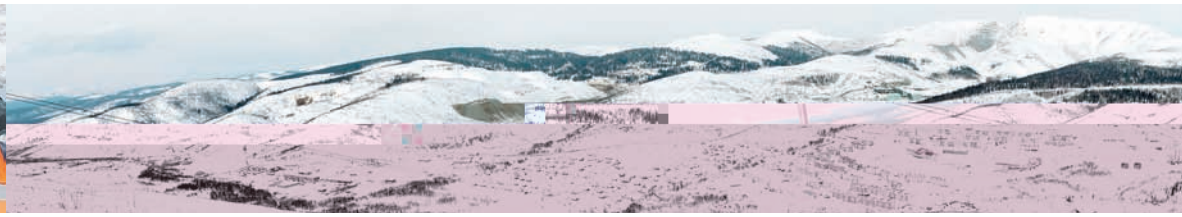
GHLAND GOLD MINING Ltd.

Annual Report & Accounts 2011



HIGHLAND GOLD MINING LIMITED

Annual Report & Accounts 2011

A YEAR OF ORGANIC AND ACQUISITIVE GROWTH

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THE YEAR IN REVIEW

FINANCIAL HIGHLIGHTS

IFRS, US$000 (unless stated)	2010
Production (gold and gold eq.oz)	200,028
Group total cash costs (US$/oz)	513
Revenue	243,629
Gross pro□t	119,365
EBITDA	121,271
Earnings per share (US$)	0.376
Net cash in□ow from operations	97,080
Capital expenditure	39,404
Cash and short term investments	222,470

2011 KEY EVENTS

- 5PUBM QSPEVDUJPDGHPMBOE HPME RVJWBMFGBUPVOUFE UP Ø[(Ø[EFSJWFEFSPN . /7 / PWP BOE# FMBZ(B PSB
-) JODSFBTFO&5% UP64NJMMJPO (64NJMMJPO SFnFDUJOH IJHIFSSFBMJTBUJPOPOH PMFBMFT
- 5P UBDBTIDPTUPG64) QFS PVODFSFNBJOI JHIMZDPNQFUJUJWF WFSTVTQFFSHSPVQ(64 QFSPVODF
- °OUFSFTUJO/ PWFE PVCMFEUP) GPMMPXJOHNJMMJPO BDRVJTJUJPOG,B JODT IP MEJOUHFSFCZTVCTUBOUJBMMZ JODSFBTJOHQSFEVDUJPODBQBDJUZ
- 0OTFUPGDPOTUSVDUPGUF TFDPOEQIBTFPGUF TUBOEBMPOF QSPDFTTJOQIMBOU# FMBZ(PSB EJSFDUMZQFSWJTFEZF OIBODFE OFXQSPKFDUETFWFMPQNFOHQDE DPOTUSVDUJPOBN
-) 03\$ DPNQMJBOUODSFBTF JO /7T QSPWFOBOEQSPCBCMF SFTFSWFWFSTVTPDFNCFS
- .PSF UIBO N FUSFPG ESJMMJODPNQMFUFBUFYQMPSBUJPO QSPKFDUT
- 1S FGFBTJCJMJTUZEZPG- ZVCPW QSPKFDTUVCNJUUFEUP3VTTJBO SFHVMBUPSZVUIPSJUJFT
- %MMJOSFTVMBTUHBPEBUOPZF QSPKFDULOEJDBUFJHOJmDBOU SFTPVSDFQPUFOUJBM
- °O UFSJNE JWJEFOPGQ FODFQFS TIBSF QFODFTQFDJBM QFODF PSEJOBSZQBJEJO0 DUPCFS
- 4USPOHE FCUGSFFCBMBODFFU \$BTIBOEDBTIFRVJWBMFOUPUBMMFE 64NJMMJPO BT P% FDFNCFS (6 NJMMJPO

POST YEAR EVENTS

- sF \$ PNQBOZhF03\$ DPNQMJBOU SFTPVSDFCBTFJODSFBTFEZ UP . P[(. P[EVF UPUF JOJUJBUJWFEFQFOEFOU BVEJUBUUF 6 OLVSUBTQSPKFDU FBSMZO BOEMBTUZFBST / PWP UBOTBDUJPOBOESFTPVSDFBVEJU VQEBUFBU./7ð
- \$P NQMFUJPOGBVEJUBU4BSZUVCF QSPTQFDIFUYQFDUFEUPZJFME BEEJUJPOBM P[PGSFTPVSDFO)

2012 TARGETS

- ./7oN BJOUBJOUBCMF QSPEVDUJPGBUnBHTIJQN JOFIO QESBMMXFWU P OHPJOFHVSGBDF ESJMMJQDSHSBNNFX JUIUIF BJN PG YUFOEJOHQFQQJUN JOJOH PQFSBUJPOT
- /P WPMFWFSBH)F P XOFSTIJQ CZSBJTJOBOOVBMSPVHIQVU UPBOFTUJNBUFE UPOOFT JO X JUI UPOOFT UBSHFUFGPS
- # MBZ(B PSBoQ SPHSFTT DPOTUSVDUJPGTFDPOEQIBTF PGUIF TUBOEBMPOQSPDFTTJOH GBDJMJUZUIDPNNJTTJPOJOH TDFEVMFEGPS2
- 6OLVSUBTI oD POUJOVF JUI FYQMPSBUJPQSHSBNNF JOPSEFS UPESJWE FWFMPQNFOGQPUFOUJBM XP SMD MBTETFQPTJU
- 5BTFFWTLPZF oD PODMVEF SJMMJOH TBNQMJOBHOEUFTUXPSLOFDFTTBSZ GPSBE FDJTJPOOB EWBODJOUPB EFmOJUJWGBTJCJMJTUZEZ
- ZVCPW oP CUBJG3VTTJBQ ,; SFHJTUSBUJPSTVCNJUUFS FTFSWF CBTFGPMMPXEZBOJ OEFQFOEFOU 0 3\$ DPNQMJBOBUVEJU
- MBHPEBUOPZFoB EWBODF FYQMPSBUJPQSHSBNNF UP TVCTUBOUJBSUFTPVSDFQPUFOUJBM
- 7JHJMBOE FQMPZNFOPG JOUFSOBUJPOBMZNXQBSBCMF CFTQSBDUJDFFBMUTBGFUZOE FOWSPONFOUBMTBOEBSET (SPVQ XJEF

CREATING THE PLATFORM FOR ONGOING GROWTH

*U HJWFTNF HSFBUQMFBTVSEPSFQPSU
UPZPVPOBZ FBSXIJDI XIJMF OPU
XJUIPVUUDIBMMFOHFTJUOFTTFE
BTJHOJmDBEOVQBOTJPOGZPVS
$PNQBOZT BTTFUCBTFJOMJOFX JUI
NBOBHFNFOUEFDMBSFEPCKFDUJWF
PGQVSTVJOHEVBMPSHBOJBOE
BDRVJTJUJWFSPXUI TUSBUFHZ

4VDI F YQBOTJPOTE FTJHOFEUP
VCEFSXSJUIP VSP VUQVQUFOUJBOM
CPUIUIF TIPSUB OEN FEJVN UFSN
BOEJTX FMJNMMVTUSBUZPEVSZ FBS
FOED PNQMFUJPOBE PVCMJOHGP VS
JOUFSFTUOUIF / PWPTIJSPLJOTLPZF
/ PWPN JOFUP) GPMMPXJOH
UIFB DRVJTJUJPOGB JOUFSFTU
JO/ PWP4IJSPLJOTLZ 3 VEOJLUIF
PX OFSPGUIF N JOFGSPN P VSKPJOU
WFOUVSEBSUOFS1 , BJOD
sJ TUSBOTBDUJPOOOBODFE OUJSFMZ
UISPVHI UIF $ PNQBOZT DBTI S FTFSWFT
JOWPMWBFEURUBDMPOTJEFSBUJPOG
64 NJMMJPOXIJDI DPNQSJTFE
64 NJMMJPOJOS FTQFDPGUIF
FRVJUZB OE6 4NJMMJPOJOS FTQFDU
PGUIF SFQBZNFOUPG, BJOD T I BSFPG
JOUFSDPNQBOZFCU

/PWP JTBOF DJFOU B OEQSPmUBCMF
PQFSBUJPOXIJDI SFQSFTFOUBTALOPXO
RVBOUJUZJPN BOBHFNFOBOEZ PVS
BSEJTQ MFBTFEUPI BWFUBLFOUIF
PQQPSUVOJUZ HBJOTBG BWPVSBCMF
NBSLFUCBDLHSPVOEOS FMBUJPOP
CBTFB OEQSFDJPVTN FUBMUPFOIBODF
BN BKPSB TTFUISPVHI BUSBOTBDUJPO
XI JDIX JMMBWBOJ NNFEJBUF
BOEQ PTJUJWJFNQBDUPOP VSB OOVBM
QSPEVDUJPOOBQBCJMJBJØEUIF T DBMFG
PVS SFTFSWFT

sF JNQSPWFEP VUQVBU/ PWPJO
JTDPWFSFEOE FUBJDZ7 BMFSZ ZGP VS
$I JFG& YFDVUJWFOI JT0 QFSBUJPOBM
3F WJFXB OET FSWFTUPVOEFSMJOFOFPG
UIFQSJODJQBMMNTPGUIJT JOWFTUNFOU
OBNFMZ UBCJMJRGZQSPEVDUJPO4 PNF
UPOOFPGP SFB SFF YQFDUFUP
CFN JOFEB OEQSPDFTTFBU/ PWPJO
B OEXFB SFMPPLJOHUPPQUJNJTF
UISPVHIQVUBU UPOOFTQFS
BOOVN JO B OEC FZPOE

8JUI BOF ZF UPPSHBOJEHSPXUI
BMPT BX UIF P OTFUGDPOTUSVDUJPG
UIFT FDPOEQIBTF PGUIF TUBOEBMPOF
QSPDFTTJOGMBOUUF # FMBZBSB
DPNQMFYOUIF , IBCBSPWTLSFHJPO

/P UXJUITUBOEJBOU OJUJBEVFMBZ
SFMBUJOHF SFDFJQUGmOBMQQSPWBM
GSN HPWFSONFOBVUIPSJUJFTOPX
BX BSEFE DPNNJTTJPOJOHPGUIF
QBOUTT UJTMDMFEVMFEGPSUIF GPVSUI
RVBSUFSG B OEN BOBHFNFOU
SFNBJOTDPNNJUUFE UPBDIJFWJOH
UIJTUBSHFU

'O JOIPVTF SFWJFXPGTJUIHSEEF
DPOUSRQSPDFEVSFX BTSFXBSEEX JUI
JNQSPWFP SFR VBMJUBZ# FMBZBSB
XI FSFUIF USVDLJOHGTFMFDPLSF UPPVS
OFBSCZ OPHPWFSTIJOOPZF./7
NJOFGPSQSPDFTTJOH JNDMOUJOVO
UIFmSTU BMPG

*' BWF JHIMJHIUFEIF / PWPB OE
MBZBSB E FWFMPQNFOCUFDBVTF
CPUIQSPKFDUTFFOB MPOHTJEFVS
QSJODJQBM/7 NJOFB SFJOUFHSBM
UPUF F TUBCMJTINFOPGBOF OMBSHFE
QSPEVDUJPOC BTFUIF SFRVJTJUF
QBUGPSNSPUIF TJHOJmDBEUSPXUI
JOP VUQVEJOWJTBHFEWFSUIF
FOTVJOHZ FBST

0O FPGUIF I JHIMJHIUJOUIJT DPOUFYU
XBTUIF P VUDPNFPGBOJ OEFQFOEFOU
PJOU0 SF3 FTFSWFST PNNJUUFF 03$

DPNQMJBODFBVEJUBU/7 DBSSJFE PVUCFUXFFO+VOF BOE+VMZ XI JDIDPOmSNFEB) JODSFBTF JOUIF QSPKFDUQSPWFEOEQSPCBCMF SFTFSWFTUP ÐBOF WBMVBUJPO UIBUF FDUJWFMZDEPSTFBS PCVTU SFTFSWFBTUISPVHIPVU UIF MJGFPG UIFB TTFU

sF DPNQMFUJPODB NBKPSFYQMPSBUJPO TDFEVMFBUP VS6 OLVSUBTQSPKFDU JO, ZSHZ[TUBOPOUSJCVUFEG VSUIFS 0+ 3\$ DPNQMJBOSUFTPVSDPG NJMMJPOP VODFTUPPVSQPSUGPMJP XI JMBOB EEJUJPOBMOFNJMMJPO PVODFTPGSFTPVSDFTB OUJDJQBUFE GBN BU IJSE QSPTQFDXU JUIJOUIF QSPKFDUMJEDF

Ï IPVMEF NQIBTJTFUIBUUIF SFTVMUT BU6 OLVSUBTJOEJDBUFQ PUFOUJBMMZ XP SMED MBTHPME FQPTJUJPOEP OFPG NB OBHFNFOUL FZUBTLTJO X JMM CF UPFYUFOP VSF YQMPSBUJPOBOUJWJUZ JOP SEFS UPN BYJNJTFUIF QSPKFDUT GWMQPTTJCMJUJFT

Ù - ZVCPWP VSF NFSHJOH FWFMPQNFOU BMMPXJOHIF \$ PNQBOZ UPGPSN BO JOUJUBMFX POQ PTTJCMWBMVFOOP DBTFJTUIF \$ PNQBOZJOF YDMVTJWF EJTDVTTJPOBTOEB OZQ PUFOUJBM UNBOTBDUJPOJMSMVRJSFE FUBJMEEVF EJMJHFODIFGPSB HSFFNFOUDBCCF SFBDFE

1P TJUJWFFYQMPSBUJPOSJMM3OFVMUT XF SFB MTSPFDFJWFGSPN HMBHPEBUOPZF JOUIF , IBCBSPWTLSFHJPOXIJMF P VS TUVEZPGUIF 5 BTFFWTLPZEQSPKFDUO UIF; BCBJLBMTSZEHJPOX JNDMOUJOVF JO BTXFT FFL UPPCUBJOGVMMZ SFQSFTFOUBUJWEBNQMFBOE DPmSN PSF CMPDDIBSBDUFSJTUJDT

sF OFUF FDIPGUIF SFTQFDUJBWEJUT BU /7 B OE6 OLVSUBTI UPHFUIFS XJUIUIF / PWPRUSBOTBDUJPOMUJNBUFMZ64ÐNJMMJPO UIBOTMBUFDUPB+03\$ DPNQMJBOU JODSFBTFOZ PVS\$ PNQBOZT SFTPVSDFT BDDPNQBOJFEZB JODSFBTJO SFTFSWFETVSJOHUIF ZFBS

"O UIF \$ PNQBOZQSPEVDFE P VODFTPGHPMB OEHPME FRVJWBMFOUT JTmHVSFGMOMFMPXP VS SFWJTFGPSFDBTPG) PVODFTBT IPSUGBMMBUS FnFDUFEmSTU RVBSUFX FBUIFSS FMBURE SPEVDUJPO EFMBZBU. /7 DPNCJOFEX JUIMPXFS UIBOUBSHFUFP SFHSBEFTJO2 0 VS GPSFDBTQSPEVDUJPOBOHGPS JT PVODFT

sF \$ PNQBOZDPOUJOVFUPQVSTVF JUT. " QSPHSBNNFGPMMPXJOH UIFT VDDFTTGBMDRVJTJUJPOGUIF NBKPSJUZOUFSFTTJO/ PWP4 FWFSBM PQQPSJUVOJUJFSF DVSSFOUMZEJOH BTTFTTFB OEB SFBUWBSJPVTTUBHFPG FWBMVBUJPOEJOT PNF DBTFTmOBODJBM JOGPSNBUJPOBTC FFOS FDFJWFE

ßNE FMJHIUFEUPSFQPSUIBUUIF SFWFOVFPGZPVS\$ PNQBOZS PTFCZ UPN PSFUIBO6 4ÐNJMMJPO(BOB DIJFWFNFOUIBUS FnFDUFEUIF TUSFOHUPGUIF HPME SJDB OE JO U\SOI JHIFSS FBMJTBUJPOOT BMFT 'A OPI FEHF QPMJDFZOBCMFVET UP UIF GVMBNWBOUBHGBWPSBCMF NB SLFUDPOEJUJPOTOM JOFX JUIUIJT

&#5% BEWBODFEZB MNPTU UP 64 ÐNJMMJPOJO BTB HBJOTU 64 ÐNJMMJPO JO TBS FTVMU PVS&5% N BSHJOE FmOFBT &#5% E JWJEFEZ URUBSMFWFOVF SFHJTUFSEEZ FBSPOZFBS B EWBODF GBN) UP

7BSJPVT GBDUPSJTODMVEJOBFI FDPOE IB MEGFDSFBTFOUIF B WFSBHHPME SBEF EFMJWFSEEPSQSPDFTTJOBU. /7 BOE/ PWPB OEJOnBUJPOBSQZSFTTVSFT JOS FMBUJPOOPUF DPTUPGN BUFSJBMT MBPVSB OETFSWJDFSTBJTFEUPUBM (S PVQDBTI DPTUTUP64) QFSB[JO B HBJOTBD PNQBSBCMF 4 QFSB[O 4I BSFIPMEFST IPVME OPUFI PXFWFS UIBUBUBmHVSFPGV OEFS 64 QFSB[P VSDBTI DPTUTFNBJO IJHIMZDPNQFUJUJWJOEUIF DPOUFYPG QFFSH SPVQDPNQBSJTPO

sF \$ PNQBOZT C BMBODFFFUJT VOHFBSFB OE O PUXJUITUBOEJBOEI JQUJEMPOTJEFSBUJPOOG6 4ÐNJMMJPO JOS FTQFDPGUIF / PWPRUSBOTBDUJPO B6 4 \$ BQFYT QFOEB OEUIF 64ÐNJMMJPOG VOEJOHPGP VS JOUFSJNE JWJEFOEB MPXIJDI X FSF NF UUS PVHI F YJTUJOODBTI C BMBODFT BOEO FUDBTI n PX TIPXFE DBTI BOET IPSUUFSN JOWFTUNFOBTDE EFQPTJUFG6 4ÐNJMMJPOBTBU PÐDFNCFS 0 VST USPOEBTI QPTJUJPOB MMJEPFFDJFOU QSPEVDUJPO EJTDJQMJOMPBWFVTX FMQMBDFEJP QSPHSFTF VSE FWFMPQNFOQSPKFDUT UPXBSETQSPEVDUJPOF YUFOEP VS FYQMPSBUJPOBSHFUBTOEDPOUJOVEJP SFWJFX P VS. " P QUJPOT

8I JMTBOJ OUFSJNE JWJEFOX BTQBJE JO0 DUPCFS UIF # PBSEI BTUBLFO JOUPBDDPVOUIF \$ PNQBOZT QSPKFDU

QJQFMJODBQJUBMQFOEJUVSFPS
BOEUIF QVSDIBTFPGBGVSUIFS
JOUFSFTUOD/ PWFBUUIF FOEPG
BOEUIFSFGPSFE PFTOPUS FDPNNFOE
UIFQBZNFOUPGBmOBMJWJEFOE

sF I FBMUI OET BGFUFGP VS
FN QMPZFFTTPGQBSBNPVOU
JN QPSUBODFOEZPVS$ PNQBOZ
SFNBJOTURUBMDMPZNNJUUFE UPUF
QSPWJTJPOPGBQQSPQSJBUFBJOJOIBOE
UIFQSPNPUJPOPGDPOUBOWJHJMBODF
UIJTSFHBSE8FB SFF RVBMIDMPNNJUUFE
UPGVMmMMJXJOSSFTQPOTJCJMJUJFT
SFMBUJPOPUF FOWJSPONFOUBMMB OBHFNFOUTZTUFN
XJUIDPNQMJBODFVEJUJOHYQFDUFEZ
UIFF OEPG

8F B SFDPOTDJPVTIBU E FTQJUF VS
BOPSFNFOUJPOFB QQSPBDIUPI FBMUI
BOET BGFUZB TQFDUPTGSJTLB SFJOIFSFOU
JOUIF N JOJOHOEVTUSZOE BT
SFQPSUFEQSFWPVTMZ* EFFQMZFHSFU
UIBUP OF$ PNQBOZF NQMPZFFSBUBMJUZ
PDDVSSFEE VSJOHUIF ZFBS

sF GVMZNFBSMPTUJNF JOKVSZ
GSRVFODZSBUFSPTFGSPN JO
UPJO QFS N BO
IPVST X PSLFE

'T QSFWJPVTMZDOPVODFE# BSSJDL
(P M$ PSQPSBUJPOEWJTFEYTJO
F CSVBSZ PGJUQMBOTPEJWFTUT
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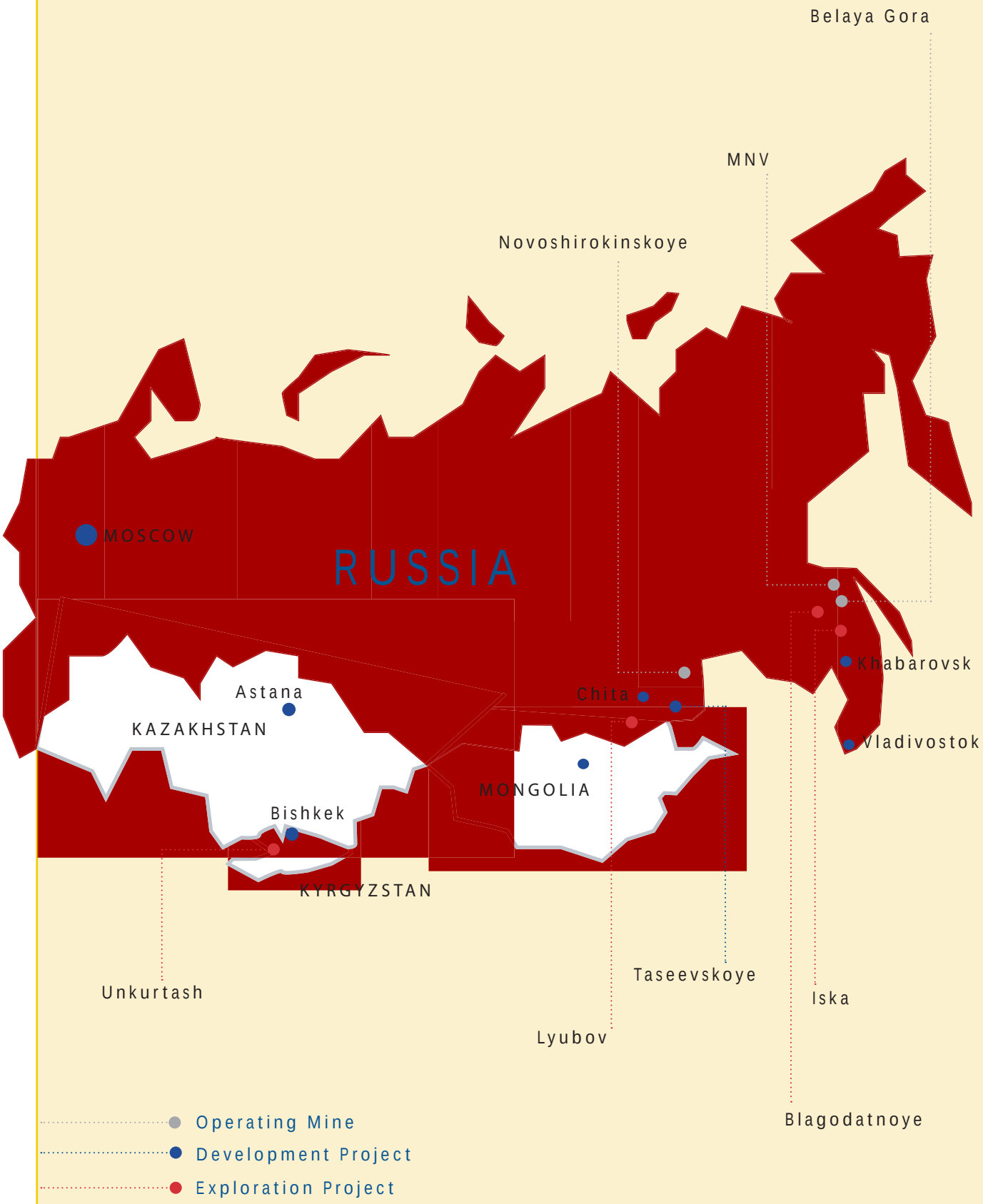
)J HIMBOEXIJDI JTQFSDFJWHETO PO
DPSFUPJUP OHPJOHVTJOFTTUSBUFHZ
8F QMBDPPOTJEFSBCMYBMVPOUIF
HPPEXJMUBUF YJTUCFUXFOP VSTFMWFT
BOE# BSSJDLUIF X PSMETBSHFTHPME
NJOJOHFOUFSQSJTFOE*X PVME

MJF UPUBOL B MPX# BSSJDLTGPSNFS
SFQSFTFOUBUJWFSUIFJS S FTQFDUJWF
TVQQPSBOEJOQVUISPVHIPVU P VS
BTTPDJBUJPO

1SJPS UPUJTE FWFMPQNFOBDRVFT
.D .VMMFOB# BSSJDLO PNJOBUFE
9% SFDUFBOEBN FNCFSPGUF) FBMUI
BOE4 BGFUSZ PNNJUUFFS FTJHOFE
GBN UIF # PBSEPOPFDFNCFS
GPMMPXJOHTE FDJTJPOUPMBWF
SSJDLLOP SEFS UPQVSTVFP UIFS
JOUFSFTU4TJNJMBSMZEJN. BWPSB
SSJDLO PNJOBUFE%JSFDUBOEB
NFNCFS PGUF " VEJU$ PNNJUUFFB MTP
MFG#BSSJDLUPQVSTVFP UIFSJ OUFSFTUT
BOEB DDPSEJOHMYMZFQQFE PXO GSPN
)J HIMBOET# PBSEPO
+BOVBSZ

