

Financial and Operating results

12M 2021

30 May 2022



Nord Gold plc (“Nordgold” or the “Group”), the internationally diversified gold producer, announces financial and operating results for the twelve months ended 31 December 2021.

Highlights	12M 2021	12M 2020	Change, YoY
LTIFR	0.07	0.13	-46%
Gold production, koz ¹	1,024.4	1,045.6	-2%
Average realised gold price per ounce sold, US\$/oz	1,790	1,779	1%
Revenue, US\$m	1,826.4	1,861.4	-2%
AISC, US\$/oz	1,094	1,027	7%
Adjusted EBITDA, US\$m	943.2	1,016.9	-7%
Net profit /(loss)	374.5	578.2	-35%
Free Cash Flow	408.0	551.9	-26%

12M 2021 Highlights:

- The Lost Time Injury Frequency Rate (LTIFR) was 0.07 for the full year (FY) 2021, a substantial improvement of 46% year-on-year (y/y). Nordgold is pleased to announce that LTIFR data now includes both own employees and contractors. Data for 12M 2020 is adjusted and includes both employees and contractors. Nordgold’s management KPI now also include LTIFR on a combined basis to further improve the long-term sustainability of the business and safety of our people.
- Refined gold production remained broadly stable at 1,024.4 thousand ounces of gold equivalent (koz). The planned lower production at Gross, Taparko, and Suzdal mines was broadly offset by strong performances at the Bissa-Bouly, Taborny and Irokinda mines.
- The average realised gold price remained relatively unchanged in 2021 at US\$ 1,790/oz (FY2020: US\$ 1,779/oz), though during the year the price was volatile due to global inflationary pressures and the subsequent expectations for central banks worldwide to tighten economic policies.
- Adjusted EBITDA of US\$ 943.2 million was 7% lower y/y due to lower gold production and increased cash costs for the period. Despite inflationary pressure on Nordgold’s cost base, the Company managed to maintain EBITDA margin at solid level of 52% in 2021.
- Free Cash Flow decreased to US\$ 408 million mainly due to lower earnings and higher working capital outflows y/y.

¹ Including 6.631 thousand gold equivalent ounces of silver production for 12M 2021 (Based on ~ 1:71 Au/Ag).

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LTIFR

Safety is Nordgold's key priority with the commitment to achieve zero harm for our employees and contractors. The LTIFR improved by 46% to 0.07 in 2021 from 0.13 in 2020. In 2021, Nordgold continued to make progress on a number of on-going safety initiatives, particularly in terms of leadership, and HSE engagement.

Nordgold is pleased to announce that LTIFR data will now include both own employees and contractors. Data for 12M 2020 is adjusted and includes both employees and contractors.

LTIFR per 200,000 hours	12M 2021	12M 2020	Change, YoY
Employees	0.04	0.14	-71%
Contractors	0.13	0.12	8%
Nordgold combined	0.07	0.13	-46%

Consolidated Production Overview

Operating results	12M 2021	12M 2020	Change, YoY
Run of mine, kt ²	237,379	211,706	12%
Waste mined, kt ³	175,527	168,010	4%
Ore mined, kt	63,211	44,996	40%
Stripping ratio, t/t ⁴	2.84	3.84	-26%
Ore processed, kt	48,190	46,215	4%
Grade, g/t	0.81	0.84	-4%
Recovery, %	80.8	81.4	-0.7pp
Refined gold production, koz	1,024.4	1,045.6	-2%

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

² Open pit mines only.

³ Calculated for total ore mined and waste mined at open pits only.

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Refined Gold Production by Mine, koz ⁴

Mine	12M 2021	12M 2020	Change, YoY
Bissa-Bouly	269.4	226.8	19%
<i>Bissa</i>	183.3	148.2	24%
<i>Bouly</i>	86.1	78.6	10%
Taparko	67.7	94.8	-29%
Lefa	163.2	177.5	-8%
Gross	250.9	278.0	-10%
Taborny	90.2	77.3	17%
Irokinda	55.0	47.0	17%
Berezitovy	56.9	68.7	-17%
Suzdal	71.0	75.6	-6%
Nordgold	1,024.4	1,045.6	-2%

