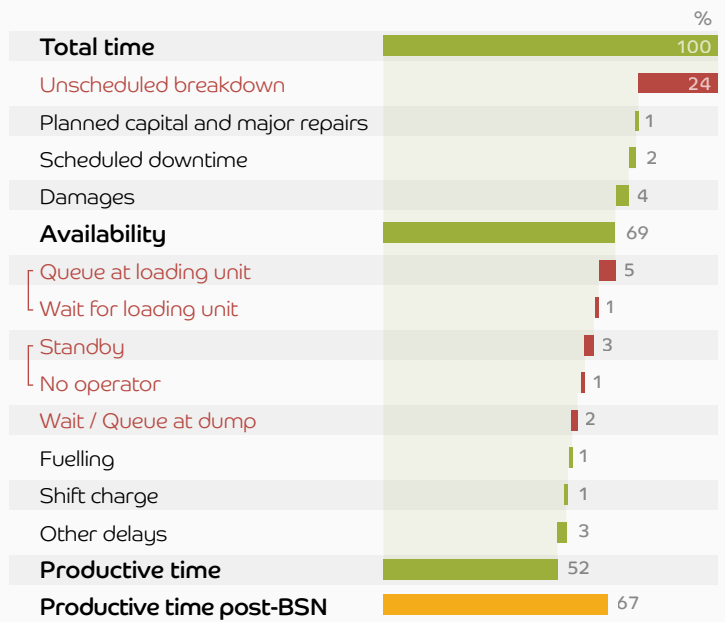
NERYUNGRI
Loading time efficiency improvement

Excavators availability and utilisation analysis



LEFA
Hauling time efficiency improvement

Trucks availability and utilisation analysis



Area for improvement	Solution proposed	Estimated effect
Daily maintenance – bucket greasing can take up to 25 mins	<ul style="list-style-type: none"> Results of a test show that a mechanical worker can do this operation in 15 mins Investigate a possibility to organize a maintenance brigade for excavators during lunch 	+13 mins/shift
Fueling	<ul style="list-style-type: none"> Permanent control of the start time of the shift by the shift leader is in place, including fueling time Dispatch monitoring system will help to avoid any downtimes 	+25 mins/shift
Surface preparation	<ul style="list-style-type: none"> Takes up to 70 mins per shift Different methods of excavator operators to be investigated (during 300 cycles study) 	+11 mins/shift
Waiting for maneuvering truck — occurs in 60% of all cases	<ul style="list-style-type: none"> Standard working areas need to be widened to reduce maneuvering time Maneuvering of the vehicle to be planned in advance where necessary 	+20 mins/shift

Area for improvement	Solution proposed	Estimated effect
Unscheduled breakdown / Maintenance	<ul style="list-style-type: none"> Implementation of equipment maintenance strategy Planned capital repairs plan implementation 	+6% to availability
Queue at loading unit / Wait	<ul style="list-style-type: none"> Improvement of dispatching quality Opening up working area widths for less spot time Communication of Wenco data to the field 	+43 mins to utilisation
Standby, No operator	<ul style="list-style-type: none"> Improvement of communication between maintenance and mining, leading to decrease in standby without operator after maintenance 	+59 mins to utilisation
Wait / Queue at dump	<ul style="list-style-type: none"> Improvement control of dumping areas Placing spotters on dumps to dump over the edge 	+23 mins to utilisation