*U BLFQMFBTVSFOX FMDPNJOH VNJT
4FDVSJUJFGPMMPXJOHUIFJSBQQPJOUNFOU
BTO PNJOBUFB EWJTFBOEC SPLFS UP
UIF$ PNQBOZPO/ PWFNCFS
*X PVMB MTRMLF UPUBLFUIJT
PQQPSUVOJUZOC FIBMFGN ZTFNBGOE
NZ# PBSESPPN DPMMFBHVFUPUBOL
BMMPGPVSN BOBHFNFOBOEF NQMPZFFT
GPUIFJS E FEJDBUJPO BSEX PSLB OE
JOVBMVBDMFOUSJCVUJPOUPUF
POHPJOHHSPXUI PGZPVS$ PNQBOZ

Duncan Baxter
Chairman


Belaya Gora
MNV
Novoshirokinskoye
MOSCOW
RUSSIA
Khabarovsk
Astana
Chita
KAZAKHSTAN
Vladivostok
MONGOLIA
Bishkek
KYRGYZSTAN
Unkurtash
Taseevskoye
Iska
Lyubov
Blagodatnoye
Operating Mine
Development Project
Exploration Project

CONFIDENCE IN THE FUTURE

0VS FYQMPSBUJPQFSBUJPOZJFMEFFODPVSBHJOSFTVMUUI UIF JOJUJBM SFTFSWFCBMBODF SFHJTUSBUJPOET VCTFRVFOU03$ DPNQMJBODFTPVSDBVEJUT FSWJOHPVOEFSMJOFF TDBMFG QPUFOUJBMVP VS6 OLVSUBTQSPKFDU, ZSHZTUBC% SJMMBCDHUJWJUBUFS BTFFWTLPZEPOUJOVFD QVSTVBODFGV QEBUJQUHF P SFDIBSBDUFSJTUJDSDES FTPVSDC BTFPGUIJT E FWFMPQNFQUSPKFDUJMF TJHOJmDBEVQMPSBUJPQPSLX BTB MTP OEFSUBLFOUHMBHPEBUOPZF# FMBZBPSB ' MBOBTOE- ZVCPW UIFmOEJOHPGXIJDI B VHVSX FMGPSUIF HSPXUI PGP VSS FTPVSDC BTF

3F WFOVF OFWJUBCMZOFmURGSPN B J ODSFBTFOUIF B WFSBHFQPUHPMEQSJDFS FDFJWFE VSJOH BOEXFB DIJFWFE JHIFSS FWFOVFTUHFUIFSX JUIJ NQSPWFENBSHJOT8FB SFC VEHFUJOGPS BOJ ODSFBTFOP WFSBKQSPEVDUJPOSPN P VSUISFF N JOFTJO BZ FBSX IJDI X JNBWTTFFUIF DPOTUSVDUJPOED PNNJTTJPOJOHPGUIF # FMBZBPSB PSBQSPDFTTJOGBDJMJBJZET JHOJmDBOHPOHPJOH FYQMPSBUJPOEE FWFMPQNFOUJWJKUZUIQ BSUJDVMBSBSVTPOP VSF YDJUJOGHOLVSUBTB OE Z VCPWQSPKFDUT

CORPORATE & SOCIAL RESPONSIBILITY

4PDJBMSFTQPOTJCJMJUJFQSFTFOUBOFTTFOUJBMQFDG)JHIMBOE (PME .JOJOHT DPSQPSBUEVMUVSF BOEXFB SFQBSUJDVMBSBMZTFPOUIF E FTJSBCJMJUJXBFOEN FBOJOHGUPOUSJCVUJPOT UPUF X FMGBSGNPDBDMPNNVOJUJFTOUIPTF B SFBTOXIJDI XFP QFSBUFOP SEFS UPGVSUIFST VDI PCKFDUJWXFQ MBDPOTJEFSBCMFNQPSUBODFOUIF E FWFMPQNFOGDMPTX PSLJOHSFMBUJPOTIJQTXUI UIF BQQSPQSJBUEVUIPSJUJFT

8F B DSFTQPOTJCMZOS FMBUJPOPEVFT FUUMFNFRGB MNPDBMBYFTG FFTB OEDIBSHFTB OEXFI FMQUP NB JOUBJBOEN PEFSOJTFUIF J OGSBTUSVDUJOGF UPXOTB OEWJMMBHFBUB SFI PNF UPN BOZPG PVSF NQMPZFFTCPWF B MXFB SFQBSUJDVMBSBSVE UPDPOUSJCVUFB OECFB TTPDJBUFE JUI UIF QSPWJTJPGWBSJPVT PDJBMMOEDVMUVSBMJUJFT

sF N PTUJNQPSUBOBUQFDPG TVDI X PSLMJFTJOB TTJTUJOGHHJPOBMOEMPDBMEN JOJTUSBUJPOTUIF BEWBODFNFOGT PDJBEFWFMPQNFOQUSPHSBNNFT 5PU IJTF OEXFX PSLB MPOHTJEF MPDBMUIPSJUJFT JOP SEFS UPQSJPSJUJTF PNNVOJUJFSFRVJSFNFOUTOS FMBUJPOPGPJOX FMGBSQSPKFDUXTJDI F ODPNQBTT FEVDBUJPO FBMUDVMUVSBFOET QPSU% VSJOH UIF $ PNQBOZT B DUJWJUJFTUIJT S FHBSEX FSF HVJEFECZUIF 4 PDJBMBSUOFSTIJQ HSFFNFOUX JUIUIF /J LPMBZFWFLJTUSJBVUIPSJUJFB OET FQBSBUF H SFFNFOUX JUIUIF S FTQFDUJWFWFSONFOUTPGUIF , IBCBSPWTL3 FHJPB OEUIF ; BCBJLBMTBZFHJPO

" OFK TDBM EQSNF OMSHB EU IF $MZ TWNFOU TB OUF DMPTF EJTUBODF
OUF, WW 3 FHO XBMEDIE B MZB sQ BU JOMW SEBT EU IF
TFDPEZ TDIM UFLOEBB BOEUF SM PDF EU IF MBM PTBB BOEI BBMTP
GBMB UF QSBBF EP DF FRQEU GB UF MBM NC 0 OFU IF N PUQMBDH SFMU E
UJKEU JOW I BCE UFFNBEDF EBMS TTBF CX . OFBOOP BOE
M MZNS) HIMBEZME E EB UIF JOM CV

'O JODEW QBSNF CBE EU IF QBB E WDH E QBJU FNQP B W I B
E E PEH TVDFTGMMZSB TW ZB sF DINF JE THOE E EU TLJMMEQBEOM
GS PIS QB E3 VTB BOE E IFTNF UF TW E IBOM JOMWEU JOEUF TBM
OGBSW EU IF TWNFOU sG SMF EF NQP I W QW CFOBB EU IF
TDNF E B BOEO XB DRNEDE EU IF DBTW EBB EEOM EQU
V MEOHsF OEBB BOEUF MBM TDIM BMTQW UFTKU EQ M SEBT

EBM TEQ BMEB EB NBMMSTDBMH B BMTCE QBZ M EBM DRNVB DMFFD S
F QB TB OSMZ UF - W E EQU OU IF ; BMTLZ 3 FHO E3 VTB BOEUF 6 OLB
EFEQU O, BZB

sF $ REQZ QBEQ OWB OEBM DIB QBBSNF MF PSTEQ EU IF SHEBM
DIB GVEE i MMTVE CPT GB WJBMZJNEQ DIMESw CBU JUSB UIM UF
B BT EBMJE SEOH QEDU GB E PT EZ VH QF

'O BEEE E IF DEQ BMMEB EG VET GB WB TBM OET JUQ MEOH E E UF
EQSBM DRNNVEU EP S FNQP XP QMZBDEW BOEJNEQU SMF OD EBH E IF
DRNN VB BTTBB XU UF $ REQZ PEH VOU

)J HIMBEZME X JMDEOV EQ BST TDI QBSNF XU EP OHEH FNQT EU IF X MGB
E MBM DRNVB UBW

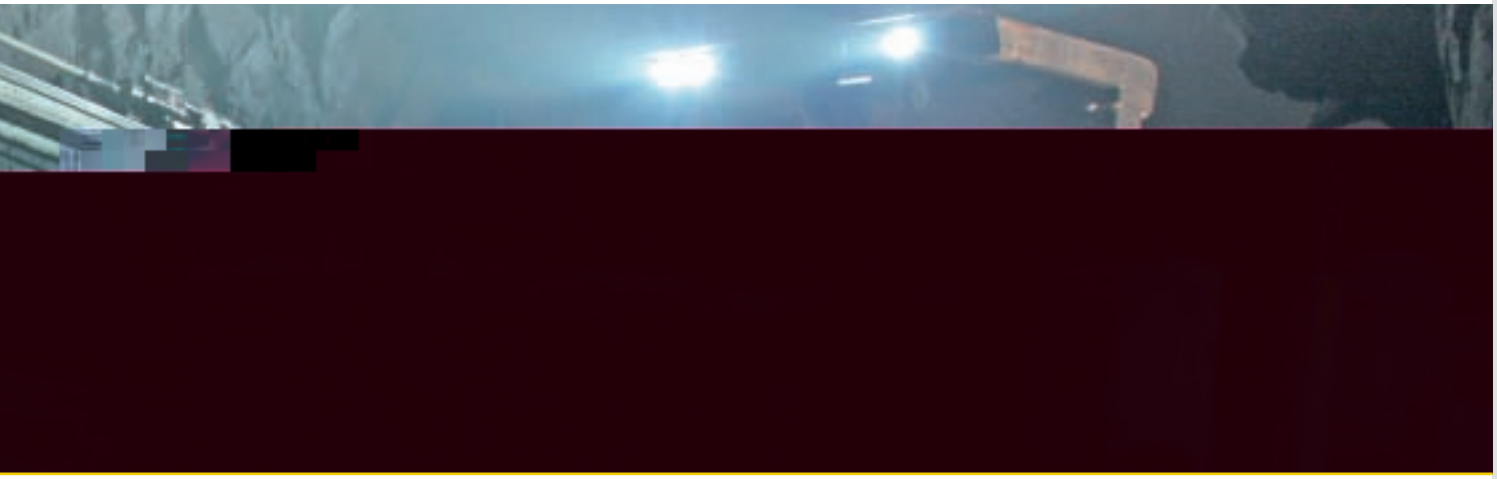
HEALTH, SAFETY & ENVIRONMENT

U ZFBSFOE UIF OVNCFS PGFNQMPZFFTBUJHIMBOE (PME UPUBMMFE JODMVEJOH PG
UIFQFSTPOOFBU/ PWPTIJSPLJOTLPZFJODPNQBSJTPOUP) F NQMPZFFE VSJOH s JTN PEFTU
JOD SFBTFMBSHFMSZFnFDUFB EEJUJPOBXMPSLGPSDGFRVJSFNFOUTOS FMBUJPOPUF DPNNFODFNFOUPG
DPOTUSVDUJPGUF # FMBZ(BSB QSPDFTTJOGBDJMJUZ

$P OTUBOEU PSUB SFNBEF UPJOUSPEVDE FX QSFDBVUJPOBTOEJ NQSPWF YJTUJOTHBGFHVBSEXT JUIS FHBSE
UPI FBMUB OETBGFUZOEUIJT GPDVTD POUJOVFEISPVHIPVU B MPGUF \$ PNQBOZT TJUFTF- PTU5 JNF
*O KVSZ SFRVFODZ3 BUF EFTJHOFEUPDBMDVMBUF OVNCFS PGNPTUJNF JOKVSJFGPSF WFSZ NBO
IP VSTX PSLFE X BT JO DPNQBSFEX JUI JO " UPUBMG F NQMPZFFBTUUFOEFE
JOUSPEVDUPSZ BZ TBGFUZSBJOJODIMBTTFT) F NQMPZFFBTUUFOEEX PSLQFSGPSNBODFQSPEVDUJPO
TBGFUZPVSTF o E BZT B OE F NQMPZFFDPNQMFUEOEVTUSJBTBGFUZFSUJmDBUJSBJOJOH
QSPHSBNNFT o E BZT *OB EEJUJPOUSBJOJOKHBTQSPWJEFEUP. /7 F NQMPZFFJTOUF V TFPGI FBWZ
NP CJMF-RVJQNFOUX IJMF. /7 F NQMPZFFDPNQMFUFDHIUWFIJDME SJWJQSPmDJFODZETUT

sF \$ PNQBOZT F OWJSPONFOUBMPNQMJBODF-NBJOFE JOHPPE TUBOEJOKHJUIUF SFHVMBUPSZ/UIPSJUJFT
XJUIJOUFSOBMOWJSPONFOUBMEJUDBSSJFEP VUBUBMTMUFX JUIJOUF (SPVQE VSJOHUIF ZFBS & OWJSPONFOUBM
TBGFUZSBJOJOKHBTQSPWJEFEUPF NQMPZFFF ODPNQBTTJOH /7 # FMBZB PSBB OE5 BTFFWTLPZF

sF \$PNQBOZD POUJOVFEPX PSL UPXBSETB DDSFEJUBUJPGJUT SPVQX JEFF OWJSPONFOUBM
NBOBHFNFOUZTUFN 40 DPNQMJBOXJ JUIDPNQMJBODBVEJUF YQFDUEZUIF F OEPG
5P UIJTF OEF NQMPZFFSTFDFJWFEOUFSOBMEJUSBJOJOHU. /7 B OE3 VTTESBHNFU3% UIF
NBOBHFNFODPNQBOZ X IJMFBOB EEJUJPOBM /7 F NQMPZFFSTFDFJWFDSBJOJOEHFWFMPQEZ
BOF YUFSOBMOTVMUBXUJUIS FHBSEUPFOWJSPONFOUBMTL B OEB TTFTTNFOUT



OPERATIONS

MNOGOVERSHINNOYE (MNV), Khabarovsk region, Russia

[illegible]

PRODUCTION COSTS

[illegible]

CAPITAL COSTS

[illegible]

OUTLOOK

[illegible]

MNV		H2 2011	H1 2011	H2 2010	FY 2011	FY 2010
Waste stripping	m^3	1,562,903	790,897	1,220,558	**2,353,800**	1,933,948
Underground development	metres	2,816	2,915	3,098	**5,731**	6,725
Open pit ore	tonnes	372,485	372,158	397,664	**744,643**	701,962
Underground ore	tonnes	293,378	234,282	245,214	**527,660**	490,934
Total ore mined	tonnes	665,863	606,440	642,878	**1,272,303**	1,192,896
Average grade mined	g/t	4.0	4.6	5.1	**4.3**	5.1
Ore processed	tonnes	629,586	499,082	622,604	**1,128,668**	1,144,459
Average grade processed	g/t	3.9	5.2	5.4	**4.5**	5.3
Recovery rate	%	88.2	87.7	87.4	**88.0**	87.6
Gold produced	oz	71,938	71,926	94,585	**143,864**	170,356

NOVOSHIROKINSKOYE (NOVO), Zabaikalsky region, Russia

[illegible]

[illegible]

Novo 100%		H2 2011	H1 2011	H2 2010	FY 2011	FY 2010
Underground development	metres	3,501	3,614	3,221	**7,115**	6,364
Ore mined	tonnes	220,390	218,978	223,989	**439,368**	345,737
Average grade mined*	g/t	5.1	6.6	6.5	**5.9**	6.4
Ore processed	tonnes	220,390	217,953	233,752	**438,343**	397,075
Average grade processed*	g/t	5.1	6.6	6.3	**5.9**	5.9
Recovery rate*	%	82.4	84.9	81.0	**83.5**	79.5
Gold produced*	oz	29,719	39,214	38,662	**68,930**	59,403
HGML (48.3%)	oz	14,353	18,940	18,654	**33,293**	28,672

[illegible]

PRODUCTION COSTS

[illegible]

CAPITAL COSTS

[illegible]

OUTLOOK

[illegible]

BELAYA GORA, Khabarovsk region, Russia

[illegible]

Belaya Gora		H2 2011	H1 2011	H2 2010	FY 2011	FY 2010
Waste stripping	m^3	87,390	202,310	226,000	**289,660**	226,000
Ore mined	tonnes	162,661	255,319	76,000	**417,984**	76,000
Average grade mined	g/t	2.1	2.1	1.7	**2.1**	1.7
Ore processed at MNV	tonnes	30,926	30,460	10,971	**61,386**	10,971
Average grade processed	g/t	5.5	2.6	3.3	**4.0**	3.3
Recovery rate	%	87.3	87.3	87.3	**87.3**	87.3
Gold produced	oz	4,754	2,191	1,000	**6,945**	1,000

PRODUCTION COSTS

CAPITAL COSTS

OUTLOOK

DEVELOPMENT PROJECTS

TASEEVSKOYE, Zabaikalsky region, Russia

sF PNBOZ DPOUJOVFBPHSFTTJTOmESMMBPHSBNNF JOUSPEVDEVSJOH sJT JTF YBDUFUPDPOmSNJF P SFCMPDLBSBDUFSJTDPOUBJOFEUF F YJTUJOHPEFBMOE SPWJEF GWSBFTFOUBUJWFMFWFMF GSPNBDSPTBNPOFTGUF P SFCPEZUPGDJMJUSBUFUBMMVSHTDBM P SL SJMMDPOEJUJPOTMPEUF SPHSBNNBOEPESBUJPOTBWCFFODBSSJFEWJTOUP P MMPOUHF DPODMVTJPOUE SJMMBOEBNPJOFHYFSDJTFO UF PNBOZ JNDBSSZVU UFOFDFTTBSZTU PSLBOESFTPVSDPOmSNBUPSPDFEVSTSJPSUPBOZ FDJTJPOPVOEFSUBBF EFmOJUJWFBTJCJMJUJFZ

CAPITAL COSTS

O 64NJMMJPO XBT JOWFTUFEU5BTFFWTLPZFsJT JODMVEFEQBQJUBMJTFFQFOEJUVSFOE DPOTUSVDUJ64NJMMJPOB OEQVSDIBTFPGFRVJQNFOU6 4NJMMJPO

EXPLORATION

sF $PNQBOZ FNCBSLFE PO BOFYDFQUJPOBMFWPMFYQMPSBUJPOBDUJWJUJFSJOH B DPVSTFPG BDUJPOUIBUSFnFDUFN BOBHFNFOUDPOmEFODFOUIF QPUFOUJBMGP VSQPSUGPMJPE FWFMPQNFOBUDE DPNNJUNFOUUPBDIJFWJOHVCTUBOUJWSHBOJSFTPVSDFHSPXUI " QQSPQSJBUFSPKFDGVOEJOHQBWFE UIFX BZGPSTJHOJmDBOUPSLWPMVNFBOEN PSFUIBO N FUSFPGE SJMMXOHSFDPNQMFUFBUP VS FYQMPSBUJPOPSPKFDUTODMVEJOHPSFUIBO N FUSFBU6 OLVSUBTBMPOE PTJUJWFWFSBMVMT ME UPBTVCTUBOUJBDDSFBTFOUIF $ PNQBOZT SFTPVSDFC BTFBOETFSWFUPJEFOUJGZFX UBSHFUT TVJUBCMGPSE FMJOFBUJSFN PNQBOZT F YQMPSBUJPOPQFOEJUVSFO J ODMVEJGHOLVSUBTI PVSN PTUBEWBODFQSPKFDUBOEOEFBSNJOF X PSLTBU. /7 URUBMMGFENJMMJPO BOJ ODSFBTFPG DPNQBSFX JUIBT QFOEPG6 4NJMMJPOJO

UNKURTASH, Kyrgyzstan

[illegible]

[illegible]

[illegible]

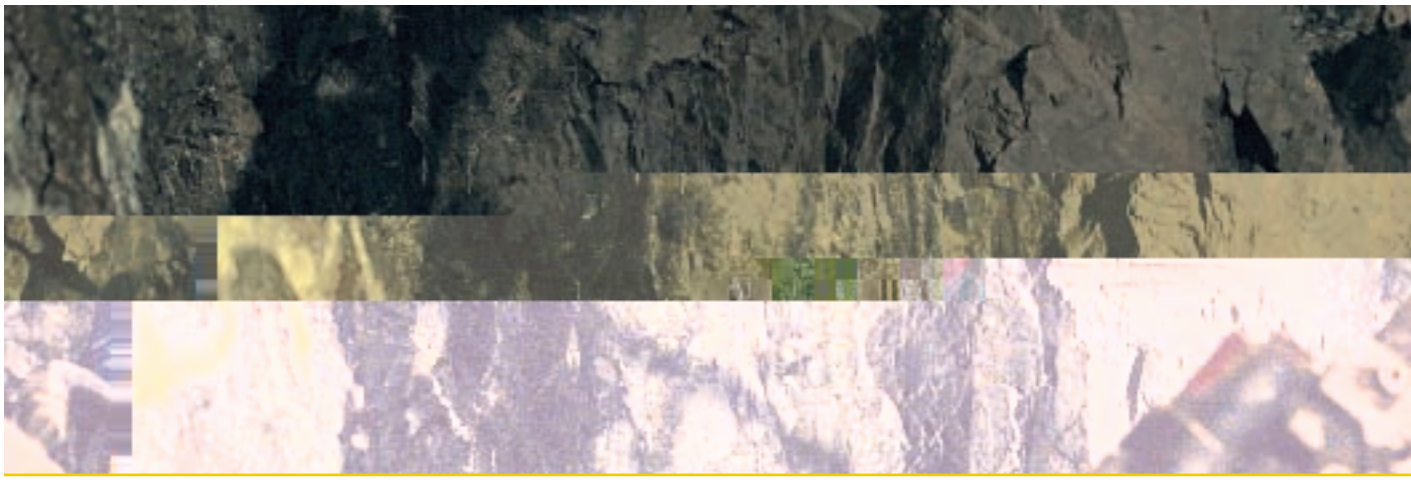
MNOGOVERSHINNOYE (MNV), Khabarovsk region, Russia

BLAGODATNOYE, Khabarovsk region, Russia

BELAYA GORA FLANKS, Khabarovsk region, Russia

ISKA, Khabarovsk region, Russia

EXPLORATION



CONCLUSION

.BOBHFNFOUT FTTFOUJBMMZTUFWTJOH XJMMCF UPCVJMEVQPOUIF $PNQBOZT GPSFNPTU
BDDJFWFNFOUTPGUIF QSFDFEJOHZFBS O BNFMZUIF F OMBSHFNFOUPG VSP QFSBUJPOBMSPEVDUJPO BTF
BDDPNQBOJFEZ+03$ DPNQMJBODFPmSNBUJPOUBUP VSF YQMPSBUJPOEE FWFMPQNFOUQSPQFSUJFT
SFQSFTFOUT JHOJmDBOUPVSDFQJQFMJOF

5P UIJTF OEXFB SFGPDVTFEPON BYJNJTJOHIF C FOFmUPTGP VSF OIBODFE) J OUFSFTJO/ PWP
BOB HFOEBUIBUJ ODMVEEBE FUBJMBETTFTTNFOPGUIF T DPQFGPSQ SPEVDUJWJUZQSPWFNFOUBT
XFT FFL UPPQUJNJTEISPVHIQVUCZ 8FB SFUBSHFUJOH PNNJTTJPOJOHE BUGPSUIF
MBZB PSBQ SPDFTTJOGBDJMJUZUIUIF USBOTQPSUBUJPOP YJEFP SF UP. /7T Q SPDFTTJOQHMBOU
DPOUJOVJOHUP

sF DPOTJEFSBCMTFVDDFTTPGP VSF YQMPSBUJPOEFSUBLJOHTO B OEUIF DPOTFRVFOUJNQBDUPO
UIF$ PNQBOZT SFTPVSDFC BTFT FSWFTUPVOEFSXSJUGVSUIFSF YUFOTJWFYQMPSBUPSZDUJWJUZ
QBSUJDVMBSBSZOLVSUBTB OE#MBHPEBUOPZBTXFX PSL UPX BSETQ SPHSFTTJOHVSWBMVBCMFTFUT
UPXBSETQ SPEVDUJPO

'T TVDI B QQSPYJNBUFMZ4NJMMJPOPGD BQFY BTC FFOF BSNBSLFEB DSPTTUIF (SPVQGPSN JOF
DPOTUSVDUJPOFWFMPQNFOUDEF YQMPSBUJPOUJWJUJFT 8FB SFDPOmEFOUBUB UUBJONFOPG
UIFTP CKFDUJWXFTTNBNQSFDJBCMZSUIFSUIF $ PNQBOZT JOIFSFOUHSPXUI QPUFOUJBM

Valery Oyf
Chief Executive Officer

STRONG BALANCE SHEET SUPPORTED BY HEALTHY CASH GENERATION

DIVIDENDS

CONCLUSION

Alla Baranovskaya
Chief Financial Officer

DIRECTORS' REPORT

The Directors of Highland Gold Mining Limited are pleased to submit their Directors' Report together with the audited financial statements for the year ended 31 December 2011.