- In 2021 gold production exceeded 1Moz and totaled 1,024.4 koz, which was broadly in line with last year. This is a result of planned production growth at Bissa-Bouly, Taborny and Irokinda mines, which was offset by decreases at Gross, Suzdal and Taparko mines in line with mine plans.
- Nordgold increased volumes of ore mined by 40% YoY to 63.2 million tonnes, mainly driven by increased ore mined at Gross in order to achieve the mine expansion plans of 18 mt processing capacity per annum. Volumes of ore processed increased by 4% YoY to 48.2 mt. The difference between ore mined and processed mainly relates to low grade ore stockpiled at Nordgold's West African assets, and Gross mine to optimize ore blend and processed grade.
- Nordgold's stripping ratio declined by 26% YoY in 2021, in line with the mining plan.
- Nordgold's recovery in 2021 was 80.1% in-line with processing plans.
- Gross production declined by 10% to 250.9 koz in 2021, due to planned lower ore grade stacked, and associated lower recovery, which was partially offset by a strong improvement in ore mined (+87% YoY) and processed (+17% YoY).
- Bissa increased production by 24% YoY to 183.3 koz in 2021, mainly as a result of higher head grade supported by ore from SW and Gougre pits.
- Bouly production increased by 10% YoY to 86.1 koz in 2021, driven by higher volumes of ore mined (+48%) and processed (+8%) in line with the mining plan.
- Taparko production volumes declined to 67.7 koz in 2021, following completion of 35 pit, resulting in a lower head grade.
- In 2021 Lefa production declined by 8% YoY to 163.2 koz, due to lower volumes of ore mined and processed, which was partially offset by head grade improvement by 4% YoY. Lefa continued work on the Lero-Karta underground study, focusing on conversion drilling of Inferred resources, depth extensional drilling and technical studies.
- Taborny production increased by 17% YoY to 90.2 koz mainly driven by head grade improvement by 22% YoY. In 2021 Taborny mine reflected strong performance of mining operations at West 2 cutback, Temnoe and Vysokiy pits.
- Suzdal production decreased by 6% YoY to 71.0 koz in 2021, mainly due to lower volumes of ore processed as a result of decreased throughput at BIOX circuit. Production was impacted by power supply outages, additional maintenance of the BIOX reactors, and planned cooling tower maintenance during the period. This was partially offset by the improvement of head grade. In H2 2021 Suzdal mine has delivered improved ore recoveries following investment in gold room operations.

⁴ May include the effect of rounding.

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Financial Results Summary

Financial results	12M 2021	12M 2020	Change, YoY
Gold sold, koz	1,020.1	1,046.3	-3%
Average realised gold price per ounce sold, US\$/oz	1,790	1,779	1%
Revenue	1,826.4	1,861.4	-2%
Adjusted EBITDA	943.2	1,016.9	-7%
Adjusted EBITDA margin, %	52%	55%	-3pp
Net profit	374.5	578.2	-35%
Adjusted cash flows from operating activity	804.0	930.9	-14%
Capital expenditures	397.8	382.3	4%
<i>incl. Exploration</i>	81.7	41.0	99%
Free cash flow	408.0	551.9	-26%
Cash and cash equivalents	392.7	739.2	-47%
Total debt	484.5	991.0	-51%
Net debt	91.8	251.8	-64%
AISC, US\$/oz	1,094	1,027	7%

Non-IFRS Financial Measures

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

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and the adjusted EBITDA margin are non-IFRS financial measures. Adjusted EBITDA is calculated as profit before income tax for the period, adjusted for:

- gains on the disposal of available-for-sale investments
- finance income and finance costs
- foreign exchange losses / (gains)
- depreciation and amortisation
- impairment / (reversal of impairment) of non-current assets
- net losses on the disposal of property, plant and equipment
- work-in-progress impairment recognised in cost of sales
- provisions charged for previously recognised contingent liabilities and other expenses

Nordgold uses adjusted EBITDA in the reporting of its segments and in assessing its growth and operational efficiencies.

The adjusted EBITDA margin is adjusted EBITDA as a percentage of Revenue.

Information on adjusted EBITDA and the adjusted EBITDA margin or similar measures is sometimes used by investors to evaluate the efficiency of a company's operations as well as its ability to use its earnings to repay debt, in capital expenditure, and for working capital requirements.

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

A reconciliation between profit before income tax and adjusted EBTIDA is presented in Note 3, Segment Reporting, of the Consolidated Financial Statements.

Net Debt

In order to assess Nordgold's leverage position, Nordgold's management uses a measure of net debt, which is defined as the short- and long-term borrowings less cash, cash equivalents, and short-term deposits. Net debt is an indication of a company's ability to repay its debts if they became due on the reporting date.

Reconciliation of Net debt

US\$ million	31.12.2021	31.12.2020
Short-term borrowings	81.2	141.1
Long-term borrowings	403.3	849.9
Total debt	484.5	991.0
Less Cash and cash equivalent	-392.7	-739.2
Net debt	91.8	251.8

Free cash flow Free cash flow comprises cash generated from operating activities less cash funds used for payments related to property, plant and equipment and payments related to exploration and evaluation activity.