REVIEW OF ACTIVITIES

)JHIMBOE (PME .JOJOH JNJUFE i)JHIMBOE (PMEwPS UIF i$PNQBOZw PS UIF i(SPVQw XBT JODPSQPSBUFE JO FSTFZ PO .B Z GPS UIF QSJODJQBMQVSQPTFPGFTUBCMJTIJOHQPSUGPMJPHHPMENJOJOHPQFSBUJPOTKUIJOUIF 3V TTJBOF EFSBUJPO sF (SPVQTB DUJWJUJFTUSVDUVSFEEP QFSBUJPOHPNQBOJFTB SFE FTDSJCFN PSFGVMMPZQ BHFT PGUIF 3 FQPSUsF $I BJSNBOT 4 UBUFNFOBUOEUIF $ IJFG& YFDVUJWF DFShT 3 FQPSU JHIMJHIUIF $ PNQBOZT C VTJOFTE FWFMPQNFOEUTJOH B OEGVUVSRQ SPTQFDUsF$ PNQBOZT TIBSFTB SFR VPUFEPOUIF " * N BSLFUPGUIF - POEPO4 UPDL&YDIBOHF

RESULTS AND DIVIDENDS

'O PWFSWJFXPGUIF (SPVQT SFTVMUGPSUIF mOBODJBMZFBSUP PDFNCFS BQQFBSTJOUIF JOBODJBMSFWJFX PO QBHFT PGUIF 3 FQPSUsF(SPVQB DIJFWFEBQ SPmGPSUIF Z FBSPG6 4NJMMJPO (QSPmPG6 4NJMMJPO

'O JOUFSJNE JWJEFOEGQ FODEQ FST IBSF DPNQSJTFEPGBOP SEJOBSZE JWJEFOEPG Q FODEQ FST IBSF X BTQBJEJO0 DUPCFS

sF %JSFDUPSEPO PUsFDPNNFOE UIF QBZNFOUPGBmOBEMJWJEFOEPOUIF P SEJOBSZ IBSFT

ACCOUNTING POLICIES

)JHIMBOE (PMET DPOTPMJEBUFEFOBODJBMBUFNFOUBSF QSFTFOUFEOBDDPSEBODFXJUI 'OUFSOBUJPOBMBODJBMSFQPSUJOH 4UBOEBSET 34 BTB EPQUFECZUIF & VSPQFBG6 OJPCX JUIUIF 64E PMMBSsU UsFQPSUJOHSVSSFODZ

DIRECTORS AND THEIR INTERESTS

sF JOUFSFTUPGUIF %JSFDUPST JOPDF BOE PGQFSTPOTDPOOFDUFEXJUI UIFN JOUIF $PNQBOZT b PSEJOBSZIBSFT OPU QSFWJPVTMZQPSUFB OEB OZT VCTFRVFOUDIBOHFTVQ UPUF E BUPGUIJTsFQPSUB SFT IPXO C FMPX(

Director	Ordinary shares At 31/12/2011	Ordinary shares At 31/12/2010	Available Options At 31/12/2011
Duncan Baxter	20,000	20,000	300,000
Eugene Shvidler	26,020,000	26,020,000	–

/P PUIFs%JSFDUPSBWFBOJOUFSFTUJOUIF

sF $PNQBOZT B EPQUFBT IBSFF BMMPUNFOUPG%JSFDUPST BOE PGQFSTPOTDPOOFDUFEXJUI UIFN

CORPORATE GOVERNANCE

sF 9%FDUPST IBWF JNQMFNFOUFEBOZ PGUIF NBJO QSJODJQMFHPE HPWFSOBODFOEFS UIF 6, $PSQPSBUF(PWFSOBODF $P EFJ TTVFECZUIF ' JOBODJBMFQPSUJOH-PVODJM+VOF I BWJOGFHBSEUPUF TJF B OEO BUVSPGUIF $ PNQBOZT BDUJWJUJFT# PBSEJTB TTJTUFECZBO VNCFSPG$ PNNJUUFFX JUIE FMFHBUBBVUIPSJUZUPSFWJFX FZC VTJOFTT JTLTJO BEEJUJPOUPUF mOBODJBMTTBUFNFOUT (SPVQJOP QFSBUJOH-IC VTJOFTT

THE BOARD

sF #PBSE JTDVSSFOUMZPNQSJTFEPGmWF%JSFDUPST BMMPGXIPN BSF OPOFYFDVUJWFTXP OPOFYFDVUJWF%JSFDUPST DPNQSJTJOHUIF $ IBJSNBO %VODBG# BYUFB OEUIF 4 FOJPS* OEFQFOEFO%JSFDUPSS FSSZ3 PCJOTPCC SJOIBOJ OEFQFOEFOU PVUMPPUPUF # PBSEB OEQSPWJEBC BMBODFPUPTF %JSFDUPSXTP DBOOPUCFS FHBSEFEBTJ OEFQFOEFOU& VHFOF4I WJEMFS &VHFOF5 FOFOCBVNB OE 0M-HB1 PLSPWTLBZBX PSLGPS. JMMIPV-TS XIJDI UPHFUIFSX JUIQ FSTPOTDPOOFDUFX JUIJU PX OT PGUIF JTTVFETIBSF DBQJUBMGUIF $ PNQBOZ +BDRVFT D.VMMFGB OE+JN. BWPX FSFF YFDVUJWFPG# BSSJDL PMF $P SQPSBUJPOG$ BOBEB #SSJDL X IJDI I BTBOJ OUFSFTPG sF$ IBJSNBO JTB/ PO&YFDVUJWFOEFQFOEFO%JSFDUPS

sF # PBSEN FFUTPOBSFHVMBSCBTJTUPSFWJFXUIF C VTJOFTTB OEQ FSGPSNBODFGUIF (SPVQ UPFOTVSFUIBUmOBODJOGBFFET BSFB QQSPQSJBUFOE UPDPOTJEFSE FWFMPQNFOUOEB DRVJTJUJPOQQPSUVOJUJFT UPUBMG# PBSEB OE# PBSE$ PNNJUUFF NF FUJOHXTFSH FMIE VSJOHUIF ZFBS

8IFSF B QQSPQSJBUF %JSFDUPSTBWFGVMBNDDFTTUPUF $ PNQBOZ4 FDSFUBSSZOEJ OEFQFOEFOQSPGFTTJPOBMEWJDFUUF $P NQBOZT F YQFOTFSF$ PNQBOZ1 BTJOQ MBDFQQSPQSJBU%JSFDUPSFTOE0 DFST - JBCJMJUZTVSBODF

sF # BSSJDB QQPJOUFFTJN. BWPX OE+BDRVFT D.VMMFGSFTJHOFPO+ BOVBSZ B OE%DNCFS SFTQFDUJWFMZ

sF # PBSEV OEFSUPPIBT FMBGTTFTTNFOSFWJFXOF BSMZ GSPN XIJDI OPN BUFSJBNTTVFTB SPTFsF# PBSEX JNDMOUJOVF UPVOEFSUBLFT VDI BS FWJFXPOBC JFOOJBOMBTJTQ SPWJEFEUIFSF B SFOPN BKPSDIBOHFTUPUF # PBSEUIBUX PVMS FOEFST VDI BSFWJFXOFFDUJWF

5FSSZ 3 PCJOTPCJTUIF 4 FOJPS* OEFQFOEFOU PO&YFDVUJWF%JSFDUPSSP JTB WBJMBCMFN FFUX JUIN BKPST IBSFIPMEFST *UJTBS FRVJSFNFOUUIBUB M%VSFDUPSSTFUJSEZS PUBUJPOBUNFBTUF WFSZDISFF Z FBST B OEO FX B QQPJOUNFOUCFD POmSNFE BUUIF GPMMPXJOHOOVBM FOFSBM FFUJOsF$ IBJSNBO %VODBG# BYUFB OE 0M-HB1 PLSPWPTLBZB SFE VF UPSFUJSEZ SPUBUJPOBOEC PUIX JMPMS UIFNTFMWFGPSS FFMFDUJPOBUF " OOVBM FOFSBM FFUJOsPC FI FMEO+ VOF sF 3F NVOFSBUJPOB OE/ PNJOBUJPS) PNNJUUFF BTB HSFFB OES FDPNNFOEFE UIFTF S FBQQPJOUNFOUT

sF QSPmMPGUIF O POFYFDVUJWF%JSFDUPSBTSF UPCFGPVOEPOQ BHFT PGUIJTS FQPSU

AUDIT COMMITTEE

5IF VEJU $PNNJUUFF DPOTJTUFE GUISFF OPOFYFDVUJWF BOE JOEFQFOEFOU EJSFDUPST BOE JT DIBJSFE CZ 5FSSZ 3PCJOTPO 5IF
V EJU $ PNNJUUFF IN FUUISFF UJNFTE VSJOH UPD POTJEFSUIF B OOVBM BOE J OUFSJNGJOBODJBM BUFNFOUTBOE
UIFB VEJUQ SPHSBNNF . BOBHFNFOUJ OWJUFE PBUUFOE FFUJOHBTB QQSPQSJBUF FSFE FGJOF 5 FSNTPG
3FGFSFODEGPSUIF " VEJU $ PNNJUUFX IJDI B SFS FWJFXFE CZUIF # PBSE POBOB OOVBM BTJB OEX JMCFB WBJMBCMF
GPSJOTQFDUJBPOUIF " OOVBM FOFSB M FFUJOH IF $ PNNJUUFFTS FTQPOTJCJMJFS OTVSJOHUIBUIF B QQSPQSJBUF
GOBODJBM QPSUJOHSPDFVSFT SFQSPQFSMZ BJOUBJOBE ES FQPSUFZ QPOS FWJFXJOBHDDPVOUJOHPMJDJFT
NF FUJOUHF B VEJUPSB OES FWJFXJOUHFJS S FQPSUSTFM BUJOUPUF B DDPVOBTOEJ OUFSOBM OUSPMTZTUFNT
5I F" VEJU $ PNNJUUFB MTD POTJEFSC VEHFUB OEI BTB HSFFB OB VUIPSJTBUJB OEF YQFOEJUVQPMJDZ IF
V EJU $ PNNJUUFTS FTQPOTJCMF SN POJUPSJOHFZ JTLT B OEI BTJ NQMFNFOUFUISPVHI UIF J OUFSOBM EJU
EFQBSUNFOBQ SPDFTGPSS FQPSUJOHB OEN POJUPSJOHPTF S JTLT 5 IF P UIFSN FNCFSTPGUIF $ PNNJUUFX FSF
0MB1 PLSPWTLBZB OE+JN. BWPSUIF MBUUFSBWJOH FTJHOFE O+BOVBSZ " VEJU $ PNNJUUFN FNCFSTN FFU
XJUIN BOBHFNFOBJOEUIF B VEJUPST POBS FHVMBS BTJT

REMUNERATION AND NOMINATION COMMITTEE

sF $PNNJUUFF DPOTJTUFE GGPVSOPOFYFDVUJWF SFDUPST DPNQSJTJOH OODBO BEYUFS BT $IBJSNBO &VHFOF
5F OFOCBVN +JN. BWPSX IP S FTJHOFE O+BOVBSZ B OE5 FSSZ3 PCJOTPO E9515PE#Ag U@OCB&VNFOF uJ

NBLFT SFDPNNFOEBUJPOTUPUIF #BSE XJUIJO BHSFFEUFSNTPGSFGFSFODFXIJDI UIF #BSE SFWJFXTBUMFBTBOOVBMMZ sF $ PNNJUUFFN FUXJDFE VSJOHUIF ZFBS FVBJMTPGUF QSPHSFTTB OEQFSGPSNBODFPGUF $ PNQBOZJOS FTQFDPG IF BMUT BGFUBZOEUIF F OWJSPONFOBLSFHJWFOOUIF $ IJFG& YFDVUJWF DFSh S FQPSUPOQ BHF

OTHER COMMITTEES

*O BEEJUJPOUIF (SPVQ NBOBHFNFOUDPNQBOZJO3VTTJB 000 3VTTESBHNFUi3% IBT FTUBCMJTIBE SJTLBOE DPOUSPMNBUGPSNS SPVHI SFHVMBSNFFUJOHSF N FNCFSTPGUIF & YFDVUJWF PNNJUUFFXIJDI N FFUX FFLMZJ ODMVEF NB OBHFNFOUGSPN 3 T% GVODUJPOBMBQBSUNFOUBTOEUIF (FOFSBM JSFDUPSTPGUIF N JOFT JUFTSF$ PNNJUUFF JTDIBJSFE CZ7 BMFSZ ZGUIF $ IJFG& YFDVUJWF DFS PG3 .% sFL FZS PMPGUIF $ PNNJUUFFJT UPFOTVSFUIF JN QMFNFOUBUJPGE FDJTJPOTBLFOCZUIF # PBSE OED PNNJUUFFTUPN BOBHFUIF E BZ UPEBZP QFSBUJPOBM DUJWJUJFT BOE UPN BLFS FDPNNFOEBUJPOTUPUF # PBSE sF$ PNNJUUFFE FMFHBUQTBSUPGJUE VUJFTUPUSFF J OUFSOBM% DPNNJUUFFTUIF 3 JTL$ PNNJUUFFUIF # VEHFU$ PNNJUUFFB OEUIF * OWFTUNFG$UPNNJUUFF

INTERNAL CONTROLS

sF 9&FDUPST IBWF PWFSBMSFTQPOTJCJMJUGPZUIF (SPVQT JOUFSOBEMPOUSPMBOE FFDUJWFOFTTJOTBGFHVBSEJOHUIF BTTFUT PGUIF (SPVQ* OUFSOBEMPOUSPMDBQ SPWJEFS FBTPOBCMF VUO PUB CTPMVUFTTVSBODF HBJOTUNBUFSJBMJTTUBUFNFOUT PSMPTTsFQ SPDFTTFT TFECZUIF # PBSE UPSFWJFXUIF F FDUJWFOFPGUIF J OUFSOBEMPOUSPMSTFDBSSJFE VUCZUIF V EJU$P NNJUUFF

RELATIONS WITH SHAREHOLDERS

sF (SPVQT XFCTJUFQSPWJEFDPNQSFIFOTJWFJOGPSNBUJPO UIF $PNQBOZT CVTJOFTTSFTVMUBOE QFSTPOOFBMDE JT VTFE UPVQEBUF IBSFIPMEFSTB OEUIF N BSLFUJOS FTQFDPG FZE FWFMPQNFOUBUDEB OOPVODFNFOUXXXIJHIMBOEHPME DPN 4I BSFIPMEFSTB SFF ODPVSBHFEUPVTFUIF " OOVBM FOFSBM FFUJOHTQSPWJEFEUPBMMNBSFIPMEFST sF$ PNQBOZB MTP UJMJTFT JOWFTUBSOEQVCMJDDFMBUPGVODUJPOXIJDI B SFT VQQPSUFCZJ OEFQFOEFOUFSWJDFSPWJEFST

4IBSFIPMEFSTQ BTTFEBT QFDJBMMTPMVUJPOUF " OOVBM FOFSBM FFUJOHO+ VOF XIFSFCZ UIF %JSFDUPST XF SFB VUIPSJTFE UPBMMPUEHSBOSJHIUTUPTVCTDSJCFPS PSD POWFSUF DVSJUJFTUPT IBSFTJOUIF $ PNQBOZVQ UPB NB YJNVN O PNJOBM NPVOUF RVJWBMFOU PGUIF O PNJOBM NPVOUPGUIF B VUIPSJTFEC VU OJTTVFE IBSF DBQJUBMUIF$ PNQBOZ UPTVDI QFSTPOBUTVDI UJNFTB OEPOT VDI UFSNTBTUIFZ UIJOL QSPQFSX JUIPVUmSTUN BLJOHBOP FS UP FBDI QFSTPOXIP I PMET IBSFTJOUIF $ PNQBOZ 4 VDI B VUIPSJUZX JMFMQJSBUF DPODMVTJPGUIF $ PNQBOZT " OOVBM (F OFSBM FFUJOH

SUBSTANTIAL SHAREHOLDINGS

T PGDMPTTPGCVTJOFTTPO 'QSJM UIF $PNQBOZ IBE CFFOOPUJmFEPGUIF GPMMMPXJOHDIUFSFTUPUIFS UIBO 9% SFDUPSTJOUFSFTUXTJDI B NPVOUFE UPUSFF QFSDFOUPSN PSFPGUIF JTTVFET IBSF DBQJUBMPGUIF $ PNQBOZ(

Name of Holder	Number	Percentage
Primerod International Limited*	105,910,000	32.57%
Barrick Gold Corporation of Canada	66,235,264	20.37%
J.P. Morgan Asset Management	18,018,916	5.54%
Ivan Koulakov	16,190,881	4.98%

[illegible]

GOING CONCERN

)BWJOHNBEF SFMFWBOUDRVJSJFT UIF %JSFDUPST CFMJFWFUIBUJUTBQQSPQSJBUFUPBEPQUUIF HPJOHDPODFSOCBTJTOUIF QSFQBSBUJPOPGUIF mOBODJBMTUBUFNFOUTDWJFXPGUIF GBDUIBUUIF $ PNQBOZB OEUIF (SPVQ BWB EFRVBUFS FTPVSDFT UPDPOUJOVFUPQFSBUJPOBMMJTUFODGPSUIF GPSFTFFBCMFGVUVSF

AUDITORS

&SOTU PVOH 1 IBWF FYQSFTTFEUIFJSXJMMJOHOFTTPOUJOVBFTBVEJUPSTPGUIF $PNQBOZ BOEB SFTPMVUJPOGPSUIFJS SFBQQPJOUNFOUJNDMQ SPQPTFBUUF GPSUIDPNJOH" OOVBM FOFSBM FFUJOH

ANNUAL GENERAL MEETING NOTICE

sF 'OOVBM (FOFSBM.FFUJOH XJMMOF IFME BU BN PO sVSTEBZ ¥OF BU /FX 4USFFU4U)FMJFS FSTFZ & 3SFO PUJDDPOWFOJOUHF " OOVBM FOFSBM FFUJOHTT FUP VUPOQ BHF84 [illegible]

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

sF %SFDUPST BSFSFTQPOTJCMGPSQSFQBSJOHUIF 'OOVBM 3FQPSUBOE UIF mOBODJBMVBUFNFOUTDBDDPSEBODXJUI BQQMJDBCMFXFT BOE SFHVMBUJPOT

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- t QSFQBSFUIF mOBODJBMTUBUFNFOUPTUF HPJOHDPODFSOCBTJTV OMFTTUJTJOBQQSPQSJBUFPSFTTVNFUIBUUIF DPNQBOZX JNDMPOUJOVFOC VTJOFTT

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REPORT ON DIRECTORS' REMUNERATION

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SFMBUJPOPFYFDVUJWF BOBHFNFOBOEP UIFSL FZQ FSTPOFMDDMVEF 6 OBQQSPWFEBSF P QUJPO DIFNF N BOBHFE
CZUIF 3 FNVOFSBUJPOB OE/ PNJOBUJPO PNNJUUFB OEP UIFSN BSLFU FMBUFE FNVOFSBUJPOC FOFmUT

/P HSBOUFGP QUJPOT OEFSUIF 6 OBQQSPWFEBSF P QUJPO DIFNF X FSFN BEFE VSJOH B OEN BOBHFNFOBOE
FN QMPZFFXT FSFJ ODFOUJWJTUFSPVHI BC POVTT DIFNF DVSSFOUMZBE JTDSFUJPOBSZBVSF' MSVNBJOJOH QUJPOT
VOEFSUIF 6 OBQQSPWFEBSF P QUJPO DIFNF I BWFMFTUFB OEB SFF YFSDJTBCMQ UPUF T FWFOUB OOJWFSTBSZPN UIF
EBUFXIFO UIF P QUJPOT FSFHSBOUFEFO VNCFS PGP QUJPOT VUTUBOEJOBHPGFDNCFS X FSF
(

sF $ PNQBOZE PFTO PUP QFSBUEQ FOTJPOT DIFNF GPSF YFDVUJWF BOBHFNFOBS% JSFDUPST
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29

	US$ 2011	US$ 2010
Duncan Baxter	500,000	500,000
Eugene Shvidler	100,000	100,000
Eugene Tenenbaum	100,000	100,000
Olga Pokrovskaya	125,000	125,000
Terry Robinson	160,000	160,000
Jacques McMullen	100,000	100,000

sF S FNVOFSBUJPO

	US$ 2011	US$ 2010
Jim Mavor	100,000	28,888

By Order of the Board
23 April 2012

EUGENE SHVIDLER

Non-Executive Chairman

&VHFOJFWJEMFTBHSBEVBUFE . (VCLJO.PTDPX KOTUJUVUF PGJMBOE(BTLUI BNBTUFST EFHSFFPOBMJFE N BUIFNBUJDT MTTPMEBO. X JOmOBODBOBO.4JOJ OUFSOBUJPOBM UBYGSPNX PSEIBNX OJWFSTJUZ FDBN4FOJPX JDI SFTJEFOUG4JCOFGU BOETFSWEET 1SFTJEFOUGUF DPNBOZGSPN UISPVHI . S4I WJEMTFSVSSFOUMBZEPG. JMMIPVTF -- X)FK PJOFEUIF PBSEPGJSFDUPST) JHIMBOEPME JOJOJDBOVBSZ

(Non-Executive Chairman from 2 May 2012.)

DUNCAN BAXTER

Non-Executive Director

XODBOBYUFSCFHBOJTDBSFFSOCBOLJOHI XSDMBZTDNCBCF CFGPSEPJOJG3E JO IFC FDBNBE JSFDUPSX PNNFSDJBMBOLXSTFZ-UEX IJDI B TVCTFRVFOUDRZJSFE C4-TT BOX PSXSBUJPO4 JODMBWJOHTT BOJO IFI BTDBSSJFEVDPOTVMUBODZ X PKFDGPS OUFSOBUJOBMBOEJOWFTUNFOBOHFNFDRNBOJFT)FJTBX FMMPXUF XOTUJUVUGXIBSUFS4EFDSFUBSJFT4 FDVSJUJFTTUJUVUVOEJF XOTUJUVUGBOLFSTFK PJOFE UF PNBOZJOX PWFNCFS

(Non-Executive Chairman to 2 May 2012.)

EUGENE TENENBAUM

Non-Executive Director

&VHFOBOFOCBVNJTBDIBSUFSHEDDPVOUBOEPMETCBDIFMPSHFHSFFODPNNFSDBOE mOBODGSPNUIF OJWFSTJUZPGXPSPOUF PSLFBTBOBDDPVOUJOUF VTJOFTTEWJTPSZ (S PVXBU1SJDF BUFSIPVTF XPSPOUGSPN VOUJM BGUBSJDIFT BOUmWZFBSJO DBSSSBUFmOBODFJUI 1.(JOX PSPOUP PTDPBOE POEPOJODMVEJOHFZFBST BTDBUJPOBJSFDUPS BSU, 1.(XOUFSOBUJPOBMPTDPXO IFK PJOF4 BMPNNXOSPUIFSEETB X SFDUPSS PSXSBUJOBOD)FM BUFSFSWEET) FBPGX PSXSBUJOBOD4JCOFGU PTDPX GSN UISPVHI . S FOFOCBVNJDVSSFOUMBOBHJOHJSFDUPSG. JMMIPVTBUBM X - UBOBN FNCFSPGUF PBSEPGX IFMTBB MJFK PJOFEUF PBSEPGX JSFDUPSG) JHIMBOE (P ME JOJOJDBOVBSZ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIGHLAND GOLD MINING LIMITED

8F IBWF BVEJUFEUIF mOBODJBMTUBUFNFOUPG)JHIMBOE (P ME JOJOHJNJUFEGPSUIF ZFBS F OEFE% FDFNCFS X IJDI DPNQSJTFUIF \$ POTPMJEBU4FUBUFNFOUPG \$P NQSFIFOTJWF ODPNFUIF \$ POTPMJEBU4FUBUFNFOU PG JOBODJBMTJUJPOUIF \$ POTPMJEBU4FUBUFNFOU PG IBOHFTJO& RVJUZUIF \$ POTPMJEBUSFBTI ' MPX 4UBUFNFOUBOEUIF SFMBUFEEPUFT UP sFm OBODJBM SFQPSUJOHSBNFXPSL UIBUI BTC FFOB QQMJFEUIFJS QSFQBSBUJPOBOEQSFTFOUBUJPOBM J OBODJBMTUBUFNFOUTUIBUBSFGSFFGSPN NBUFSJBMNJTTUBUFNFOUTXIFUIFSEVFUPGSBVE PSFSSPS

5IJT SFQPSUJTN BEFT PMFMUZPUF DPNQBOZT N FNCFST BTBC PEZ JOB DDPSEBODXF JUI" SUJDMF PGUIF \$P NQBOJFT #STFZ - BX)) 0 VSB VEJUX PSLI BTC FFO VOEFSUBLFOPU IBUXFN JHIUT UBUFUPUF DPNQBOZT NFNCFSTUIPTF N BUUFSXFB SFS FRVJSFEUPTUBUFUP UIFN JOBOB VEJUPSTS FQPSUBOEGPSOPP UIFSQ VSQPTF

5P UIF GVMMFTUFOQ QFSNJUUFECZMBX XFEPO PUB DDFQU PSB TTVNFS FTQPOTJCJMJUJFTE JSFDUPSTBTTBC PEZ DPNQBOZB OEUIF DPNQBOZT N FNCFSTBTBC PEZ GPSP VSB VEJUX PSL GPSUIJTS FQPSUPSGPSUIF P QJOJPOT XFI BWFGPSNFE

Respective responsibilities of directors and auditors

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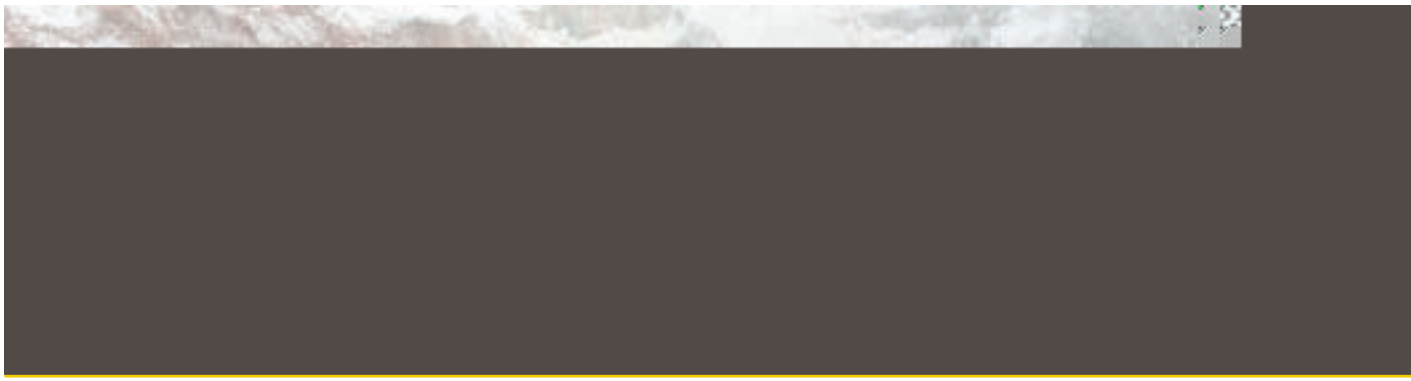

Scope of the audit of the financial statements

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HVWSFBTPOBCBTJTPGUIFWBMVBUJPOPGUIFmOBODJBMBVBU
BSFGSFFGSPNN BUFSJBMNJTTUBUFNFOUPEUIFSEBVTFEZ
GBVEPSF SSPSs JTJODMVEBEBTUFTTNFDIBOJTNT
UIFBDDPVOUJOHQPMJDJFTBQQMJFECZUIF UPUIF HSPVQ
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BEFRVBUFEMJZDMPTUIFSFBTPOBCMFOFTTPGUIFOJmDBOU
BDDPVOUJOHFTUJNBUFTNBEFCZUIF JSFDUPSTPGUIF
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Opinion on financial statements

KO PVSPQJOJPO UIFmOBODJBMBVBUFNFOUT
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  BTBEPQUFECZUIF&VSPQFBOU OJPOBOE
- IBWFCFFOQSFQBSFEJOBDDPSEBODFXJUIUIF
  SHRVJSFNFOUPGUIF PNBOJFT FSTFZ- BO

Matters on which we are required to report by exception

8F IBWFOPUIJOHUPSFQPSUJOSFTQFDUPGUIFGPMMPXJOH
NBUUFSTUPXIJDIXFBSF UIFO PNBOJFT FSTFZ- BO SFRVJSFT
VTUPSFQPSU UPZPVJGJOPVSPQJOJPO

- QPFS BDDPVOUJOHSFDPSET IBWFOPUCFFOLFQU PS
  QPFS SFUVSOTBSFOPUBHSFFNFOUXJUIUIFN
  SFDJWFEFSPNCSBODIPUPWJTJUFZVTPS
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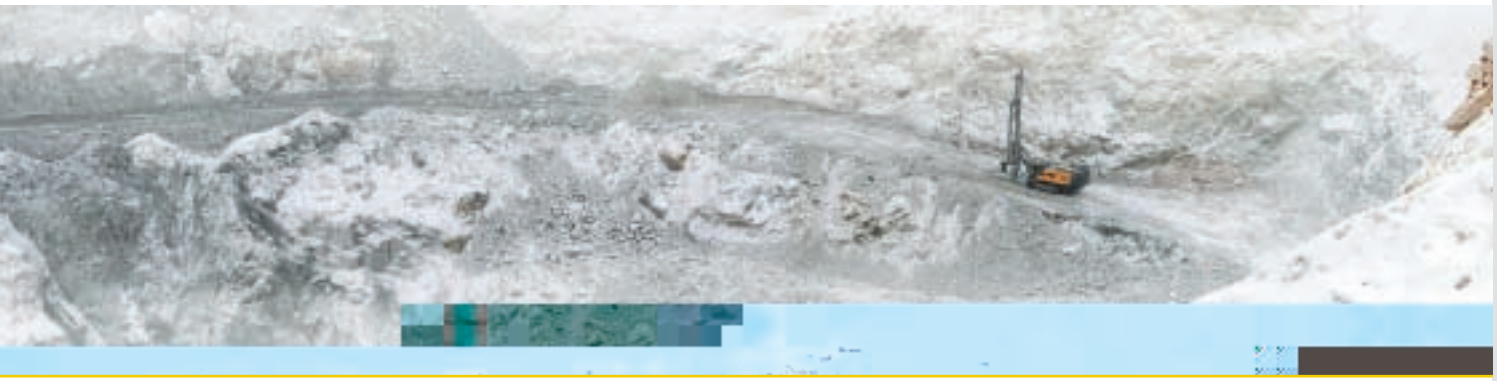
  UIFBDDPVOUJOHSFDPSET
- I BWFOPUSFDFJWFBMMUIFJOGPSNBUJPOBOE
  FYQMBOBUJPOT FSTT FRVJSFEPS VSBVEJU

Mirco Bardella
for and on behalf of Ernst & Young LLP
London
23 April 2012



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011

	Notes	2011 US$000	2010 US$000
Continuing operations			
Revenue	9	**300,181**	243,629
Cost of sales	10	**(145,686)**	(124,264)
Gross profit		**154,495**	119,365
Administrative expenses	11	**(18,989)**	(13,092)
Other operating income		**796**	1,432
Other operating expenses	12	**(6,586)**	(7,453)
Impairment reversal	6	**–**	52,782
Operating profit		**129,716**	153,034
Gain on acquisition of subsidiary	5	**13,479**	–
Foreign exchange loss	13	**(5,527)**	(1,811)
Finance income	14.1	**11,479**	13,416
Finance costs	14.2	**(17,054)**	(20,308)
Profit before income tax		**132,093**	144,331
Income tax expense	15	**(28,270)**	(22,003)
Profit for the year		**103,823**	122,328
Total comprehensive income for the year		**103,823**	122,328
Attributable to:			
Equity holders of the parent		**103,823**	122,328
Earnings per share (US$ per share)			
Basic, for the profit for the year attributable to ordinary equity holders of the parent	16	**0.319**	0.376
Diluted, for the profit for the year attributable to ordinary equity holders of the parent	16	**0.318**	0.374

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2011

	Notes	As at 31 December 2011 US$000	As at 31 December 2010* US$000	As at 1 January 2010* US$000
ASSETS				
Non-current assets				
Exploration and evaluation assets	17	**52,197**	27,317	30,853
Mine properties	18	**282,461**	178,380	124,898
Property, plant and equipment	19	**118,259**	74,090	57,507
Intangible assets	20	**70,365**	65,231	65,231
Financial assets	22	**–**	30,738	40,424
Inventories	25	**5,362**	–	–
Other non-current assets	23	**13,623**	8,975	4,690
Deferred income tax asset	15	**–**	941	2,837
Total non-current assets		**542,267**	385,672	326,440
Current assets				
Inventories	25	**61,793**	46,753	42,857
Trade and other receivables	26	**28,605**	26,993	17,575
Income tax prepaid		**4,858**	214	2,719
Prepayments		**4,071**	2,649	2,335
Financial assets	22	**–**	4,022	2,973
Investments	35	**36,111**	54,902	46,274
Cash and cash equivalents	27	**90,635**	167,568	196,695
Total current assets		**226,073**	303,101	311,428
Total assets		**768,340**	688,773	637,868
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued capital	28	**585**	585	585
Share premium		**718,419**	718,370	718,370
Assets revaluation reserve	28	**832**	832	832
Accumulated losses	36	**(28,139)**	(106,231)	(227,152)
Total equity attributable to equity holders of the parent		**691,697**	613,556	492,635
Non-controlling interests	5	**3,391**	–	–
Total equity		**695,088**	613,556	492,635
Non-current liabilities				
Long-term interest payable		**–**	–	5,031
Interest-bearing loans and borrowings	29	**–**	29,210	52,120
Long-term accounts payable	30	**8,855**	96	164
Provisions	31	**23,196**	9,595	9,328
Deferred income tax liability	15	**23,090**	11,734	11,257
Total non-current liabilities		**55,141**	50,635	77,900
Current liabilities				
Trade and other payables	30	**18,083**	15,198	13,698
Interest-bearing loans and borrowings	29	**–**	8,524	52,842
Income tax payable		**7**	801	734
Provisions	31	**21**	59	59
Total current liabilities		**18,111**	24,582	67,333
Total liabilities		**73,252**	75,217	145,233
Total equity and liabilities		**768,340**	688,773	637,868

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2011

	Notes	Attributable to the owners of the parent					Non-controlling interest US$000	Total equity US$000
		Issued capital US$000	Share premium US$000	Asset revaluation reserve US$000	Accumulated losses US$000	Total US$000		
At 1 January 2010		585	718,370	832	(227,152)	**492,635**	–	**492,635**
Profit for the year		–	–	–	122,328	**122,328**	–	**122,328**
Share-based payment	24	–	–	–	(1,407)	**(1,407)**	–	**(1,407)**
At 31 December 2010		585	718,370	832	(106,231)	**613,556**	–	**613,556**
Profit for the year		–	–	–	103,823	**103,823**	–	**103,823**
Dividends paid to equity holders of the parent	36	–	–	–	(25,719)	**(25,719)**	–	**(25,719)**
Issue of share capital		–	49	–	–	**49**	–	**49**
Exercise of share options	24	–	–	–	(12)	**(12)**	–	**(12)**
Acquisition of subsidiary	5	–	–	–	–	**–**	3,391	**3,391**
At 31 December 2011		585	718,419	832	(28,139)	**691,697**	3,391	**695,088**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2011

	Notes	2011 US$000	2010 US$000
Operating activities		**132,093**	144,331
Profit before tax		**132,093**	144,331
Adjustments to reconcile profit before tax to net cash flows from operating activities:			
Depreciation of property, plant and equipment	10	**26,820**	20,041
Impairment reversal		**–**	(52,782)
Movement in inventory provision	12.1	**1,237**	1,878
Write-off of property, plant and equipment	12,18,19	**1,725**	2,176
Exploration costs write-off	12	**–**	1,066
Property, plant and equipment adjustments	18,19	**–**	952
Deferred stripping costs write-off	18	**4,818**	1,792
Share-based payments credit	24	**–**	(1,407)
Finance income	14	**(6,767)**	(5,614)
Bonds and shares fair value movement	14,35	**9,661**	8,739
Finance expense	14	**2,914**	3,394
Net foreign exchange loss	13	**5,527**	1,811
Accounts payable write-off		**–**	(47)
Fair value (gain)/expense related to loans given to jointly controlled entity	14.1,14.2	**(4,712)**	8,175
Fair value expense/(gain) related to receipts from Kazzinc to finance joint venture	14.1,14.2	**4,479**	(7,802)
Gain on acquisition of subsidiary	5	**(13,479)**	–
Other non-cash income and expenses		**–**	(128)
Working capital adjustments:			
Increase in trade and other receivables and prepayments		**(11,821)**	(12,570)
Increase in inventories		**(17,849)**	(5,881)
Increase in trade and other payables		**3,433**	4,099
Income tax paid		**(21,149)**	(15,143)
Net cash flows from operating activities		**116,930**	**97,080**
Investing activities			
Proceeds from sale of property, plant and equipment		**84**	170
Purchase of property, plant and equipment		**(65,611)**	(39,404)
Increase in deferred stripping costs	18	**(5,469)**	(118)
Loans given to jointly controlled entity	33	**–**	(2,068)
Repayment of loans given to jointly controlled entity	33	**5,775**	–
Acquisition of subsidiary	5	**(38,524)**	–
Interest received		**10,668**	7,062
Interest received from jointly controlled entity	33	**6,383**	5,466
Sale of investments – bonds	35	**23,427**	17,401
Purchase of investments – bonds	35	**(19,765)**	(40,137)
Net cash flows used in investing activities		**(83,032)**	**(51,628)**
Financing activities			
Issue of ordinary share capital		**37**	–
Dividends paid to equity holders of the parent	36	**(25,719)**	–
Repayment of borrowings		**(4,710)**	(66,243)
Interest paid		**(19)**	(2,861)
Interest paid to Kazzinc	33	**(6,184)**	(5,181)
Receipts from Kazzinc to finance joint venture	33	**–**	1,843
Repayment to Kazzinc	33	**(5,350)**	–
Repayment to Kazzinc under assignment agreement	5	**(62,476)**	–
Lease payments		**–**	(505)
Net cash flows used in financing activities		**(104,421)**	**(72,947)**
Net decrease in cash and cash equivalents		**(70,523)**	(27,495)
Effects of exchange rate changes		**(6,410)**	(1,632)
Cash and cash equivalents at 1 January	27	**167,568**	196,695
Cash and cash equivalents at 31 December	27	**90,635**	167,568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. [illegible]

[illegible]

2. [illegible]

[illegible]

Statement of compliance

sF DPOTPMJEBUFEBOEBTTVSFEBDDPVOUJOHTUBOEBSET[PME.JOJOH-JNJUFEBOEBMJUT TVCTJEJBSJFTBUEDFNCFS FBDIZFBS

Basis of consolidation

sF DPOTPMJEBUFEBOEBTTVSFEBDDPVOUJOHTUBOEBSET[PME.JOJOH-JNJUFEBOEBMJUT TVCTJEJBSJFTBUEDFNCFS FBDIZFBS

sF mOBODJBMTUBUFNFOUTDPNQSJTFUIFmOBODJBMTUBUFNFOUTPGUIFHSPVQDPNQSJTJOH

3. SIGNIFICANT ACCOUNTING POLICIES

BUSINESS COMBINATIONS AND GOODWILL

8IFO UIF (SPVQBDRVJSFTBC VTJOFTTUBTTFTTFEUIF mOBODJBMTUBOEJOHPGUIF BDRVJSFEBTTFUTBOEMJBCJMJUJFTUBLFOPOCBTJTPGUIFJS

sF BDDPVOUJOHGPSCVTJOFTTDPNCJOBUJPOTJTSFGMFDUFEJOUIFDPOTPMJEBUFEGJHVSFT

3 SIGNIFICANT ACCOUNTING POLICIES

BUSINESS COMBINATIONS AND GOODWILL

sF BDDPVOUJOHGPSCVTJOFTTDPNCJOBUJPOTJTSFGMFDUFEJOUIFDPOTPMJEBUFEGJHVSFT

(PPEXJMMJTJOJUJBMMZTVSFE BUDPTUCFJOHUIF FYDFTTPGUIF BHHSFHBUFGUIF DPOTJEFSBUJPOSBOTGFSSFEF BNPVOU SFDPHOJTFEGPSOPODPOUSPMMJOHJOUFSFTUOUIF BDRVJSFF WFSUIF OFUJEFOUJmBCMFTTFUT DRVJSFEB OEMJBCJMJUJFTTVNFE GU IJT DPOTJEFSBUJPOTMPXFS UIBO UIF GBJSWBMVF PGUIF OFUBTTFUTGUIF TVCTJEJBSZ DRVJSFEUIF E JFSFODF JTS FDPHOJTFEOQSPmPSMPTT

'GUFSJOJUJBMMZDDPHOJUJPOPPEXJMMTN FBTVSFEBUDPTUMFTTB OZB DDVNVMBUFENQBJSNFOUMPTTFT' PSUIF QVSQPTPG JNQBJSNFOUUFTUJOH PPEXJMMBMDRVJSFEOBC VTJOFTTDPNCJOBUJPOTGSPN UIF B DRVJSJUJPEBUFB MMPDBUFEBDIPGUIF (S PVQT DBTIHFOFSBUJOHV OJUTUIBUB SFF YQFDUFEUPCFOFmGSPN UIF DPNCJOBUJPOJSSFTQFDUJWFGXIFUIFS P UIFSB TTFUTS MBCJMJUJFGUIF B DRVJSFB SFB TTJHOFEUPUPTF V OJUT

8IFSF HPPEXJMMGPSNTQBSUPGBD BTIHFOFSBUJOHV OJUB OEQBSUPGUIF P QFSBUJPOX JUIJOUIBUV OJUTE JTQPTFEPGUIF HPPEXJMMBTTPDJBUFE JUIUIF P QFSBUJPOPDJTQPTFEPGTJODMVEFEUIF DBSSZJOBNPVOUPGUIF P QFSBUJPOX IFO E FUFSNJOJOH UIFHBJOPSMPTTPOE JTQPTBMGUIF P QFSBUJPQPPEXJMMVE JTQPTFEPGJOUIJT DJSDVNTUBODFN FBTVSFEC BTFEPOUIF SFMBUJWF WBMVFPGUIF P QFSBUJPOD JTQPTFEPGB OEUIF QPSUJPOPGUIF DBTIHFOFSBUJOHV OJUSFUBJOFE

FOREIGN CURRENCY TRANSLATION

sF $PVQT DPOTPMJEBUFHE OBODJBSJFT UBUBUFNFOUTSFQSFTFOUFEO64 EPMMBSXTJDI JTBMTPUIF QSFTDDPNQBOZT GVODUJPOBM DVSSFODZ BDIF OUJUZOUIF (SPVQE FUFSNJOFJTUP XOGVODUJPOBMVSSFODZ OEJUFNTJODMVEFEUIF mOBODJBMTUBUFNFOUT PGF BDIF OUJUZSFN FBTVSFEV TJOHUIBUGVODUJPOBMVSSFODZ

.P OFUBSZTTFUTBTOEMJBCJMJUJFTDPNJOBUFEOG PSFJHOVSSFODJFTSFS FUSBOTMBUFUF GVODUJPOBMVSSFODZBUPG FYDIBOHFS VMJOBHUF S FQPSUJOHBUF PSFJHOFYDIBOHFHBJOTB OEMPTTFTSFTVMUJOGSPN UIF TFUUMFNFOUPGUSPSFJHOVSSFODZ USBOTBDUJPOTDUJPOEGSPN UIF USBOTMBUJPOPN POFUBSZTTFUTBTOEMJBCJMJUJFTUP UIF GVODUJPOBMVSSFODZBUZFBSFOE P DJBM FYDIBOHFS BUFB SFS FDPHOJTFEUIF TUBUFNFOPGDPNQSFIFOTJWFODPNF sF QSJODJQBMVSDIBOHFS BUFB HBJOT64E PMMBSBUX FSFB QQMJBCFSF

	31 December 2011	31 December 2010
Average		
RUR	29.395	30.377
GBP	0.624	0.647
Closing		
RUR	32.196	30.477
GBP	0.647	0.646

INTEREST IN A JOINT VENTURE

sF $PVQ IBE B DPOUSBDUBMBSSBOHFNFOUXJUI ,BXDD XIJDI SFQSFTFOUBE KPJOWFOUVSFOUJUZOO XDFNCFS UIF $PVQB DRVJSFB OBEEJUJPOBM TIBSF JOX PWP4IJSPLJOTLZ 3 VEOJLBWP QX GSPN JUTKRJOWFOUVSFQBSUOFS,SBXDD sJ TBDRVJTJUJPOFTVMUFHUIF X PNQBOZT TUBLFJOX PWPODSFBTJOHUP BOEUIF (SPVQCUBJOJOHDOUSPMX PWP

sF (SPVQSFDPHOJTFUTJOUFSFTJOKPJOWFOUVSFTTJOHUIF QSPQPSUJPOBUFUIPEPGDPTPMJEBUJXDFSCZ UIF (SPVQT TI BSFPGF BDIPGUIF B TTFUTMBCJMJUJFTDDPNFB OEF YQFOTFTPGUIF KPJOWFOUVSB SFDPNCJOFEX JUITJNJMBSJUFNTMJOFCZ MOF JOJUDPOTPMJEBUFE BODJBMTUBUFNFOUT

XJOWFOUVSFBTSFB DDPVOUEBSVOUIF N BOOFB VMJOBE PWFV OUJWF E BUPOXIJDI UIF (SPVQDFBTFTUPI BWKPJOU DPOUSPMWFSUIF KPJOWFOUVSEPMU X UE a P mJOU

EXPLORATION AND EVALUATION EXPENDITURE

XQMPSBUJPOBOEFWBMVBUJPOFYQFOEJUVSFMBUFTDPTUTJODVSSFEPOUIFYQMPSBUJPOBOEFWBMVBUJPOQSPQFSUJFTBOEJODMVEFDPTUTUIBUBSFEJSFDUMZBUUSJCVUBCMFUPUIFBSFBPGJOUFSFTUPUIFTFSWBTBTOEJODMVEEDPTUTUIBUIBWFCFFOJODVSSFEJOPSEFSUPPCUBJOSJHIUTUPFYQMPSBUJPOBOEFWBMVBUJPOQSPQFSUJFTBOEUIBUBDRVJSFEFYQMPSBUJPOBOEFWBMVBUJPOQSPQFSUJFTBSFBEJWJEFEJOUPDPNNFSDJBMQSPEVDUJPOPSDPNQBOZJTDBSSJFEBTBTTFUPSXBSEBTBOBTTFTQSPWJEFEJOBUPPGPUIFS

- TVDI DPTUTBSF YQFDUFEUPCFSFDPVQFEJOGVMUJSPVHI TVDDFTTGEVFWFMPQNFOBOEF YQMPSBUJPOBOEFWBMVBUJPOUIF BSFBPGJOUFSFTU PSB MUFSOBUJWFBTTFTTNFOUBMMPS
- FYQMPSBUJPOBOEF WBMVBUJPOUIFOJWJUCFUTF BSFBPGJOUFSFTUBSWEPUZFUS FBDIFEBT UBHFKIJDI QFSNJUTBS FBTPOBCMF BTTFTTNFOUPGUIF YJTUFODFPS UIFSXJTFPGDPOPNJDBMWJBCJMJUZPWFSBCSMFTFSWFBTOEB DUJWBTOETJHOJmDBOUDPQFSBUJPOT JOS FMBUJPOUPUIF BSFB SFDPOUJOVJOHQ MBOOEEPSUIF GVUVSE

1VSDIBTFE YQMPSBUJPOBOEF WBMVBUJPOTFUBTFS FDPHOJTEETB TTFUBUUIFJS DPTUPGBDRVJTJUJPOBUGBJSWBMVFG QVSDIBTFBTQ BSEPGBC VTJOFTTDPNCJOBUJPO

XO JNQBJSNFOUSFWJFXTQ FSGPSNFE JUIFSJOEJWJEVBMPSBZUIF DBTIHFOFSBUJOWOJOUWFWFXMFO UIFSF BSFJOEJDBUPSTBU UIFDBSSZJOBNPVOUPGUIF B TTFUT BZF YDFFEUIFJSS FDPWFSBCMFPVOUSPU IF F YUFOUUIBUUIJTP DDVSTUIF FYDFTTJTGVMMZ QSPWJEEEHBJOTUUIF mOBODJBMSJPEJOXIJDI UIJTJTE FUFSNJOFE XQMPSBUJPOTFUBTFS FBTTFTTFEOBSFHVMBSGTJT BOEUIFTF DPTUTBSFDBSSJFEPSXBSEQSPWJEFEUIBUBUMBTTP OPGUIF DPOEJUJPOPTVUMJOBEBDPWFSTN FU XQFOEJUVSJTUSBOTGFSSEPN JOE FWFMPQNFOBOTTFUPTODFUIF X PSLDPNQMFUFEPEBUF VQQPSUTF GVUVSE FWFMPQNFOU PGUIF QSPQFSUBZOET VDI E FWFMPQNFSTRDFJWEBTQQSPQSJBBVEQSPWBMT

MINE DEVELOPMENT EXPENDITURE

XQJUBMJTTEJOF EFWFMPQNFOUPTUJODMVEEFYQFOEJUVSFDVSSFEJUPEFWFMPQFX PSF CPEJFTTUPEFmOFGVUVSF NJOFSBMJTBUJPOEYJTUJOHSFC PEJFTTUPFYQBOEUIF DBQBDJUZGBN JOFBOE UPNBJOUBQQSPEVDUJPOBOEBMTPOUSFTBUOE mOBODJBOPTUSTFMBUJOUPUIF DPOTUSVDUJPOJN JOFSBQSPQFSUZ

.JOF E FWFMPQNFOUPTUBSFV QPQDPNNFODFNFOUPGQSPEVDUJPO FQSFDJBUFTEJOBV OJUPGQSPEVDUJPO FUIPE CBTFEPOUIF FTUJNBUFQSPWFOOEQSPCBCMF JOFSBMFTFSWFTTPXIJDI UIFZ SFMBUFSB SFX SJUUFOPGU IF QSPQFSUZ BCBOEPOFsFO FUDBSSZJOBNPVOUPGN JOFE FWFMPQNFOUPTUBUFBDIN JOFQSPQFSUZSFS FWJFXFEPSJNQBJSNFOU FJUIFSJOEJWJEVBMPSBZUIF DBTIHFOFSBUJOWOJOUWFWFXMIFO F WFOUBTOEDIBOHFTJODJSDVNTUBODFTEJDBUFBUUIF DBSSZJOBNPVOUN BZOPUCFS FDPWFSBCMFU IF F YUFOUUIBUUIFTF WBMVFTYDFFEUIFJSS FDPWFSBCMFPVOUTUIBUF YDFTTJTGVMMZQSPWJEFEHBJOTUUF TUBUFNFOUPGDPNQSFIFOTJWFJODPNFJOUIF mOBODJBZBSSJOX IJDIUIJTJTE FUFSNJOFE