Reconciliation of Free cash flow

US\$ million	2021	2020
Cash flow from operating activities	934.2	1 054.1
Factoring adjustment	-130.2	-123.2
Adjusted cash flow from operating activities	803.9	930.9
Payments for property, plant and equipment	-308.9	-332.9
Payments for exploration and evaluation activity	-87.0	-46.1
Free cash flow	408.0	551.9

All-In Sustaining Costs

All-in sustaining cost ("AISC") refers to costs related to sustaining production, and is calculated as the amount of production cash costs, plus cash selling general and administrative expenses, plus taxes other than income tax and other cash operating results, with the addition of capital expenditure spent on sustaining the production level. The latter includes maintenance Capex at all mines, exploration Capex at operating mines, and capitalised stripping together with underground development works performed at operating mines.

US\$ million	2021	2020
Cost of sales	1 115.8	1 098.1
(Less)/plus items in income statements:		
Depreciation and amortisation	-293.6	-321.3
Change in work-in-progress impairment	-6.6	7.2
Change in finished goods	0.6	-0.5
Revenue of by-products	-11.8	-11.6
Zun-Holba cash cost	0.0	-14.9
Cost of production	804.3	757.0
General and administrative expenses	69.9	62.5
Corporate overheads	-43.0	-39.0
Mining administrative expenses	26.9	23.5
Depreciation and amortisation related to SG&A	-2.5	-2.3
Other expenses	3.5	0.0
Total cash cost	832.2	778.2
Gold produced, koz	1 019.5	1 032.0
Total cash cost, US\$ / oz	816.2	755.0
Corporate overheads	43.0	39.0
Sustaining CAPEX	240.3	243.1
Total All-in sustaining cost (AISC)	1 115.5	1 060.3
Total All-in sustaining cost (AISC), US\$ / oz	1 094.1	1 027.4

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Enquiries

Nordgold

Evgeny Belov
Head of Investor Relations

eb@nordgold.com

Olga Ulyeva
Head of Corporate Communications

olga.ulyeva@nordgold.com

About Nordgold

Nordgold is an internationally diversified one million ounce gold producer with about 8,000 people operating a portfolio of eight mines (in Russia, Kazakhstan, Burkina Faso and Guinea) and a number of development and exploration projects in Russia, West Africa and the Americas. Since its foundation in 2007, Nordgold has established a global reputation as a leading developer of tier one gold mining assets with a proven commitment to community engagement, sustainability, efficiency and operating in an environmentally responsible manner.

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

Cautionary Note Regarding Forward-Looking Statements

The accompanying document has been prepared by Nord Gold plc, a company existing under the laws of the United Kingdom (the "Company" or "Nordgold" and, together with its subsidiaries, the "Group"), and is for informational purposes only. While information in this document is obtained from sources believed by the Company to be reliable, the Company has not undertaken an independent verification of such information, and no assurance can be provided as to the accuracy or completeness of any such information.

Certain statements in this document are not historical facts and constitute "forward-looking" statements regarding future events or the future financial performance of the Group, including within the meaning of Section 27A of the United States Securities Act of 1933, as amended and Section 21E of the United States Securities Exchange Act of 1934, as amended. Such forward looking statements may be identified by terms such as "expect", "believe", "estimate", "anticipate", "intend", "will", "could", "may", or "might", the negative of such terms or other similar expressions. These forward-looking statements include matters that are not historical facts and statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance, and the Groups' actual results of operations, financial condition, liquidity, prospects, growth, strategies and the development of the industry in which the Group operates may differ materially from those described in or suggested by the forward-looking statements contained in these materials. In addition, even if the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in these materials, those results or developments may not be indicative of results or developments in future periods. Any such statements speak as of the date on which they are made, and the Company does not undertake any obligation to update any such statements to reflect information, events, results or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events, except as may be required by applicable law. Many factors could cause the actual results to differ materially from those contained in forward-looking statements of the Company, including, among others, general economic conditions, the competitive environment, risks associated with operating in the states where the Group operates, changes in the world gold market, as well as many other risks specifically related to the Group and its operations. Many of these assumptions are based on factors and events that are not within the control of Nordgold and there is no assurance that they will prove correct. New risks and uncertainties emerge from time to time, and it is not possible for management to predict all of such risk factors and to assess in advance the impact of each such factor on Nordgold's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking information. Actual performance or achievement could differ materially from that expressed in, or implied by, any forward-looking information in this document and, accordingly, investors should not place undue reliance on any such forward-looking information.

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