MINERAL PROPERTIES

sF EFWFMPQNFOUPTUBSFUSBOTGFSSEUIF NJOFSBMQSPQFSUJESTBUIPSXIFO UIF BTTFUTBWBJMBCMFUSV TF UIJTJTXIFO DPNNFSDJBMQSPEVDUJPOSFBDIFTUIF FYUFOUPSBUJPOBOEF WBMVBUJPOUIF BSFBPGJOUFSFTUPSBUJPOBOEJODMVEEDPTUTUIBUIBWFCFFOJODVSSFE JOF BTTFUTBSFBNPSUJTFE TJOHUIF VOJUTPGQSPEVDUJPOBOEQSPCBCMF JOFSBMFTFSWFTsF OFUDBSSZJOBNPVOUPGN JOFB TTFUTFSFWJFXFEPSJNQBJSNFOU FJUIFSJOEJWJEVBMPSBZUIF DBTIHFOFSBUJOWOJOUWFWFXMIFO F WFOUBTOEDIBOHFTJODJSDVNTUBODFTEJDBUFBUUIF DBSSZJOBNPVOUN BZOPUCFS FDPWFSBCMFU IF F YUFOUUIBUUIFTF WBMVFTYDFFEUIFJSS FDPWFSBCMFPVOUTUIBUF YDFTTJTGVMMZQSPWJEFEHBJOTUUF TUBUFNFOUPGDPNQSFIFOTJWFJODPNFJOUIF mOBODJBZBSSJOX IJDIUIJTJTE FUFSNJOFE

MINERAL RIGHTS

sF DPTUPGBDRVJSJOGSHIUTPONJOFSBMSFTFSWFBOENJOFSBMSFTPVSDFJTODMVEEJOUSFDUMZBUUSJCVUBCMFUPUIFOTFJTT DBQJUBMJTFEUIF TUBUFNFOUPGmOBODJBQPTJUJPOTJODVSSFEBOEJODMVEEDUIF N JOFSBMSHIUTDBUFHPSZ JOFSBMSHIUT BSFBNPSUJTFE TJOHUIF VOJUTPGQSPEVDUJPOBOEQSPCBCMF JOFSBMSFTFSWFsF OFU DBSSZJOBNPVOUPGN JOFSBMSHIUTBSFS FWJFXFEPSJNQBJSNFOU FJUIFSJOEJWJEVBMPSBZUIF DBTIHFOFSBUJOWOJOUWFWFM XI FOF WFOUBTOEDIBOHFTJODJSDVNTUBODFTEJDBUFBUUIF DBSSZJOBNPVOUN BZOPUCFS FDPWFSBCMFU IF F YUFOUUIBU UIFTFWBMVFTYDFFEUIFJSS FDPWFSBCMFPVOUTUIBUF YDFTTJTGVMMZQSPWJEFEHO UIF TUBUFNFOUPGDPNQSFIFOTJWFJODPNF JO UIFmOBODJBZBSSJOX IJDIUIJTJTE FUFSNJOFE

STRIPPING COSTS

4USJQQJOHDPTUTJODVSSFEJOPQFSBUJOHFYQFOTFTJOUIFQSPEVDUJPOQIBTFUPSFNPWFXBTUPSFBSFDIBSHFEUPPQFSBUJOH DPTUPOUIFCBTJTPGUIFBWFSBHFHPGN JOFTUSJQQJOHBUJPTBOEUIFBWFSBHFHPGN JOFDPTUQFSDVCJDN FUSFsFB WFSBHF TUSJQQJOHBUJPTDBMDVMBUFEUIFOVNCFSPGDVCJDN FUSFFGX BTUPN BUFSJBMYQFDUFEUPCFSFNPWFEE VSJOHUIFMJGPG NJOFQFSPVODPGHPMEN JOFEsFB WFSBHFHPGN JOFDPTUQFSDVCJDN FUSJFTDBMDVMBUFEUIF URJBMYQFDUFEDPTUT UPCFJODVSSFEJUPNJOFUIFPSFCPEZE JWJEFEZUIFOVNCFSPGDVCJDN FUSFFYQFDUFEUPCFN JOFEsFB WFSBHFHPGG NJOFTUSJQQJOHBUJPBOEUIFBWFSBHFHPGN JOFDPTUQFSDVCJDN FUSBSFSFDBMDVMBUFEVBMMOQOJUIFMJHIUPGBEEJUJPOBM LOPXMFEHBOEDIBOHFTJOFTUJNBUFT

sF DPTUPGUIFiFYDFTTUSJQQJOHWDBQJUBMJTBUJPOEIF TUBUFNFOPGmOBODJBMQPTJUJPOUIFO UIF BDUVBMNOJOJDBPTUFYDFFE UIFTVNPGUIFBEKVTUFEUPOFTN JOFEC FJOHUIF BDUVBMSFUROFTQMVTIF QSPEVDEUGUIF BDUVBMSFUROFTN VMUJQMCZEE UIFBWFSBHFHPGN JOFTUSJQQJOHBUJPN VMUJQMCZEIF MJGPGN JOFDPTUQFSDVCJDN FUSFTB IFO UIF BDUVBMNOJOJDBPTUT BSFC FMPXUIF TVNPGUIFBEKVTUFEUPOFTN JOFEC FJOHUIF BDUVBMSFUROFTQMVTIF QSPEVDEUGUIF BDUVBMSFUROFTT NVMUJQMCZEIF BWFSBHFHPGN JOFTUSJQQJOHBUJPN VMUJQMCZEIF MJGPGN JOFDPTUQFSDVCJDN FUSFTQSFWJPVTMZ DBQJUBMJDDPFUBTSFF YQFOTFEUPJODSFBTUIF DPTUVQ UPUF BWFSBHF

sF DPTUPGTUSJQQJOHOBOZQFSJPEX JMDMS FnFDUJWFGUIF BWFSBHFUSJQQJOHBUFGPSUIF P SFC PEZBTBX IPMFX IB OHFJO UIFMGPGN JOFTUSJQQJOHBUJPBSFB DDPVOUEPSQSPTQFDUJWFMZ IBOHFJOF TUJNBUF

IMPAIRMENT

X FBDI SFQPSUJOHBUF NBOBHFNFOUBTTFTTXIFUIFS UIFSFJTBOZJOEJDBUJPOGUNQBJSNFOUXJUIJOUIF DBUFHPSJPG QSPQFSUZQMBOBLOEF RVJQNFOUKB OZTVDIJOEJDBUJPOYJTUT BOBHFNFOUFUTUJNBUEUF SFDPWFSBCMFNPVOUXIJDI JT EFUFSNJOFBTUIF I JHIFSPGBOBTTFUGBJSWBMVFTTDPTUTUPTFMM BOEJUWBMVFOV TFsFD BSSZJOBHNPVOUTS FEVDFEUP UIFSFDPWFSBCMFNPVOUB OEBOJNQBJSNFOUPTTDTS FDPHOJTEEUF TUBUFNFOPGDPNQSFIFOTJWFODPNFKOJ NQBJSNFOU MPTS FDPHOJTEPSBOB TTFUJOQSJPZFBSTJTS FWFSTFEJGUFSF I BTC FFOBDIBOHFJOUF F TUJNBUFTTFE UPEFUFSNJOEUF BTTFUWBMVFOV TFPSGBJSWBMVFTTDPTUTUPTFMM

BJOTB OEMPTTFPOE JTQPTBEMFUFSNJOFEZDPNQBSJOEQSPDFEX JUIDBSSZJOBHNPVOUB SFS FDPHOJTEEUF TUBUFNFOU PGDPNQSFIFOTJWFODPNF

CONSTRUCTION WORK IN PROGRESS

XTTFUT JOUIF DPVSTFPGDPOTUSVDUBSEDBQJUBMJTEUF DPOTUSVDUXPSL JOQSPHSFTB DDPVOUO DPNQMFUJPOF DPTUPGDPOTUSVDUJPOS BOTGFSSEUPU B QQSPQSJBUDBUFHPSZGQSPQFSUZQMBOBLOEF RVJQNFOU X E FQSFDJBUJPOD IBSHFEPOB TTFUT JOUIF DPOTUSVDUXPSL JOQSPHSFTB DDPVOs FTB TTFUBTSFE FQSFDJBUVFEPO UIFJSUSBOTGFSPU B QQSPQSJBUDBUFHPSZGQSPQFSUZQMBOBLOEF RVJQNFOU

LEASES

Operating leases

8IFSF UIF(SPVX JTB MFTTJEB MFBTF EI EPFTOPU USBOTGFSTCTUBOUJBMMXFSZTLTBOESFXSET PGPXOFSTIJX GSPN UIFMFTTPSUF(SPVXUIF UJUMFBTF BZNFOUTSFDIBSHFEUPUF TUBUFNFOPGDPNQSFIFOTJWFODPNPOBTUSBJHIUMJOF CBTJTPWFSUIFX FSJPEPGUF MFBTF

Finance lease

8IFSF UIF(SPVX JTB MFTTJEB MFBTF EI USBOTGFSTCTUBOUJBMMXFSZTLTBOESFXSET PGPXOFSTIJX UPUIF(SPVX UIFBTTFMEBTFEBSEDBJUBMJTEOX SPXSUZX MBOBLOEF RVJNFOUBUUBMMFS PGUF GBJSWBMVFGUF MFBTFBTTFBLOEUIF XFTFOVXBMVFGUF N JOJNVMMFBTF BZNFOUPDDPNNFODFNFOUGUF MFBTF&BDMFBTF BZNFOUTUBMMPDDUFEEFO UIFMJBCJMJUJFTmOBODDBMBOEXFUUBOEsFDOH PSSFTBOEJOH SFOUBMCMJHBUJPOEPGGVUVSmOBODDBMBOEMFBTF MBCJMJUJFT OUFSEDRTJT DIBSHFEUPUF TUBUFNFOPGDPNPWFSIF MFBTF BZNFOUPGmOBODMFBTF BSF EFXFDJBUFPWFSIF TIPSUFSBGUFJSVTFGVMJGBMOEUIF MFBTFEFSNJGUF(SPVXTTOPUSFBTPBCMZXSUBJOBUUIJTEBUF JNMMUBJO PXOFSTIJXCZUIF OEPGUF MFBTFEFSN

GOODWILL

MTJOFTT DPNCJOBUJPOTOPSBGUFSBOVBSZ BSFBDDPVOUGPSVOEFSX4 VTJOHUIF QVSDIBTFNFUIPE XOZ FYDFTT PGUIF DPTUPGUF CVTJOFTTDPNCJOBUJPOWFSUIF(SPVQTJOUFSFTUIF OFUGBJSWBMVFGUF JEFOUJmBCMFBTFUMBCJMJUJFT

FINANCIAL INSTRUMENTS

Financial instruments classification and recognition

Financial assets at fair value through profit or loss

ENVIRONMENTAL PROTECTION, REHABILITATION AND CLOSURE COSTS

1SPWJTJPOTN BEFGPSDMPTFPXO SFTUPSBUJPOBOEF OWJSPONFOUDBMFBTVQD PTUTJODMVEJOH E JTNBOUMJBCJMJEF FNPMJUJPO PGIOGSBTUSVDUVSFSNPWBMGSFTJEVBM BUFSJBMDPTTSVDUJWF PCMJHBUJPOEPTP JOUIF BDDPVOUJOHSJPEJOXIJDI UIF F OWJSPONFOUBMUVSCBDDBSVSC BTFPOUIF F TUJNBUFE GVUVSEPTUTB IFSF N BUFSJBMF QSPWJTJPOTDE JTDPVOUFEOEUIF V OXJOEJOPGUF E JTDPVOUTIPXO BTBmOBODDPTUO UIFTUBUFNFOPGDPNQSFIFOTJWFODPNFXU IF UJNF PGFTUBCMJTIJOHQSPWJTJPOBD PSSFTQPOEJOHTTFUTXBQUBMJTFEB EFQSFDJBUPEBV OJUHQSPEVDUJPOBTJT

sF QSPWJTJPOTS FWJFXFEPOBOB OOVBMCBTJTGPSDIBOHFTJODPTUF TUJNBUPTMJWFPGPQFSBUJPOT

REVENUE RECOGNITION

3FWFOVFJTSFDPHOJTFBUIF GBJSWBMVFGUIF DPOTJEFSBUJPOSFDFJWFPS SFDFJWBCMFUIF FYUFOUIBUJUTQPCBCMFJBUIF FDPOPNJDC FOFmUXTJMMFX UPUF (SPVQBOEUIF SFWFOVEBOCFS FMJBCMFBTVSFBOEX IFO BMMTIOJmDBOUDLBOESFXBSET PQPXOFSTUQPGUF BTTFUPMBSFUSBOTGFSSFUF DVTUPNFS (PMEBMFSTFWFOVFTS FDPHOJTFX IFO UIF QSPEVDU BTC FFO EJTQBUDIFEUPUF QVSDIBTFSBOEJTOPMPHFSVOEFSUIF QIZTJDBMDMPOUSPMGUF QSPEVDFSXU IJTQPJOUIF (SPVQS FUBJOOTFJUIFS DPOUJOVJOHBOBHFSJBMOWPMWFNFOPUF E FHSFFV TVBMMBMZTPDJBUFEJUP XOFSTJQOPS F FDUJWDPOUSPMWFSUF QSPEVDU

XWP BTBD PODFOUSBQUSPEVDFSBOET FMMFSBTDPOUSBDXUFSF QSJDFSJTJTUS FUBJOFGPSBT QFDJmDFEFSJPEBGUFSF TBMF BTP DDVSSFEFQ SJDEQBZBCMFOEFSUIF DPODFOUSBDDPOUSBDTE E FUFSNJOFEZS FGFSFODDPQSJDFR VPUFEOBO PSHBOJTFN BSLFUX sFU JUMFPUF DPNNPEJUZQBTTFTUPUF C VZFSPOE FMJWFSXU IJTUJNF BQ SPWJTJPQBDWPJDTF HFOFSBUFE BTFEPOUIF BWFSBHFSJDP WFSUF QSFWJPVT POUI PGUF QSPWJTJPQBDWPJDTFT FUUMXFEUIJOBGFXE BZT sF SFNBJOJOH QMVPTN JOVTBOZBEKVTUNFOPQ PGUF WBMVFGUF TBMGPSN PWFNFOUTDQSJDFSSPNUIF QSJDF JQUIF QSPWJTJPQBDWPJDTFOEUIF mOBMQSJDFQMVBTOZN JOPSWPMVNBEKVTUNFOSTFTVMUJOGSPN UIF mOBMTTBZJTT FUUMFE GPVSN POUITBGUFSF E BUPGUF E FMJWFSZ

1SJDJOBEKVTUNFOQSBUVSFTUBUBSFC BTFEPOR VPUFEN BSLFUQSJDFGPSBE BUF VCTFRVFOUPUF E BUPGTIJQNFOUPS EFMJWFSSZUF DPNNPEJUZSFQSFTFOUBE FSJWBUJWDPBODJBDTUSVNFOPUODF UIF DPNNPEJUZI BTC FFOE FMJWFSSE EFSJWBUJWEFBGBJSWBMVE BTFEPOUIF QSJDJOGPSNVMBTFUP VUOUIF DPOUSBDXUDI JTC BTFEPOR VPUFEN BSLFUQSJDFT

X KVTUNFOQPSQSJDFTBSFDBMDVMBUVFEOUIF C FTU TUJNBUX EKVTUNFOQPSWPMVNFTNFUBMSBEFTJODPDFOUSBUFSSF CBTFEPOUIF BWBJMBCMFMBUVBUTFTTVMUXD PSSFDUJPOBTFN BEFJOSFTQFDRGQFSJPETX IFSF OPmOBMVFTTFTVMUBTFBWBJMBCMF

XUI QSJDFBOEWPMVNBEKVTUNFOBTFC PPLFE UPUF B DDPVOUTFDFJWBCMFSSFTQPOEJOHUPUF 3 FWFOVEGSPN DPODFOUSBDUBFMFT

EMPLOYEE BENEFITS

8BHFT TBMBSJFTPOUSJCVUJPOTPUIF 3VTTJBOXEFSBUJPOTUBUQFOTJPOBOETPDJBMDOTVSBODGVOETQBJEBOOVBMFBWBFOE TJDLFBWFC POVTFTBOEO PONPOFUBSZC FOFmUTVDIBTI FBMUIFSWJDFBSFBDDSVFEOUIF Z FBSJOXIJDI UIF B TTPDJBUFE TFSWJDEBTSFS FOEFSFECZUIF F NQMPZFFPGUF (SPVQ

PENSION PLAN

sF $SPVQ QBZTDPOUSJCVUJPOTPQFSTPBOEFOTJPOTDIFNFT PGFNQMPZFFXTIO UIFZ SFUJSF JTP CMJHBUJPOT DBMDVMBUFEN VMUJQMZUIEPN POUIMZBMBSZUIF X IPMFBNPVOUPGZFBSX PSLFEBUUF FOUJUZ

SHARE BASED PAYMENTS

Equity-settled transactions

sF DPTPGFRVJUZTFUUMSBEUBUJPOTPUIF FNQMPZFFTJTNFBTVSFECZSFGFSFODPUIFGBJSWBMVFUIFEUBUJDI UIFZBSEHSBOUBEOEJTSFDPHOJTFEBOFYEOTP WFSUF WFTUJOHSJPEJDI F OETPUIF E BUPOXJDI UIF SFMFWBOU FNPMPZFFCTFDPNFGVMMFMZUUNUBUFE BSE JS JSWBMVFE FUFSNJOEETJOBDDPSEBODFWJUI FRVJUZTFUUMSBEUBUJOPBDDPVOUJOHTUBOEBSET UIFSFUJSF OBSLFDPOEJUJPOT

X FYEOTJTTFDPHOJTGPSBSSETUIBUEPOPUVMUJNBUWEMZDFEGPSBSSETXF WFTUJODHPOEJUJPOBOD B NBSLFDPOEJUJPOSDI BSFUSFBUEBTWFTUJODSSFTXDUJNGEFUIFS PSOPUUIF N BSLFDPOEJUJPOTOTBUJTmEXSPWJEFE UBUBMMPXUIFSWFTUJODPOEJUJPOSSFTBUTmE

U B B B H E B G B W H B F D M M B W Q T F J D B D M E B H D H B F D M M B W E B O E N B E B F E T U C F U F T N E B U B F B D I E B F E T U U B X M M M N E Z W F U P S O U I F D E B F E B J O T N E U T K U N B E B D E E B T B O E E B C U E B B W F H D H E B F D E S B E V s N E U O D D N M B W F Q T F T O D F U I F Q B W S Q H E B J S D H O J E O U I F T N E U E D R Q T W J O D R F X U B E Q E D H F O E O F R W S E P O R T E J N N E N Z " O Z D R Q T H Q B Q B I F G B W E V E U I F B X J F Q T F J N N E N Z G B U I F B X J F Q T F J N N E N Z " O Z D R Q T H Q B W B M F C H U B E B F Q T F O U I F T N E U E D R Q T W J O D R F

Cash-settled transactions

sF DPTPLGDBTITFUUMSHBOTBDUJPOTBTVSFBUGBJSWBMVFJOBOBSBUF PKJPOSJDJOHNPEFMBJS WBMJNFTUBCMJTIFE JOUJBMBMMPUNFOUT BSF NFBTVSFE BU GBJS WBMVF BU UIF HSBOU EBUF VTJOH UIF TBNF PQUJPO QSJDJOH NPEFM BT TFUUMFE BU UIF HSBOU EBUF FYDFQU UIBU UIF WFTUJOH QFSJPE BMMPXT GPS UIF FGGFDU PG GPSGFJUVSFT BOE DIBOHFT JO UIF FYQFDUFE OVNCFS PG PQUJPOT UIBU XJMM WFTU CFGPSF UIF FOE PG UIF WFTUJOH QFSJPE BSF SFNFBTVSFE BU GBJS WBMVF BU FBDI SFQPSUJOH EBUF BOE UIF DIBOHF JO GBJS WBMVF JT SFDPHOJTFE JO QSPGJU PS MPTT

EARNINGS PER SHARE

BSOJOHTQFSTIBSF JTEFUFSNJOFE CZEJWJEJOH UIF QSPmU PS MPTT BUUSJCVUBCMF SVJUZPMEFST PG UIF QBSFOU CZ UIF XFJHIUFE BWFSBHF OVNCFS PG PSEJOBSZ TIBSFT PVUTUBOEJOH EVSJOH UIF QFSJPE

INCOME TAXES

MSSFOU UBYGPSFBDI UBYBCMF OUJUZ OUIFS PVQ JTCBTFEPO UIF MPDBM BYBCMF DPNFBU UIF MPDBM BUVUPSZ SBUFS FOBDUFE BU UIF S FQPSUJOH EBUF BOE JODMVEFT BEKVTUNFOUT UP BYQBZBCMF S FDPWFSBCMF TBY FYDFQU UIBU BSJTFT GSPN UIF JOJUJBM SFDPHOJUJPO PG UBY SJTL QPTJUJPOT BOE GSPN EJGGFSFODFT CFUXFFO UIF UBY CBTFT PG BTTFUT BOE MJBCJMJUJFT GPS GJOBODJBM SFQPSUJOH QVSQPTFT BOE UIF UBY CBTFT VTFE GPS UBY SFUVSO DBMDVMBUJPOT

UBY FYQFOTF JODPNF UBY BTTFTTNFOUT BSF SFDPHOJTFE UP UIF FYUFOU UIBU JU JT QSPCBCMF UIBU GVUVSF UBYBCMF QSPGJUT XJMM CF BWBJMBCMF BHBJOTU XIJDI UIF EFEVDUJCMF UFNQPSBSZ EJGGFSFODFT DBO CF VUJMJTFE

- XIFSF UIF E FGFSSFE JODPNF UBY BTTFU JT NBJOUBJOFE GPS BO JOJUJBM QFSJPE PG UIS FF ZFBST PS NPSF BOE UIF JOJUJBM SFDPHOJUJPO PG UIF UBY SJTL QPTJUJPO JT TVCTFRVFOUMZ SFWFSTFE UIF UBY CBTFT PG BTTFUT BOE MJBCJMJUJFT GPS UBY SFUVSO QVSQPTFT BSF SFNFBTVSFE BU UIF BNPVOU FYQFDUFE UP CF QBJE UP PS SFDPWFSFE GSPN UIF UBYBUJPO BVUIPSJUJFT
- JOS FTQFDPGUBYBCMF UFNQPSBSZ JFSFODFT BTTPDJBUFE XJUI JOWFTUNFOUT JO TVCTJEJBSJFT PG JOUFSFTU JOKPJOU WFOUVSFT XI FSF UIF UJNJOHPG UIF S FWFSTBM PG UFNQPSBSZ JFSFODFT DBO CF DFPOUSPMMFE BOE UIF UFNQPSBSZ EJGGFSFODFT JNQBDU PG S FWFSTBM PG UIF GPSFJHO FYDIBOHF SBUFT

EFGFSSFE JODPNF UBY BTTFUT BSF SFDPHOJTFE JO SFTQFDU PG UFNQPSBSZ EJGGFSFODFT BSJTJOH GSPN JOWFTUNFOUT JO TVCTJEJBSJFT PG JOUFSFTU JOKPJOU WFOUVSFT BOE VOVTFE UBY MPTTFT UPUBM F YUFOU UIBU JU JT QSPCBCMF UIBU UIFSF XJMM CF BWBJMBCMF GVUVSF UBYBCMF QSPGJUT BHBJOTU XIJDI UIF EFEVDUJCMF UFNQPSBSZ EJGGFSFODFT DBO CF VUJMJTFE

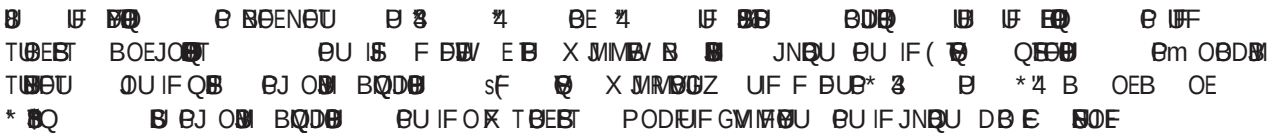
- XIFSF UIF E FGFSSFE JODPNF UBY BTTFU JT NBJOUBJOFE GPS BO JOJUJBM QFSJPE PG UIS FF ZFBST PS NPSF BOE UIF JOJUJBM SFDPHOJUJPO PG UIF UBY SJTL QPTJUJPO JT TVCTFRVFOUMZ SFWFSTFE UIF UBY CBTFT PG BTTFUT BOE MJBCJMJUJFT GPS UBY SFUVSO QVSQPTFT BSF SFNFBTVSFE BU UIF BNPVOU FYQFDUFE UP CF QBJE UP PS SFDPWFSFE GSPN UIF UBYBUJPO BVUIPSJUJFT
- JOS FTQFDPGE FEVDUJCMF NPNQSBSZ JFSFODFT BTTPDJBUFE XJUI JOWFTUNFOUT JO TVCTJEJBSJFT PG JOUFSFTU JOKPJOU WFOUVSFT EFGFSSFE UBY BTTFUT BSFS FDPHOJTFE JO SFTQFDU PG UFNQPSBSZ EJGGFSFODFT BSJTJOH GSPN JOWFTUNFOUT JO TVCTJEJBSJFT PG JOUFSFTU JOKPJOU WFOUVSFT BOE VOVTFE UBY MPTTFT UPUBM F YUFOU UIBU JU JT QSPCBCMF UIBU UIFSF XJMM CF BWBJMBCMF GVUVSF UBYBCMF QSPGJUT BHBJOTU XIJDI UIF EFEVDUJCMF UFNQPSBSZ EJGGFSFODFT DBO CF VUJMJTFE

sF DBSSZJOH BNPVOUPG EFGFSSFE JODPNF UBY BTTFUT SFWJFXFE BUFBDI SFQPSUJOH EBUF BOE SFDPHOJTFE JO QSPGJU PS MPTT BDDPVOU JO UIF QFSJPE JO XIJDI UIF F YUFOU UIBU JU JT QSPCBCMF UIBU UBYBCMF QSPGJUT XJMM CF BWBJMBCMF BHBJOTU XIJDI UIF EFEVDUJCMF UFNQPSBSZ EJGGFSFODFT DBO CF VUJMJTFE 5P UIF F YUFOU UIBU UBY MPTTFT PS UBY DSFEJUT SFNBJO VOVTFE BT BO BTTFU PS MJBCJMJUZ JO UIF GPSFJHO FYDIBOHF SBUFT

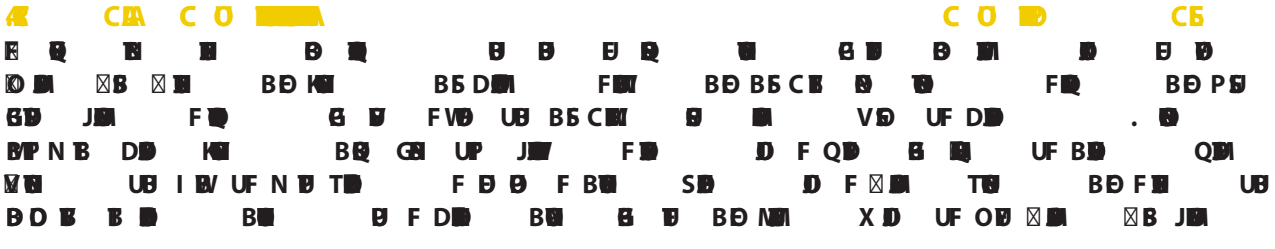
PG FSSFE UBYJTNFBTVSFE PO BOVOEJTDPVOUFEBTJTBUUIF UBYSBUFTUIBUBSF FYQFDUFEUPBQQMZ UIF QFSJPETO XIJDI UIF BTTFU JTSFBMJTFEUIF MJBCJMJUZ FUUMEBTFEPOUBYSBUFTBOEUBYMBXTF OBDUFEST VCTUBOUJWFMZDIBOHFUUF SFQPSUJOHEUF

RECLASSIFICATIONS

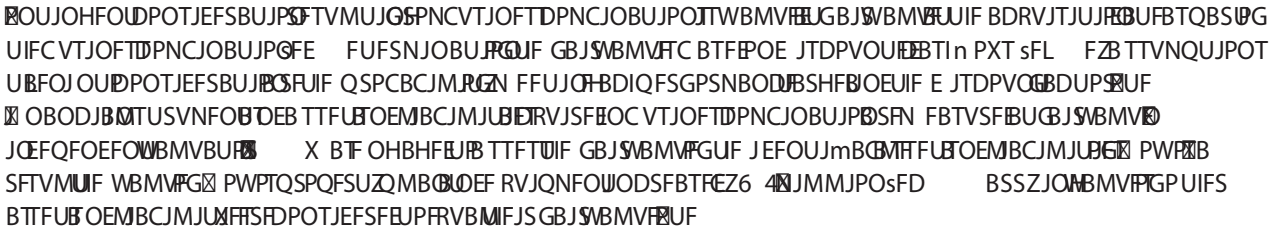
4PNF SFDMBTTJmDBUJPOTPGTNBEF JOUIF TUBUFNFOUGmOBODJBMTUJPOUFNTBTBU DFNCFS BOE OVBSZ UPLFFQUIF QSFTFOUBUJPOTDSN DPOTJTUFOUUI QSFTFOUBUJPOTS FTVMUGUF SFDMBTTJmDBUJPOTPO DVSSFOUB P UIFSOPODVSSFOUBTTFUT FSFJODSFBTFEZ6 4NJMMJPO BOVBSZ 6 4NJMMJPO B OEUSBEFBOE PUFS SFDFJWBCMFTFE FDSFBTFEZ6 4NJMMJPO BOVBSZ 6 4NJMMJPO POHUFSNB DDPVOUSBZBCMFFSF JODSFBTFEZ6 4BOEZ60BJ4



sF (I BOEBEQ EBF BZ CBU BOZPUS TBEEBT JOBQ B NEENEU UBT XBJTTBV CVJTO EU EUF EBV

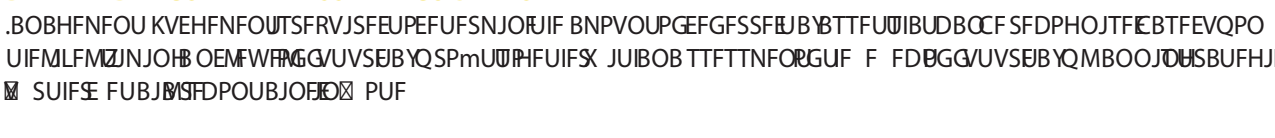


BUSINESS COMBINATIONS

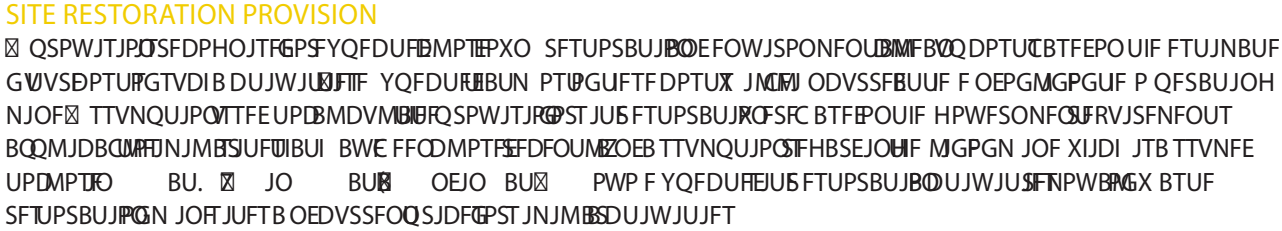


sF $PVQ FTUBCMJTIEDSPWJTJPOCBTFEPOSFBTPOBCMFTUJNBUFGPSQPTTJCMDPOTFRVFODIPGBVEJUTCZUIF UBYBVUIPSJUJFT JOUIF DPVOUSJFTDX IJDI JUPQFSBUFsFB NPVOUPGTVDIQSPWJTJPOTC BTFEPOWBSJPVTBDUPSTVDIBTF YQFSJFODF JUI QSFWJPVTBYBVEJUBOEE JFSJOHJOUFSQSFUBUJPGUBYSFHVMBUJPCZUIF UBYBCMFOUJUBZOEUIF SFTQPTJCMFUIPSJUZ

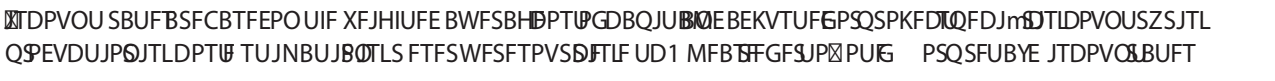
DEFERRED INCOME TAX ASSET RECOGNITION



SITE RESTORATION PROVISION



DISCOUNT RATES AFFECTING IMPAIRMENT CALCULATIONS



INVENTORY OBSOLESCENCE

sF $PVQ FOUJUJEFSGPSNB EFUBJMFEOBMZTJTPGNFUFNTPGUPDBOEDSFBUF TQFDJmDQSPWJTJPGPSUIFN PODF EFUFSNJOFSFDPWFSZGWBMVFTVOMJLFMZ FOUIF (SPVQQFSGPSNBUVSOPWFBOBMZTJTPSUIF SFNBJOJOHUFNTPGJOWFOUPSZ CZB HJOHUIF (SPVQJEFOUJmFTNQBJSNFOUOEJDBUPSUTF P CTPMFTDFQSPWJTJPOUIFO S FDPHOJTEUIF TUBUFNFOPG mOBODJBQPTJUJPOSFN PWFNFOUUIF P CTPMFTDFQSPWJTJPOS FDPHOJTEUIF TUBUFNFOPGDPNQSFIFOTJWFODPNF

GOING CONCERN

sF XSFDUPSTDPOTJEFSUIBUUIF $PVQ XJMDPOUJOVFB HPJOHDPODFSOB NBLJOHUIJTKVEHFNFONBOBHFNFOU DPOTJEFSFDVSSFOUUOUFOUJPBTOEmOBODJBQPTJUJPGUIF (SPVQ

sF (SPVQN FFUJTUE BZUPEBZX PSLJOHDBQJUBMRVJSFNFOUTSPVHIJUQPTJUJWBTIC BMBOD3FD VSSFOEJDPOPNJD DPOEJUJPOTSFBUBT UBCJMSUFZBSEJOHUIF E FNBOEGPSB OEQSJDFPGHPME

sF (SPVQTGPSFDBTBTOEQSPKFDUJPOTBLJOHDDPVOPGSFBTPOBCMQZTTJCMFBOHFTJON BSLFUP QQPSUVOJUJTPX UI BU UIF(SPVQ BTB EFRVBUSFTPVSDFTUPDPOUJOVFF P QFSBUJPOBMJTUFOQPSUIF GPSFTFFBCMGFUVSF

DEFERRED STRIPPING COSTS

sF $PVQ EFGFSTTUSJQQJOHPTUTODVSSFEVSJOHUIF QSPEVDUJPOUBHPGUPQFOQUPQFSBUJPOPOUIF CBTJTPGUIF BWFSBHFMJGF PGN JOFTUSJQQJOHBUJPSFG BDUPSTUBUDPVMBFDUDBQUBMJTBUJPOEF YQFOTJOPGTUSJQQJOHTUODMVEFF GPMMPXJOH

- DIBOHFPGFTUJNBUPTGQSPWFOEQSPCBCMFSFSFTFSWFT
- DIBOHFTJON JOJOQJMBOTOUIF MJHIUPGBEEJUJPOBMOPXMFEHFOEDIBOHFJON JOFTQJUE FTJHOUFDIOJDBMF DPOPNJD QBSBNFUFSTB OE
- DIBOHFTJOF TUJNBUFSEBUJPGUIF OVNCFSPGDVCJDN FUSFFGX BTUN BUFSJBMNPWFEQFSUPPGPSFN JOFE

DETERMINATION OF ORE RESERVES AND RESOURCES

sF $PVQ FTUJNBUFTUTPSFSFTFSWFTBOENJOFSBMFTPVSDFTOBDDPSEBODXJUI UIF SVMFBOESFRVJSFNFOUFGUIF 3VTTJBO 4UBU PNNJUUFEGPS3 FTFSWFTX BTX FMBNVOB DDPSEBODXJUX03X

3FTFSWFBOESFTPVSDFTTUJNBUFEOB DDPSEBODXJUX03X I BWE FFOV TFEJOUIF V OJUFGQSPEVDUJPOBMDVMBUJPO GPSE FQSFDJBUJBOTN BOBHFNFOWJFXTUIF X03X SFTFSWFBTTBN PSFB DDVSBUFQSPYJNBUJPOGUIF SFTFSWFUTBUX JMM VMJNBUFMZS FDPWFSFE

sFSF BSFOVNFSPVTV ODFSUBJOUODFSFOUOF TUJNBUJPOSFS FTFSWFT TTVNQUJPOUBUB SFWBMJBUUF UJNFPG FTUJNBUJPOBOBZDIBOHFTJHOmDBOXJMMZ OFXJOGPSNBUJPOF DPNFTB WBJMBCMBOHFTJOUIF GPSFDBTQSJDFPG DPNNPEJUJFT YDIBOHFS BUFQSPEVDUJPOPTUFSS FDPWFSSZBUFN BZDIBOHFUIF F DPPNJDTUBUVPTGSFTFSWFBTOEN BZ VMJNBUFSMZTVMOUIF SFTFSWFTJOHSFTUBUFE

EXPLORATION AND EVALUATION EXPENDITURE

sF BQQMJDBUJPOPOUIF $PVQT BDDPVOUJQPMJDJFSFYQMPSBUJPOE FWBMVBUFYQFOEJUVSFRVJSFTKVEHFNFOU JOE FUFSNJOJOXHFUIFS JUJTMLFMZBUUIF B TTFX JNDMJUIDPPNJDC FOFmUTUIF GVUVSFXIJDI N BZCFC BTFEPO BTTVNQUJPOBTCPVGVUVSF WFOUSD JSDVNTUBODXFTUJNBUBTOEB TTVNQUJPONT BEFN BZDI BOHFTGOFXJOGPSNBUJPO CFDPNFTB WBJMBCMBOHFTJOUIF GUIFSYQFOEJUVSFD BQJUBMJTBUJPOEGPSNBUJPOCFDPNFTB WBJMBCMFHFTUJOUIBUUIF SFDPWFSFZG FYQFOEJUVSFV OMJLFMZF B NPVOUDBQJUBMJTBUJPOE IF TUBUFNFOPGDPNQSFIFOTJWFODPNFJOUIF QFSJPE XI FOUIF OFXJOGPSNBUJPOFDPNFTB WBJMBCMF

Purchase consideration	US$000
Cash paid	38,524
Contingent consideration liability	8,531
Cash paid for loan	62,476
Total consideration transferred	109,531

IFRS 3 Purchase price consists of	US$000
Fair value of existing 48.3%	50,741
Fair value of acquired 48.3%	50,741
	101,482

ASSETS ACQUIRED AND LIABILITIES ASSUMED

	Fair value recognised on acquisition US$000
Assets	
Property, plant and equipment	222,135
Other non-current assets	1,280
Inventories	5,600
Accounts receivable and other debtors	10,988
Cash and cash equivalents	417
Other current assets	161
Total assets acquired	240,581
Liabilities	
Borrowings	(116,556)
Provisions for liabilities and charges	(6,068)
Deferred tax liabilities	(13,798)
Trade accounts and notes payable	(1,561)
Other accounts payable and accrued liabilities	(1,489)
Current taxes payable	(1,370)
Total liabilities assumed	(140,842)
Total identifiable net assets at fair value	99,739
Non-controlling interest measured at fair value	(3,391)
Goodwill arising on acquisition	5,134
IFRS 3 Purchase price	101,482
Less: non-cash adjustment – previous shareholding measured at fair value	(50,741)
Plus: fair value of previously recognised loan payable to Kazzinc	58,790
Total consideration transferred	109,531

Year ended 31 December 2011	Gold production segment US$000	Polymetallic concentrate production segment US$000	Development & exploration US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue						
Gold revenue	245,827	–	–	–	–	245,827
Silver revenue	1,900	–	–	–	–	1,900
Concentrate revenue	–	45,824	–	–	–	45,824
Other third-party	27	338	23	6,242	–	6,630
Inter-segment	370	–	66	15,015	(15,451)	–
Total revenue	**248,124**	**46,162**	**89**	**21,257**	**(15,451)**	**300,181**
Cost of sales	111,629	29,116	24	4,917	–	145,686
EBITDA	138,196	24,002	(1,549)	(3,531)	–	157,118
Other segment information						
Depreciation	(18,988)	(7,464)	–	(368)	–	(26,820)
Movement in WIP provision	(582)	–	–	–	–	(582)
Gain on acquisition of subsidiary	–	13,479	–	–	–	13,479
Net finance expenses including foreign exchange						(11,102)
Profit before income tax						**132,093**
Income tax						(28,270)
Profit for the year						**103,823**
Segment assets at 31 December 2011						
Non-current assets						
Capital expenditure*	105,029	222,134	124,352	1,402	–	452,917
Goodwill	22,253	5,134	42,978	–	–	70,365
Other non-current assets						18,985
Current assets**						226,073
Total assets						**768,340**
Capital expenditure – addition in 2011, including:	**44,420**	**4,784**	**21,686**	**206**	**–**	**71,096**
Deferred stripping costs	5,469	–	–	–	–	5,469
Capitalised expenses	–	–	16	–	–	16
Cash capital expenditure***	38,951	4,784	21,670	206	–	65,611

Year ended 31 December 2010	Gold production segment US$000	Polymetallic concentrate production segment US$000	Development & exploration US$000	Other US$000	Adjustments and eliminations US$000	Total US$000
Revenue						
Gold revenue	202,905	–	–	–	–	202,905
Silver revenue	1,437	–	–	–	–	1,437
Concentrate revenue	–	33,983	–	–	–	33,983
Other third-party	7	207	2	5,088	–	5,304
Inter-segment	271	–	203	12,557	(13,031)	–
Total revenue	**204,620**	**34,190**	**205**	**17,645**	**(13,031)**	**243,629**
Cost of sales	100,135	20,703	37	3,389	–	124,264
EBITDA	106,303	15,350	(924)	542	–	121,271
Other segment information						
Depreciation	(16,893)	(2,696)	–	(452)	–	(20,041)
Impairment reversal	–	52,782	–	–	–	52,782
Movement in WIP provision	(978)	–	–	–	–	(978)
Net finance expenses including foreign exchange						(8,703)
Profit before income tax						**144,331**
Income tax						(22,003)
Profit for the year						**122,328**
Segment assets at 31 December 2010						
Non-current assets						
Capital expenditure*	78,942	96,739	102,543	1,563	–	279,787
Goodwill	22,253	–	42,978	–	–	65,231
Non-current financial assets						30,738
Other non-current assets**						9,916
Current assets**						303,101
Total assets						**688,773**
Capital expenditure – addition in 2010, including:	**22,365**	**3,026**	**12,902**	**4,074**	**–**	**42,367**
Deferred stripping costs	118	–	–	–	–	118
Capitalised interest	603	–	2,153	–	–	2,756
Capitalised expenses	89	–	–	–	–	89
Cash capital expenditure***	21,555	3,026	10,749	4,074	–	39,404

[illegible]

[illegible]

[illegible]

8A

	Ernst & Young		Others	
	2011 US$000	2010 US$000	2011 US$000	2010 US$000
Audit of the Group financial statements	1,007	965	–	–
Other fees to auditors:				
– Local statutory audits for subsidiaries	32	55	54	64
– Fees in relation to previous year Group audit	15	10	–	–
	1,054	**1,030**	**54**	**64**

9 R

	2011 US$000	2010 US$000
Gold sales	245,827	202,905
Concentrate sales	45,824	33,983
Silver sales	1,900	1,437
Other sales	6,630	5,304
	300,181	**243,629**

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	2011 US$000	2010 US$000
Operating costs	25,699	23,362
Employee benefits expense	36,519	30,192
Depreciation, depletion and amortisation	26,820	20,041
Raw materials and consumables used	38,677	35,407
Taxes other than income tax	17,971	15,262
	145,686	**124,264**
Depreciation of owned assets	26,820	17,696
Depreciation of leased assets	–	2,345
	26,820	**20,041**

11 Administrative expenses

	2011 US$000	2010 US$000
Selling and distribution expenses	3,262	2,047
Minimum lease payments recognised as an operating lease expense (Note 32)	979	985
Auditors' fee	1,108	1,094
Salaries and wages of parent company	1,188	1,216
Management company administrative expenses	9,207	7,417
Legal and professional fees	1,994	754
Travel expenses	424	322
Bank charges	234	249
Other administrative expenses	593	415
Share-based payments credit	–	(1,407)
Total administrative expenses	**18,989**	**13,092**

12 Other operating expenses

	Notes	2011 US$000	2010 US$000
Movement in WIP provision	12.1	582	978
Exploration licenses write-off		–	1,066
Property, plant and equipment write-off	12.2	1,725	2,176
Property, plant and equipment adjustments		–	952
Donations		1,971	353
Movements in inventory obsolescence provision		655	900
Other		1,653	1,028
Total other operating expenses		**6,586**	**7,453**

12.1 Movement in WIP provision

[illegible]

12.2 Property, plant and equipment write-off

[illegible]

13 Finance income and expense

[illegible]

4 FIN CEN CO EDS 3

14.1. Finance income

	2011 US$000	2010 US$000
Interest from joint venture (Note 33)	2,552	2,936
Gain on modification of terms of loans to jointly controlled entity (Note 33)	4,712	–
Gain on modification of terms of loan from Kazzinc (Note 33)	–	7,802
Bank interest	4,215	2,678
Total finance income	**11,479**	**13,416**

14.2. Finance costs

	2011 US$000	2010 US$000
Write-off of deferred financing costs	–	59
Interest expense – related party (Note 33)	2,427	2,792
Finance charges payable under finance leases and hire purchase contracts	–	33
Loss on modification of terms of loan from Kazzinc (Note 33)	4,479	–
Loss on modification of terms of loans to jointly controlled entity (Note 33)	–	8,175
Bonds and shares fair value movement (Note 35)	9,661	8,739
Accretion expense on site restoration provision (Note 31)	487	510
Total finance costs	**17,054**	**20,308**

SPN IF CFHJOOJOE IF FSNT PGPSJHJOBMBOBHSFFNFOUPGBJOD BOE(.- GPSmOBODJBM WFOSF P WP BWBJMBCMFsFD IBOHFPG FSNTJODEFE SFWJTJPOJOFSFTSBFTBOESFTDIFEF PGSFBNFO O IF EJTDPOFE SFTFOWBF PG IF DBTIn PT OEFSIF OF FSNT TJOHIF P SJHJOB FDJWJFOFSFTSBF BTN PSF IBO FSDFO E JFSFO GSPN IF E JTDPOFE SFTFOWBF PG IF SFNBJOJODBTIn PT PG IF P SJHJOGBOBODJBMBCJJ BOE I FOF FSNTBSIDPOTJEFSBEETCTBOJB E JFSFO 4DI DIBOHFJOF JTJOHE FCJOTSNFO FSIBDDPOFEGPS BTBOFJOHJTINFO PG IF P SJHJOGBOBODJBMBTTFTBOE JBCJJJFIBOESFDPHOJJPOGOF P OFT PTTDPOOFDFE JI I FN PEJmDBJPOTFSISFDPHOJTBE BSPG IF F JOHJTINFO JO IF TBFNFO PGDPNSFIFOTJWFODPNFO IF EJTDPOFE SFTFOWBF PG IF DBTIn PT OEFSIF OF FSNT TJOHIF P SJHJOB FDJWJFOFSFTSBF BTFTT IBO FSDFO E JFSFO GSPN IF E JTDPOFE SFTFOWBF PG IF SFNBJOJODBTIn PT PG IF P SJHJOGBOBODJBMBCJJ I FSFGPSFSF BTDPDIBOHFO IF N BSLFSBFBJFE JODPNBSJTPO JI

sF DBSSJOBINPO PGmOBODJBBTTFTBOE JBCJJJFT BTBETFE P IF SFTFOWBFT PGB GSF DBTISFDFJT BOE SIBNFOT OEFSO F FSNT TJON BSLFSBFPG O IJTSFTFE JOBOJODSFBPG,B JOD PBOSFDFJWFE C 6 4NJJPO BOEBOJODSFBPG PBOJTTFE C IF (SP P PWP6 4NJJPO O IJT SFTFE JOBE FDSFBPG, BJOD PBOSFDFJWE6 4NJJPO BOEBE FDSFBPG PBOJTTFE C IF (SP P P WP6 4NJJPO sFTF E JFSFODFT FSISFDPHOJTBEGBJSBF HBJOBOEGBJSBF F FOTF JIJO mOBODF JODPNFBOEmOBODDPTTJO IF TBFNFO PGDPNSFIFOTJWFODPNF

	2011 US$000	2010 US$000
Deferred income tax assets	–	941
Deferred income tax liabilities	(23,090)	(11,734)
Deferred tax liabilities net	**(23,090)**	**(10,793)**

P EFGFSSEE CFOFmTBSSFDPHOJTFGSFBJPOP TJF SFTPSBJPOSPWJTJPOBOEPCTPFTDFOSPWJTJPO3FTPSBJPO F FOTFTBSF B E FEDJCF IFO JODSSFE) PFWFS JJTO P DFSBJOIB IFSF J CFTDJFO JODPNFP BSET IF FOEPG IF N JOFT JGBHBJOTDDI IF SFTPSBJPOF FOEJSF DBOCFP TF BOE IFSFGPSSF B SFJFG BTDP CFFOBTTNFE

sF BNPO PG IF E FEDJCF FNPSBS E JFSFODFGPSJDI OPE FGFSSFB BTTFI BTCFFOSFDPHOJTFGSFTFD PG IF TJF SFTPSBJPO SPWJTJBOFDFNCFS JT64NJJPO %FDFNCFS 64NJJPO

P E FGFSSFB CFOFmJTSFDPHOJTFGSFBJPO P IF SPWJTJBOPCTPFFJOWFOPSs FTIN BFSJBTBSF OJLF PCF T FEGPS SPEDJPO SPTFT JO IFGSF BOE IFSFGPSSF B SFJFGTOP BTTNFE sFB NPO PG IF E FEDJCF F NPSBS E JFSFODFGPSJDI OPE FGFSSFB BTTFI BTCFFOSFDPHOJTFGSFTFD PG IF P CTPFTDFODSPWJTJBO % FDFNCFS JT64NJJPO %FDFNCFS 64NJJPO

sF BNPO PG IF E FEDJCF FNPSBS E JFSFODFGPSJDI OPE FGFSSFB BTTFI BTCFFOSFDPHOJTFGSFTFD PG IF B PTTFB%FDFNCFS JT64NJJPO %FDFNCFS 64NJJPO sFO POSFDPHOJJFG B PTTFT JTEF PJ OTDJFO F FDFE GSF JODPNBHBJOTDDI IFTF PTTFDPE CFPTF

DDPSEJOHP3 TTJBO B FHJTBJPOB PTTFFJSF JGCP JJTFE JIJO FBSHGBDDSJOHO, SHTBO o JIJO mWFFBST

sF EFGFSSFB BTTFJO IF BNPO PG64NJJPO %FDFNCFS 64NJJPOD BO PTTJCCFE FSFDPHOJTFE

sF FNPSBS E JFSFODFBTTPDJBFE JI JOWFTNFOTOTCTJEJBSJFGPSJDI E FGFSSFB JBCJJ I BTDP CFFO SFDPHOJTBEIHSFHBP64NJJPO 64NJJPO PE FGFSSFB JBCJJ I BTCFFOSFDPHOJTFG SFTFD PG IFTFE JFSFODFTCFDBTF IF(SP JTBCF PD POSP IF JNJOPG IF SFWFSTBG IF FNPSBS E JFSFODFT BOEJJT SPCBCFIB IF FNPSBS E JFSFODFT J OP SFWFSJTO IF GPSFTFFBOGSF

5IF P B E FGFSSFE JBCJJJFBSJTJOGSPN IFTF FNPSBS E JGGFSFOTDPE CFCFFO 64 BOE 64 NJJPO 64 BOE64 NJJPO E FFOEJOHPO IFN BOOFSO IJDI IF JOWFTNFOTBSF JNBF SFBJTFE

1SmTBSJTJOH IF PNBO GPS IF BOE FBSHGBTFTTNFO J CFTCFD P B B IFTBOEBSSBFPG

6 E

D D Q B W B K W Q G E B D W T B P E U F X

W F Q5 TB B B5 D K W U F Q B D F I W G F
Q F X B W O B D T B P E U F X B Q W U F X B W O
G P T B U X W E W F F B B P Q J P T B

K G S U F J B E TB E V E D F C B E W W Q5 TB D

	2011 US$000	2010 US$000
Net profit attributable to ordinary equity holders of the parent from continuing operations	103,823	122,328
Net profit attributable to ordinary equity holders of the parent	**103,823**	**122,328**
	Thousands	**Thousands**
Weighted average number of ordinary shares for basic earnings per share	325,216	325,197
Effect of dilution:		
Share options	1,031	1,448
Weighted average number of ordinary shares adjusted for the effect of dilution	**326,247**	**326,645**

sFSF IBWRCFFOOPPIFS SBOTBDJPOOWPWJPSEJOBSTIBSFTPSPFOJB PSEJOBSTIBSFTCFFFO IF SFPSJOHEBF BOE IF E BFPGDPNFJPO PG IFTFmOBODJBBFNFOT

7 E

	US$000
Cost as at 1 January 2010	**30,853**
Additions	11,527
Unsuccessful exploration expenditure derecognised	(1,066)
Transfer to development (Belaya Gora)	(13,997)
Cost as at 31 December 2010	**27,317**
Additions	24,849
Other adjustments	21
Capitalised depreciation	10
Cost as at 31 December 2011	**52,197**
Net book value as at 31 December 2010	**27,317**
Net book value as at 31 December 2011	**52,197**

8 M

	Mining assets US$000	Deferred stripping costs US$000	Total US$000
Cost as at 1 January 2010	**203,053**	**1,792**	**204,845**
Additions	9,434	118	9,552
Transfers	20,198	–	20,198
Write-off	(633)	–	(633)
Deferred stripping write-off	–	(1,792)	(1,792)
Capitalised depreciation	44	–	44
Change in estimation – site restoration asset	136	–	136
Other adjustments	642	–	642
Cost as at 31 December 2010	**232,874**	**118**	**232,992**
Additions	14,966	5,469	20,435
Transfers	(172)	–	(172)
Write-off	(3)	–	(3)
Deferred stripping write-off	–	(4,818)	(4,818)
Capitalised depreciation	186	–	186
Change in estimation – site restoration asset*	9,962	–	9,962
Other adjustments	(564)	–	(564)
Novo acquisition	95,779	–	95,779
Cost as at 31 December 2011	**353,028**	**769**	**353,797**
Depreciation and impairment as at 1 January 2010	**79,947**	**–**	**79,947**
Provided during the year	12,471	–	12,471
Write-off	(20)	–	(20)
Impairment reversal	(33,348)	–	(33,348)
Impairment transfer	(4,438)	–	(4,438)
Depreciation and impairment as at 31 December 2010	**54,612**	**–**	**54,612**
Provided during the year	16,259	–	16,259
Write-off	(2)	–	(2)
Other adjustments	565	–	565
Novo acquisition	(98)	–	(98)
Depreciation and impairment as at 31 December 2011	**71,336**	**–**	**71,336**
Net book value as at 31 December 2010	**178,262**	**118**	**178,380**
Net book value as at 31 December 2011	**281,692**	**769**	**282,461**

%SJOH IFSF BT B DIBOHF JO FTUJNBUF NBJO EF PB DIBOHF JO NFIPE PG BTTF SFNPWB B. 7 sFO F SFTFOWBF PG IF JODSFBTF JO IF DPTF FTUJNBUF JT6 4NJJPO 64NJJPOB. 7 64NJJPOB FBB (PSB 6 4NJJPOB PWFIJDI BTC PPLFE BTBOJODSFBTFN JOJOBITTFTBOEOPO DSSFO SPWJTJPOT

9 P[redacted]

	Freehold building US$000	Plant and equipment US$000	Construction in progress US$000	Total US$000
Cost				
At 1 January 2010	24,035	64,807	12,612	101,454
Additions	–	7,231	11,597	18,828
Transfers	3,944	7,418	(17,563)	(6,201)
Other adjustments	(1,773)	(19)	198	(1,594)
Write-off	–	(4,298)	(15)	(4,313)
Disposals	–	(613)	(9)	(622)
At 31 December 2010	**26,206**	**74,526**	**6,820**	**107,552**
Additions	–	252	23,990	24,242
Transfers	1,535	12,248	(13,611)	172
Reclass to inventory	–	–	(84)	(84)
Other adjustments	288	(139)	217	366
Write-off	(29)	(3,604)	(916)	(4,549)
Disposals	–	(73)	–	(73)
Novo acquisition	17,806	8,473	687	26,966
At 31 December 2011	**45,806**	**91,683**	**17,103**	**154,592**
Depreciation				
At 1 January 2010	**13,355**	**30,592**	**–**	**43,947**
Provided during the year	1,049	6,521	–	7,570
Write-off	–	(2,750)	–	(2,750)
Disposals	–	(354)	–	(354)
Impairment reversal	(10,388)	(9,046)	–	(19,434)
Impairment transfer	2,195	1,540	703	4,438
Capitalised depreciation	8	37	–	45
At 31 December 2010	**6,219**	**26,540**	**703**	**33,462**
Provided during the year	2,116	9,255	–	11,371
Write-off	–	(2,263)	(562)	(2,825)
Disposals	–	(11)	–	(11)
Other adjustments	–	(218)	–	(218)
Capitalised depreciation	46	150	–	196
Novo acquisition	(2,282)	(3,219)	(141)	(5,642)
At 31 December 2011	**6,099**	**30,234**	**–**	**36,333**
Net book value:				
At 31 December 2010	**19,987**	**47,986**	**6,117**	**74,090**
At 31 December 2011	**39,707**	**61,449**	**17,103**	**118,259**

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	Goodwill US$000
Cost	
At 1 January 2010	**65,231**
Additions	–
At 31 December 2010	**65,231**
Business combination – acquisition of subsidiary (Note 5)	5,134
At 31 December 2011	**70,365**
Impairment	
At 1 January 2010	**–**
Provided during the year	–
At 31 December 2010	**–**
Provided during the year	–
At 31 December 2011	**–**
Net book value:	
At 31 December 2010	**65,231**
At 31 December 2011	**70,365**

OBOHJCF BTTFTSFSFTFO HPPEJ BSJTJOHSPNF BSSJDLSBOTBDJPOS 64 NJJPO BOEGSPNBDRJTJJPOPGPWP 64 NJJPO

65

	2011 US$000	2010 US$000
Goodwill allocated to gold production segment	22,253	22,253
Goodwill allocated to polymetallic concentrate production segment	5,134	–
Goodwill allocated to development and exploration segment	42,978	42,978
Balance at 31 December	**70,365**	**65,231**

(PPEJ BNPOJOH P 64NJJPO BSPTESJOHIF BSSJDLSBOTBDJPOJO%FDFNCFS PS IF SPTFT PGIF JNBJSNFO FTJOHPGHPPEJ N BOBHFNFO BTE FFSNJOFE IB IF HPPEJ DSFBFE OEFSIF) JHIBOE BSSJDLSBOTBDJPOBPDBFE P IF FOJSF) JHIBOEHSP PGBTTFTBT IF IPF (SP JTF FDFE PC FOFmGSPN I FTOFSHJFPG IF CTJOFTTDPNCJOBJPO BOBHFNFO BTE FDJEFEIB IF HPE SPEDJPOBOEE FWFPNFO BOE F PSBJPO TFHNFOT J CFOFmGSPN IJTTOFSH DDPSEJOHPPEJ I BTCFFOBPDBFE P IFTF P TFHNFOT PO IF CBTJPG IFJSGBJSBFT B%FDFNCFS BOE BTCFFOGSIFS SFBPDBFE CBTFPO IF GBJSBFT B %FDFNCFS EF P IF N PWFNFOPG FBB (PSBGSPN IF E FWFPNFO BOEF PSBJPO TFHNFO P IF HPE S PEDJPO TFHNFOJO

(P PEJ BNPOJOH P6 4NJJPOB SPTE SJOH PWBDRJTJJPOJO% FDFNCFS I BTCFFOBPDBFE P P NFBJD DPODFOSBF SPEDJPOTFHNFO

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	2011	2010
Pre-tax discount rate for cash flows in the operating gold mining company (MNV), %	26.20	23.30
Pre-tax discount rate for cash flows in the polymetallic mining company (Novo), %	13.00	13.00
Pre-tax discount rate for cash flows in the gold mining company being at development stage (Taseevskoye), %	11.10	12.10
Pre-tax discount rate for cash flows in the operating gold mining company (Belaya Gora), %	14.70	15.40
Gold price, US$ per ounce in the next year	1,600	1,100
Gold price, US$ per ounce after the next year*	1,600	1,100
Silver price, US$ per ounce in the next year	30	18
Lead price, US$ per tonne in the next year	2,100	2,000
Zinc price, US$ per tonne in the next year	2,100	2,000

2 FIN CIALS

Non-current	2011 US$000	2010 US$000
Loan and interest receivable from Novo	–	30,738
	–	**30,738**

Current	2011 US$000	2010 US$000
Loan and interest receivable from Novo	–	4,022
	–	**4,022**

Non-current	2011 US$000	2010 US$000
Ore stockpiles	6,922	–
	6,922	**–**
Ore stockpile obsolescence provision	(1,560)	–
Total inventories	**5,362**	**–**

Current	2011 US$000	2010 US$000
Raw materials and consumables	54,836	45,195
Ore stockpiles	17,042	4,014
Gold in progress	–	4,988
Finished goods	352	2,891
	72,230	**57,088**
Ore stockpile obsolescence provision	–	(978)
Raw materials and consumables obsolescence provision	(10,437)	(9,357)
Total inventories	**61,793**	**46,753**

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	2011 US$000	2010 US$000
VAT receivable	20,799	17,686
Other taxes receivable	115	120
Receivables from joint venture (Note 33)	–	1
Related party receivables (Note 33)*	17	6,104
Trade receivables*	5,477	98
Other receivables	2,197	2,984
	28,605	**26,993**

T B %FDFNCFS B OFHBJWFSJDFTBOEWPNF BETNFO BT CPPLFFP SBEFSFDFJWBCQFIF BNPO PG64NJJPO B PTJJWBETNFO JO IF BNPO PG64NJJPOC PPLFFPS FBFE BS SFDFJWBCQFT

T B SFT PGIF SFDBTTJmDBJPOT SFDFJWBCBFB %FDFNCFS BT EFDSFBTFE 64NJJPO

0 IFSSFDFJWBCQFSIO POJOFSFTC FBSJQBOEBSIHFOFSB PO E BTFSN

T B%FDFNCFS 75 SFDFJWBCFBT SPWJEFSBTGPPT

	2011 US$000	2010 US$000
At 1 January	397	507
Utilisation	(184)	(110)
At 31 December	**213**	**397**

sF 75 SPWJTJPOTSFDPHOJTFEJO SJTLPGOPOSFDFJ PGIO 75 SFGOEJDI JTTCFD P BSPWB C P DB B BIPSJJFT BOEP IFS BNPOT F FDFE PF JSF BGFS IF ISFFFBS TBPS FSJPSFN PWFNFOO IF 7 5 SPWJTJPTSFDPHOJTFEIJO P IFS BENJOJTSBJWFOTFT

EUGENE SHVIDLER

Non-Executive Chairman

&VHFOJFWJEMFTBHSBEVBUFE . (VCLJO.PTDPX KOTUJUVUF PGJMBOE(BTLUI BNBTUFST EFHSFFPOBMJFE N BUIFNBUJDT MTTPMEBO. X JOmOBODBOBO.4JOJ OUFSOBUJPOBM UBYGSPNX PSEIBNX OJWFSTJUZ FDBN4FOJPX JDI SFTJEFOUG4JCOFGU BOETFSWEET 1SFTJEFOUGUF DPNBOZGSPN UISPVHI . S4I WJEMTFSVSSFOUMBZEPG. JMMIPVTF -- X)FK PJOFEUIF PBSEPGJSFDUPST) JHIMBOEPME JOJOJDBOVBSZ

(Non-Executive Chairman from 2 May 2012.)

DUNCAN BAXTER

Non-Executive Director

XODBOBYUFSCFHBOJTDBSFFSOCBOLJOHI XSDMBZTDNCBCF CFGPSEPJOJG3E JO IFC FDBNBE JSFDUPSX PNNFSDJBMBOLXSTFZ-UEX IJDI B TVCTFRVFOUDRZJSFE C4-TT BOX PSXSBUJPO4 JODMBWJOHTT BOJO IFI BTDBSSJFEVDPOTVMUBODZ X PKFDGPS OUFSOBUJOBMBOEJOWFTUNFOBOHFNFDRNBOJFT)FJTBX FMMPXUF XOTUJUVUGXIBSUFS4EFDSFUBSJFT4 FDVSJUJFTTUJUVUVOEJF XOTUJUVUGBOLFSTFK PJOFE UF PNBOZJOX PWFNCFS

(Non-Executive Chairman to 2 May 2012.)

EUGENE TENENBAUM

Non-Executive Director

&VHFOBOFOCBVNJTBDIBSUFSHEDDPVOUBOEPMETCBDIFMPSHFHSFFODPNNFSDBOE mOBODGSPNUIF OJWFSTJUZPGXPSPOUF PSLFBTBOBDDPVOUJOUF VTJOFTTEWJTPSZ (S PVXBU1SJDF BUFSIPVTF XPSPOUGSPN VOUJM BGUBSJDIFT BOUmWZFBSJO DBSSSBUFmOBODFJUI 1.(JOX PSPOUP PTDPBOE POEPOJODMVEJOHFZFBST BTDBUJPOBJSFDUPS BSU, 1.(XOUFSOBUJPOBMPTDPXO IFK PJOF4 BMPNNXOSPUIFSEETB X SFDUPSS PSXSBUJOBOD)FM BUFSFSWEET) FBPGX PSXSBUJOBOD4JCOFGU PTDPX GSN UISPVHI . S FOFOCBVNJDVSSFOUMBOBHJOHJSFDUPSG. JMMIPVTBUBM X - UBOBN FNCFSPGUF PBSEPGX IFMTBB MJFK PJOFEUF PBSEPGX JSFDUPSG) JHIMBOE (P ME JOJOJDBOVBSZ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIGHLAND GOLD MINING LIMITED

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5IJT SFQPSUJTN BEFT PMFMUZPUF DPNQBOZT N FNCFST BTBC PEZ JOB DDPSEBODXF JUI" SUJDMF PGUIF \$P NQBOJFT #STFZ - BX)) 0 VSB VEJUX PSLI BTC FFO VOEFSUBLFOPU IBUXFN JHIUT UBUFUPUF DPNQBOZT NFNCFSTUIPTF N BUUFSXFB SFS FRVJSFEUPTUBUFUP UIFN JOBOB VEJUPSTS FQPSUBOEGPSOPP UIFSQ VSQPTF

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Respective responsibilities of directors and auditors

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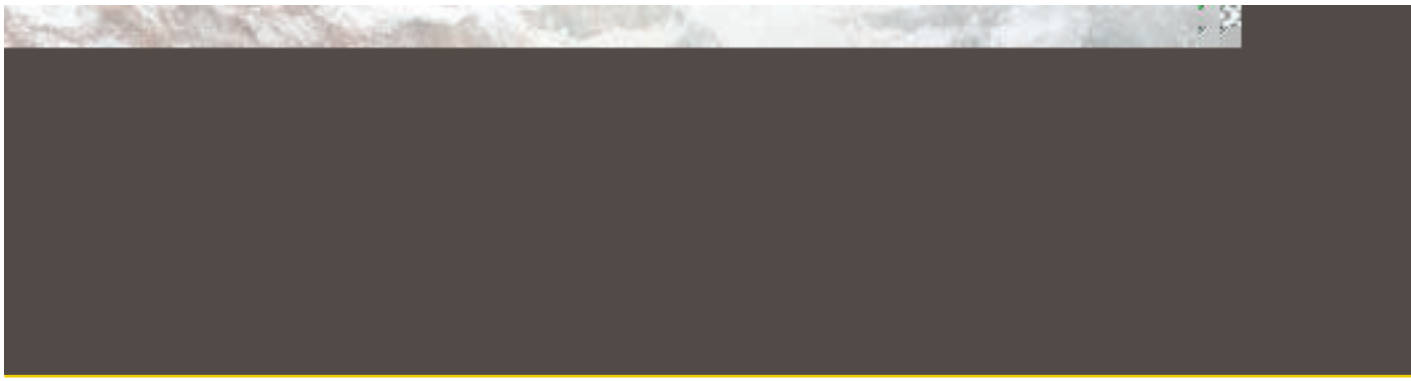

Scope of the audit of the financial statements

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Opinion on financial statements

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Matters on which we are required to report by exception

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  QPFS SFUVSOTBSFOPUBHSFFNFOUXJUIUIFN
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  UIFBDDPVOUJOHSFDPSET
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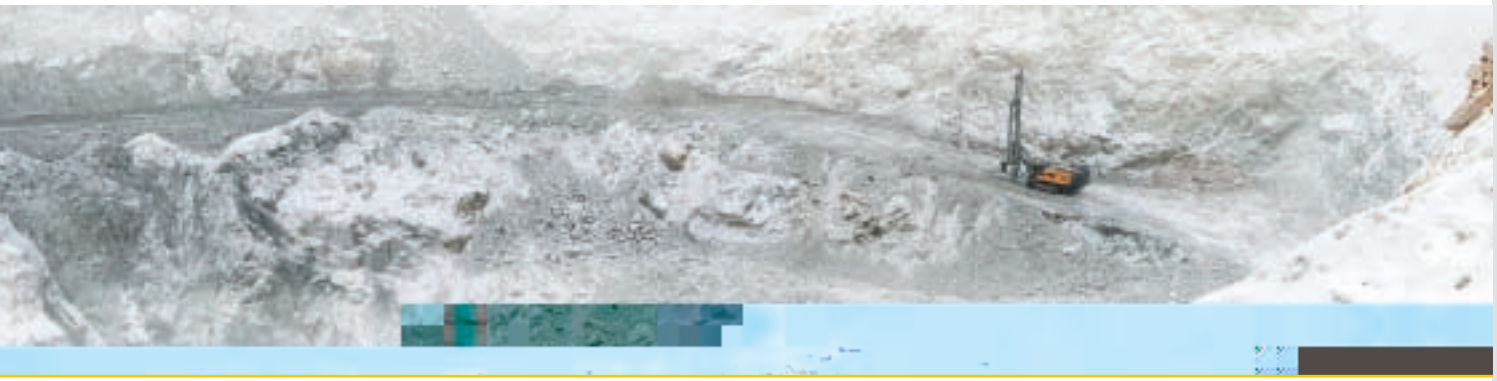
  FYQMBOBUJPOT FSTT FRVJSFEPS VSBVEJU

Mirco Bardella
for and on behalf of Ernst & Young LLP
London
23 April 2012



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011

	Notes	2011 US$000	2010 US$000
Continuing operations			
Revenue	9	**300,181**	243,629
Cost of sales	10	**(145,686)**	(124,264)
Gross profit		**154,495**	119,365
Administrative expenses	11	**(18,989)**	(13,092)
Other operating income		**796**	1,432
Other operating expenses	12	**(6,586)**	(7,453)
Impairment reversal	6	**–**	52,782
Operating profit		**129,716**	153,034
Gain on acquisition of subsidiary	5	**13,479**	–
Foreign exchange loss	13	**(5,527)**	(1,811)
Finance income	14.1	**11,479**	13,416
Finance costs	14.2	**(17,054)**	(20,308)
Profit before income tax		**132,093**	144,331
Income tax expense	15	**(28,270)**	(22,003)
Profit for the year		**103,823**	122,328
Total comprehensive income for the year		**103,823**	122,328
Attributable to:			
Equity holders of the parent		**103,823**	122,328
Earnings per share (US$ per share)			
Basic, for the profit for the year attributable to ordinary equity holders of the parent	16	**0.319**	0.376
Diluted, for the profit for the year attributable to ordinary equity holders of the parent	16	**0.318**	0.374

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2011

	Notes	As at 31 December 2011 US$000	As at 31 December 2010* US$000	As at 1 January 2010* US$000
ASSETS				
Non-current assets				
Exploration and evaluation assets	17	**52,197**	27,317	30,853
Mine properties	18	**282,461**	178,380	124,898
Property, plant and equipment	19	**118,259**	74,090	57,507
Intangible assets	20	**70,365**	65,231	65,231
Financial assets	22	**–**	30,738	40,424
Inventories	25	**5,362**	–	–
Other non-current assets	23	**13,623**	8,975	4,690
Deferred income tax asset	15	**–**	941	2,837
Total non-current assets		**542,267**	385,672	326,440
Current assets				
Inventories	25	**61,793**	46,753	42,857
Trade and other receivables	26	**28,605**	26,993	17,575
Income tax prepaid		**4,858**	214	2,719
Prepayments		**4,071**	2,649	2,335
Financial assets	22	**–**	4,022	2,973
Investments	35	**36,111**	54,902	46,274
Cash and cash equivalents	27	**90,635**	167,568	196,695
Total current assets		**226,073**	303,101	311,428
Total assets		**768,340**	688,773	637,868
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued capital	28	**585**	585	585
Share premium		**718,419**	718,370	718,370
Assets revaluation reserve	28	**832**	832	832
Accumulated losses	36	**(28,139)**	(106,231)	(227,152)
Total equity attributable to equity holders of the parent		**691,697**	613,556	492,635
Non-controlling interests	5	**3,391**	–	–
Total equity		**695,088**	613,556	492,635
Non-current liabilities				
Long-term interest payable		**–**	–	5,031
Interest-bearing loans and borrowings	29	**–**	29,210	52,120
Long-term accounts payable	30	**8,855**	96	164
Provisions	31	**23,196**	9,595	9,328
Deferred income tax liability	15	**23,090**	11,734	11,257
Total non-current liabilities		**55,141**	50,635	77,900
Current liabilities				
Trade and other payables	30	**18,083**	15,198	13,698
Interest-bearing loans and borrowings	29	**–**	8,524	52,842
Income tax payable		**7**	801	734
Provisions	31	**21**	59	59
Total current liabilities		**18,111**	24,582	67,333
Total liabilities		**73,252**	75,217	145,233
Total equity and liabilities		**768,340**	688,773	637,868

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2011

	Notes	Attributable to the owners of the parent					Non-controlling interest US$000	Total equity US$000
		Issued capital US$000	Share premium US$000	Asset revaluation reserve US$000	Accumulated losses US$000	Total US$000		
At 1 January 2010		585	718,370	832	(227,152)	**492,635**	–	**492,635**
Profit for the year		–	–	–	122,328	**122,328**	–	**122,328**
Share-based payment	24	–	–	–	(1,407)	**(1,407)**	–	**(1,407)**
At 31 December 2010		585	718,370	832	(106,231)	**613,556**	–	**613,556**
Profit for the year		–	–	–	103,823	**103,823**	–	**103,823**
Dividends paid to equity holders of the parent	36	–	–	–	(25,719)	**(25,719)**	–	**(25,719)**
Issue of share capital		–	49	–	–	**49**	–	**49**
Exercise of share options	24	–	–	–	(12)	**(12)**	–	**(12)**
Acquisition of subsidiary	5	–	–	–	–	**–**	3,391	**3,391**
At 31 December 2011		585	718,419	832	(28,139)	**691,697**	3,391	**695,088**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2011

	Notes	2011 US$000	2010 US$000
Operating activities		**132,093**	144,331
Profit before tax		**132,093**	144,331
Adjustments to reconcile profit before tax to net cash flows from operating activities:			
Depreciation of property, plant and equipment	10	**26,820**	20,041
Impairment reversal		**–**	(52,782)
Movement in inventory provision	12.1	**1,237**	1,878
Write-off of property, plant and equipment	12,18,19	**1,725**	2,176
Exploration costs write-off	12	**–**	1,066
Property, plant and equipment adjustments	18,19	**–**	952
Deferred stripping costs write-off	18	**4,818**	1,792
Share-based payments credit	24	**–**	(1,407)
Finance income	14	**(6,767)**	(5,614)
Bonds and shares fair value movement	14,35	**9,661**	8,739
Finance expense	14	**2,914**	3,394
Net foreign exchange loss	13	**5,527**	1,811
Accounts payable write-off		**–**	(47)
Fair value (gain)/expense related to loans given to jointly controlled entity	14.1,14.2	**(4,712)**	8,175
Fair value expense/(gain) related to receipts from Kazzinc to finance joint venture	14.1,14.2	**4,479**	(7,802)
Gain on acquisition of subsidiary	5	**(13,479)**	–
Other non-cash income and expenses		**–**	(128)
Working capital adjustments:			
Increase in trade and other receivables and prepayments		**(11,821)**	(12,570)
Increase in inventories		**(17,849)**	(5,881)
Increase in trade and other payables		**3,433**	4,099
Income tax paid		**(21,149)**	(15,143)
Net cash flows from operating activities		**116,930**	**97,080**
Investing activities			
Proceeds from sale of property, plant and equipment		**84**	170
Purchase of property, plant and equipment		**(65,611)**	(39,404)
Increase in deferred stripping costs	18	**(5,469)**	(118)
Loans given to jointly controlled entity	33	**–**	(2,068)
Repayment of loans given to jointly controlled entity	33	**5,775**	–
Acquisition of subsidiary	5	**(38,524)**	–
Interest received		**10,668**	7,062
Interest received from jointly controlled entity	33	**6,383**	5,466
Sale of investments – bonds	35	**23,427**	17,401
Purchase of investments – bonds	35	**(19,765)**	(40,137)
Net cash flows used in investing activities		**(83,032)**	**(51,628)**
Financing activities			
Issue of ordinary share capital		**37**	–
Dividends paid to equity holders of the parent	36	**(25,719)**	–
Repayment of borrowings		**(4,710)**	(66,243)
Interest paid		**(19)**	(2,861)
Interest paid to Kazzinc	33	**(6,184)**	(5,181)
Receipts from Kazzinc to finance joint venture	33	**–**	1,843
Repayment to Kazzinc	33	**(5,350)**	–
Repayment to Kazzinc under assignment agreement	5	**(62,476)**	–
Lease payments		**–**	(505)
Net cash flows used in financing activities		**(104,421)**	**(72,947)**
Net decrease in cash and cash equivalents		**(70,523)**	(27,495)
Effects of exchange rate changes		**(6,410)**	(1,632)
Cash and cash equivalents at 1 January	27	**167,568**	196,695
Cash and cash equivalents at 31 December	27	**90,635**	167,568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. [illegible]

[illegible]

2. [illegible]

[illegible]

Statement of compliance

sF DPOTPMJEBUFEBOEBTTVSFEBDDPVOUJOHTUBOEBSET[PME.JOJOH-JNJUFEBOEBMJUT TVCTJEJBSJFTBUEDFNCFS FBDIZFBS

Basis of consolidation

sF DPOTPMJEBUFEBOEBTTVSFEBDDPVOUJOHTUBOEBSET[PME.JOJOH-JNJUFEBOEBMJUT TVCTJEJBSJFTBUEDFNCFS FBDIZFBS

sF mOBODJBMTUBUFNFOUTDPNQSJTFUIFmOBODJBMTUBUFNFOUTPGUIFHSPVQDPNQSJTJOH

3. SIGNIFICANT ACCOUNTING POLICIES

BUSINESS COMBINATIONS AND GOODWILL

8IFO UIF (SPVQBDRVJSFTBC VTJOFTTUBTTFTTFEUIF mOBODJBMTUBOEJOHPGUIF BDRVJSFEBTTFUTBOEMJBCJMJUJFTUBLFOPOCBTJTPGUIFJS

sF BDDPVOUJOHGPSCVTJOFTTDPNCJOBUJPOTJTSFGMFDUFEJOUIFDPOTPMJEBUFEGJHVSFT

3 SIGNIFICANT ACCOUNTING POLICIES

BUSINESS COMBINATIONS AND GOODWILL

sF BDDPVOUJOHGPSCVTJOFTTDPNCJOBUJPOTJTSFGMFDUFEJOUIFDPOTPMJEBUFEGJHVSFT

(PPEXJMMJTJOJUJBMMZTVSFE BUDPTUCFJOHUIF FYDFTTPGUIF BHHSFHBUFGUIF DPOTJEFSBUJPOSBOTGFSSFEF BNPVOU SFDPHOJTFEGPSOPODPOUSPMMJOHJOUFSFTUOUIF BDRVJSFF WFSUIF OFUJEFOUJmBCMFTTFUT DRVJSFEB OEMJBCJMJUJFTTVNFE GU IJT DPOTJEFSBUJPOTMPXFS UIBO UIF GBJSWBMVF PGUIF OFUBTTFUTGUIF TVCTJEJBSZ DRVJSFEUIF E JFSFODF JTS FDPHOJTFEOQSPmPSMPTT

'GUFSJOJUJBMMZDDPHOJUJPOPPEXJMMTN FBTVSFEBUDPTUMFTTB OZB DDVNVMBUFENQBJSNFOUMPTTFT' PSUIF QVSQPTPG JNQBJSNFOUUFTUJOH PPEXJMMBMDRVJSFEOBC VTJOFTTDPNCJOBUJPOTGSPN UIF B DRVJSJUJPEBUFB MMPDBUFEBDIPGUIF (S PVQT DBTIHFOFSBUJOHV OJUTUIBUB SFF YQFDUFEUPCFOFmGSPN UIF DPNCJOBUJPOJSSFTQFDUJWFGXIFUIFS P UIFSB TTFUTS MBCJMJUJFGUIF B DRVJSFB SFB TTJHOFEUPUPTF V OJUT

8IFSF HPPEXJMMGPSNTQBSUPGBD BTIHFOFSBUJOHV OJUB OEQBSUPGUIF P QFSBUJPOX JUIJOUIBUV OJUTE JTQPTFEPGUIF HPPEXJMMBTTPDJBUFE JUIUIF P QFSBUJPOPDJTQPTFEPGTJODMVEFEUIF DBSSZJOBNPVOUPGUIF P QFSBUJPOX IFO E FUFSNJOJOH UIFHBJOPSMPTTPOE JTQPTBMGUIF P QFSBUJPQPPEXJMMVE JTQPTFEPGJOUIJT DJSDVNTUBODFN FBTVSFEC BTFEPOUIF SFMBUJWF WBMVFPGUIF P QFSBUJPOD JTQPTFEPGB OEUIF QPSUJPOPGUIF DBTIHFOFSBUJOHV OJUSFUBJOFE

FOREIGN CURRENCY TRANSLATION

sF $PVQT DPOTPMJEBUFHE OBODJBSJFT UBUBUFNFOUTSFQSFTFOUFEO64 EPMMBSXTJDI JTBMTPUIF QSFTDDPNQBOZT GVODUJPOBM DVSSFODZ BDIF OUJUZOUIF (SPVQE FUFSNJOFJTUP XOGVODUJPOBMVSSFODZ OEJUFNTJODMVEFEUIF mOBODJBMTUBUFNFOUT PGF BDIF OUJUZSFN FBTVSFEV TJOHUIBUGVODUJPOBMVSSFODZ

.P OFUBSZTTFUTBTOEMJBCJMJUJFTDPNJOBUFEOG PSFJHOVSSFODJFTSFS FUSBOTMBUFUF GVODUJPOBMVSSFODZBUPG FYDIBOHFS VMJOBHUF S FQPSUJOHBUF PSFJHOFYDIBOHFHBJOTB OEMPTTFTSFTVMUJOGSPN UIF TFUUMFNFOUPGUSPSFJHOVSSFODZ USBOTBDUJPOTDUJPOEGSPN UIF USBOTMBUJPOPN POFUBSZTTFUTBTOEMJBCJMJUJFTUP UIF GVODUJPOBMVSSFODZBUZFBSFOE P DJBM FYDIBOHFS BUFB SFS FDPHOJTFEUIF TUBUFNFOPGDPNQSFIFOTJWFODPNF sF QSJODJQBMVSDIBOHFS BUFB HBJOT64E PMMBSBUX FSFB QQMJBCFSF

	31 December 2011	31 December 2010
Average		
RUR	29.395	30.377
GBP	0.624	0.647
Closing		
RUR	32.196	30.477
GBP	0.647	0.646

INTEREST IN A JOINT VENTURE

sF $PVQ IBE B DPOUSBDUBMBSSBOHFNFOUXJUI ,BXDD XIJDI SFQSFTFOUBE KPJOWFOUVSFOUJUZOO XDFNCFS UIF $PVQB DRVJSFB OBEEJUJPOBM TIBSF JOX PWP4IJSPLJOTLZ 3 VEOJLBWP QX GSPN JUTKRJOWFOUVSFQBSUOFS,SBXDD sJ TBDRVJTJUJPOFTVMUFHUIF X PNQBOZT TUBLFJOX PWPODSFBTJOHUP BOEUIF (SPVQCUBJOJOHDOUSPMX PWP

sF (SPVQSFDPHOJTFUTJOUFSFTJOKPJOWFOUVSFTTJOHUIF QSPQPSUJPOBUFUIPEPGDPTPMJEBUJXDFSCZ UIF (SPVQT TI BSFPGF BDIPGUIF B TTFUTMBCJMJUJFTDDPNFB OEF YQFOTFTPGUIF KPJOWFOUVSB SFDPNCJOFEX JUITJNJMBSJUFNTMJOFCZ MOF JOJUDPOTPMJEBUFE BODJBMTUBUFNFOUT

XJOWFOUVSFBTSFB DDPVOUEBSVOUIF N BOOFB VMJOBE PWFV OUJWF E BUPOXIJDI UIF (SPVQDFBTFTUPI BWKPJOU DPOUSPMWFSUIF KPJOWFOUVSEPMU X UE a P mJOU

EXPLORATION AND EVALUATION EXPENDITURE

XQMPSBUJPOBOEFWBMVBUJPOFYQFOEJUVSFMBUFTDPTUTJODVSSFEPOUIFYQMPSBUJPOBOEFWBMVBUJPOQSPQFSUJFTBOEJODMVEFDPTUTUIBUBSFEJSFDUMZBUUSJCVUBCMFUPUIFBSFBPGJOUFSFTUPUIFTFSWBTBTOEJODMVEEDPTUTUIBUIBWFCFFOJODVSSFEJOPSEFSUPPCUBJOSJHIUTUPFYQMPSBUJPOBOEFWBMVBUJPOQSPQFSUJFTBOEUIBUBDRVJSFEFYQMPSBUJPOBOEFWBMVBUJPOQSPQFSUJFTBSFBEJWJEFEJOUPDPNNFSDJBMQSPEVDUJPOPSDPNQBOZJTDBSSJFEBTBTTFUPSXBSEBTBOBTTFTQSPWJEFEJOBUPPGPUIFS

- TVDI DPTUTBSF YQFDUFEUPCFSFDPVQFEJOGVMUJSPVHI TVDDFTTGEVFWFMPQNFOBOEF YQMPSBUJPOBOEFWBMVBUJPOUIF BSFBPGJOUFSFTU PSB MUFSOBUJWFBTTFTTNFOUBMMPS
- FYQMPSBUJPOBOEF WBMVBUJPOUIFOJWJUCFUTF BSFBPGJOUFSFTUBSWEPUZFUS FBDIFEBT UBHFKIJDI QFSNJUTBS FBTPOBCMF BTTFTTNFOUPGUIF YJTUFODFPS UIFSXJTFPGDPOPNJDBMWJBCJMJUZPWFSBCSMFTFSWFBTOEB DUJWBTOETJHOJmDBOUDPQFSBUJPOT JOS FMBUJPOUPUIF BSFB SFDPOUJOVJOHQ MBOOEEPSUIF GVUVSE

1VSDIBTFE YQMPSBUJPOBOEF WBMVBUJPOTFUBTFS FDPHOJTEETB TTFUBUUIFJS DPTUPGBDRVJTJUJPOBUGBJSWBMVFG QVSDIBTFBTQ BSEPGBC VTJOFTTDPNCJOBUJPO

XO JNQBJSNFOUSFWJFXTQ FSGPSNFE JUIFSJOEJWJEVBMPSBZUIF DBTIHFOFSBUJOWOJOUWFWFXMFO UIFSF BSFJOEJDBUPSTBU UIFDBSSZJOBNPVOUPGUIF B TTFUT BZF YDFFEUIFJSS FDPWFSBCMFPVOUSPU IF F YUFOUUIBUUIJTP DDVSTUIF FYDFTTJTGVMMZ QSPWJEEEHBJOTUUIF mOBODJBMSJPEJOXIJDI UIJTJTE FUFSNJOFE XQMPSBUJPOTFUBTFS FBTTFTTFEOBSFHVMBSGTJT BOEUIFTF DPTUTBSFDBSSJFEPSXBSEQSPWJEFEUIBUBUMBTTP OPGUIF DPOEJUJPOPTVUMJOBEBDPWFSTN FU XQFOEJUVSJTUSBOTGFSSEPN JOE FWFMPQNFOBOTTFUPTODFUIF X PSLDPNQMFUFEPEBUF VQQPSUTF GVUVSE FWFMPQNFOU PGUIF QSPQFSUBZOET VDI E FWFMPQNFSTRDFJWEBTQQSPQSJBBVEQSPWBMT

MINE DEVELOPMENT EXPENDITURE

XQJUBMJTTEJOF EFWFMPQNFOUPTUJODMVEEFYQFOEJUVSFDVSSFEJUPEFWFMPQFX PSF CPEJFTTUPEFmOFGVUVSF NJOFSBMJTBUJPOEYJTUJOHSFC PEJFTTUPFYQBOEUIF DBQBDJUZGBN JOFBOE UPNBJOUBQQSPEVDUJPOBOEBMTPOUSFTBUOE mOBODJBOPTUSTFMBUJOUPUIF DPOTUSVDUJPOJN JOFSBQSPQFSUZ

.JOF E FWFMPQNFOUPTUBSFV QPQDPNNFODFNFOUPGQSPEVDUJPO FQSFDJBUFTEJOBV OJUPGQSPEVDUJPO FUIPE CBTFEPOUIF FTUJNBUFQSPWFOOEQSPCBCMF JOFSBMFTFSWFTTPXIJDI UIFZ SFMBUFSB SFX SJUUFOPGU IF QSPQFSUZ BCBOEPOFsFO FUDBSSZJOBNPVOUPGN JOFE FWFMPQNFOUPTUBUFBDIN JOFQSPQFSUZSFS FWJFXFEPSJNQBJSNFOU FJUIFSJOEJWJEVBMPSBZUIF DBTIHFOFSBUJOWOJOUWFWFXMIFO F WFOUBTOEDIBOHFTJODJSDVNTUBODFTEJDBUFBUUIF DBSSZJOBNPVOUN BZOPUCFS FDPWFSBCMFU IF F YUFOUUIBUUIFTF WBMVFTYDFFEUIFJSS FDPWFSBCMFPVOUTUIBUF YDFTTJTGVMMZQSPWJEFEHBJOTUUF TUBUFNFOUPGDPNQSFIFOTJWFJODPNFJOUIF mOBODJBZBSSJOX IJDIUIJTJTE FUFSNJOFE

MINERAL PROPERTIES

sF EFWFMPQNFOUPTUBSFUSBOTGFSSEUIF NJOFSBMQSPQFSUJESTBUIPSXIFO UIF BTTFUTBWBJMBCMFUSV TF UIJTJTXIFO DPNNFSDJBMQSPEVDUJPOSFBDIFTUIF FYUFOUPSBUJPOBOEF WBMVBUJPOUIF BSFBPGJOUFSFTUPSBUJPOBOEJODMVEEDPTUTUIBUIBWFCFFOJODVSSFE JOF BTTFUTBSFBNPSUJTFE TJOHUIF VOJUTPGQSPEVDUJPOBOEQSPCBCMF JOFSBMFTFSWFTsF OFUDBSSZJOBNPVOUPGN JOFB TTFUTFSFWJFXFEPSJNQBJSNFOU FJUIFSJOEJWJEVBMPSBZUIF DBTIHFOFSBUJOWOJOUWFWFXMIFO F WFOUBTOEDIBOHFTJODJSDVNTUBODFTEJDBUFBUUIF DBSSZJOBNPVOUN BZOPUCFS FDPWFSBCMFU IF F YUFOUUIBUUIFTF WBMVFTYDFFEUIFJSS FDPWFSBCMFPVOUTUIBUF YDFTTJTGVMMZQSPWJEFEHBJOTUUF TUBUFNFOUPGDPNQSFIFOTJWFJODPNFJOUIF mOBODJBZBSSJOX IJDIUIJTJTE FUFSNJOFE

MINERAL RIGHTS

sF DPTUPGBDRVJSJOGSHIUTPONJOFSBMSFTFSWFBOENJOFSBMSFTPVSDFJTODMVEEJOUSFDUMZBUUSJCVUBCMFUPUIFOTFJTT DBQJUBMJTFEUIF TUBUFNFOUPGmOBODJBQPTJUJPOTJODVSSFEBOEJODMVEEDUIF N JOFSBMSHIUTDBUFHPSZ JOFSBMSHIUT BSFBNPSUJTFE TJOHUIF VOJUTPGQSPEVDUJPOBOEQSPCBCMF JOFSBMSFTFSWFsF OFU DBSSZJOBNPVOUPGN JOFSBMSHIUTBSFS FWJFXFEPSJNQBJSNFOU FJUIFSJOEJWJEVBMPSBZUIF DBTIHFOFSBUJOWOJOUWFWFM XI FOF WFOUBTOEDIBOHFTJODJSDVNTUBODFTEJDBUFBUUIF DBSSZJOBNPVOUN BZOPUCFS FDPWFSBCMFU IF F YUFOUUIBU UIFTFWBMVFTYDFFEUIFJSS FDPWFSBCMFPVOUTUIBUF YDFTTJTGVMMZQSPWJEFEHO UIF TUBUFNFOUPGDPNQSFIFOTJWFJODPNF JO UIFmOBODJBZBSSJOX IJDIUIJTJTE FUFSNJOFE

STRIPPING COSTS

4USJQQJOHDPTUTJODVSSFEJOPQFSBUJOHFYQFOTFTJOUIFQSPEVDUJPOQIBTFUPSFNPWFXBTUPSFBSFDIBSHFEUPPQFSBUJOH DPTUPOUIFCBTJTPGUIFBWFSBHFHPGN JOFTUSJQQJOHBUJPTBOEUIFBWFSBHFHPGN JOFDPTUQFSDVCJDN FUSFsFB WFSBHF TUSJQQJOHBUJPTDBMDVMBUFEUIFOVNCFSPGDVCJDN FUSFFGX BTUPN BUFSJBMYQFDUFEUPCFSFNPWFEE VSJOHUIFMJGPG NJOFQFSPVODPGHPMEN JOFEsFB WFSBHFHPGN JOFDPTUQFSDVCJDN FUSJFTDBMDVMBUFEUIF URJBMYQFDUFEDPTUT UPCFJODVSSFEJUPNJOFUIFPSFCPEZE JWJEFEZUIFOVNCFSPGDVCJDN FUSFFYQFDUFEUPCFN JOFEsFB WFSBHFHPGG NJOFTUSJQQJOHBUJPBOEUIFBWFSBHFHPGN JOFDPTUQFSDVCJDN FUSBSFSFDBMDVMBUFEVBMMOQOJUIFMJHIUPGBEEJUJPOBM LOPXMFEHBOEDIBOHFTJOFTUJNBUFT

sF DPTUPGUIFiFYDFTTUSJQQJOHWDBQJUBMJTBUJPOEIF TUBUFNFOPGmOBODJBMQPTJUJPOUIFO UIF BDUVBMNOJOJDBPTUFYDFFE UIFTVNPGUIFBEKVTUFEUPOFTN JOFEC FJOHUIF BDUVBMSFUROFTQMVTIF QSPEVDEUGUIF BDUVBMSFUROFTN VMUJQMCZEE UIFBWFSBHFHPGN JOFTUSJQQJOHBUJPN VMUJQMCZEIF MJGPGN JOFDPTUQFSDVCJDN FUSFTB IFO UIF BDUVBMNOJOJDBPTUT BSFC FMPXUIF TVNPGUIFBEKVTUFEUPOFTN JOFEC FJOHUIF BDUVBMSFUROFTQMVTIF QSPEVDEUGUIF BDUVBMSFUROFTT NVMUJQMCZEIF BWFSBHFHPGN JOFTUSJQQJOHBUJPN VMUJQMCZEIF MJGPGN JOFDPTUQFSDVCJDN FUSFTQSFWJPVTMZ DBQJUBMJDDPFUBTSFF YQFOTFEUPJODSFBTUIF DPTUVQ UPUF BWFSBHF

sF DPTUPGTUSJQQJOHOBOZQFSJPEX JMDMS FnFDUJWFGUIF BWFSBHFUSJQQJOHBUFGPSUIF P SFC PEZBTBX IPMFX IB OHFJO UIFMGPGN JOFTUSJQQJOHBUJPBSFB DDPVOUEPSQSPTQFDUJWFMZ IBOHFJOF TUJNBUF

IMPAIRMENT

X FBDI SFQPSUJOHBUF NBOBHFNFOUBTTFTTXIFUIFS UIFSFJTBOZJOEJDBUJPOGUNQBJSNFOUXJUIJOUIF DBUFHPSJPG QSPQFSUZQMBOBLOEF RVJQNFOUKB OZTVDIJOEJDBUJPOYJTUT BOBHFNFOUFUTUJNBUEUF SFDPWFSBCMFNPVOUXIJDI JT EFUFSNJOFBTUIF I JHIFSPGBOBTTFUGBJSWBMVFTTDPTUTUPTFMM BOEJUWBMVFOV TFsFD BSSZJOBHNPVOUTS FEVDFEUP UIFSFDPWFSBCMFNPVOUB OEBOJNQBJSNFOUPTTDTS FDPHOJTEEUF TUBUFNFOPGDPNQSFIFOTJWFODPNFKOJ NQBJSNFOU MPTS FDPHOJTEPSBOB TTFUJOQSJPZFBSTJTS FWFSTFEJGUFSF I BTC FFOBDIBOHFJOUF F TUJNBUFTTFE UPEFUFSNJOEUF BTTFUWBMVFOV TFPSGBJSWBMVFTTDPTUTUPTFMM

BJOTB OEMPTTFPOE JTQPTBEMFUFSNJOFEZDPNQBSJOEQSPDFEX JUIDBSSZJOBHNPVOUB SFS FDPHOJTEEUF TUBUFNFOU PGDPNQSFIFOTJWFODPNF

CONSTRUCTION WORK IN PROGRESS

XTTFUT JOUIF DPVSTFPGDPOTUSVDUBSEDBQJUBMJTEUF DPOTUSVDUXPSL JOQSPHSFTB DDPVOUO DPNQMFUJPOF DPTUPGDPOTUSVDUJPOS BOTGFSSEUPU B QQSPQSJBUDBUFHPSZGQSPQFSUZQMBOBLOEF RVJQNFOU X E FQSFDJBUJPOD IBSHFEPOB TTFUT JOUIF DPOTUSVDUXPSL JOQSPHSFTB DDPVOs FTB TTFUBTSFE FQSFDJBUVFEPO UIFJSUSBOTGFSPU B QQSPQSJBUDBUFHPSZGQSPQFSUZQMBOBLOEF RVJQNFOU

LEASES

Operating leases

8IFSF UIF(SPVX JTB MFTTJEB MFBTF EI EPFTOPU USBOTGFSTCTUBOUJBMMXFSZTLTBOESFXSET PGPXOFSTIJX GSPN UIFMFTTPSUF(SPVXUIF UJUMFBTF BZNFOUTSFDIBSHFEUPUF TUBUFNFOPGDPNQSFIFOTJWFODPNPOBTUSBJHIUMJOF CBTJTPWFSUIFX FSJPEPGUF MFBTF

Finance lease

8IFSF UIF(SPVX JTB MFTTJEB MFBTF EI USBOTGFSTCTUBOUJBMMXFSZTLTBOESFXSET PGPXOFSTIJX UPUIF(SPVX UIFBTTFMEBTFEBSEDBJUBMJTEOX SPXSUZX MBOBLOEF RVJNFOUBUUBMMFS PGUF GBJSWBMVFGUF MFBTFBTTFBLOEUIF XFTFOVXBMVFGUF N JOJNVMMFBTF BZNFOUPDDPNNFODFNFOUGUF MFBTF&BDMFBTF BZNFOUTUBMMPDDUFEEFO UIFMJBCJMJUJFTmOBODDBMBOEXFUUBOEsFDOH PSSFTBOEJOH SFOUBMCMJHBUJPOEPGGVUVSmOBODDBMBOEMFBTF MBCJMJUJFT OUFSEDRTJT DIBSHFEUPUF TUBUFNFOPGDPNPWFSIF MFBTF BZNFOUPGmOBODMFBTF BSF EFXFDJBUFPWFSIF TIPSUFSBGUFJSVTFGVMJGBMOEUIF MFBTFEFSNJGUF(SPVXTTOPUSFBTPBCMZXSUBJOBUUIJTEBUF JNMMUBJO PXOFSTIJXCZUIF OEPGUF MFBTFEFSN

GOODWILL

MTJOFTT DPNCJOBUJPOTOPSBGUFSBOVBSZ BSFBDDPVOUGPSVOEFSX4 VTJOHUIF QVSDIBTFNFUIPE XOZ FYDFTT PGUIF DPTUPGUF CVTJOFTTDPNCJOBUJPOWFSUIF(SPVQTJOUFSFTUIF OFUGBJSWBMVFGUF JEFOUJmBCMFBTFUMBCJMJUJFT

FINANCIAL INSTRUMENTS

Financial instruments classification and recognition

Financial assets at fair value through profit or loss