23 October 2014

Results for the three months ended 30 September 2014 (Unaudited)

Based on IFRS and expressed in US Dollars (US$)

African Barrick Gold plc ("ABG'') reports third quarter results

"We are pleased to announce production of 190,986 ounces in the quarter, up 16% on Q3 2013, providing further evidence that the changes we are implementing at our operations continue to improve performance", said Brad Gordon, CEO of African Barrick Gold. "As a result we have delivered our eighth successive quarterly reduction in all-in sustaining costs (AISC). During the quarter we generated US$17 million in net cash flow and have now increased our cash balance year to date, after returning US$14 million in dividends to our shareholders and continuing to invest in growth. The optimisation of our assets continues with good progress made during the quarter on the projects at both Bulyanhulu and North Mara and we are looking forward to setting out our longer term plan for the business at our Investor Day on 27 November."

Operational Highlights

- Gold production of 190,986 ounces, up 16% on Q3 2013
- Gold sales of 178,490 ounces, 11% higher than Q3 2013
- AISC[1,2] of US$1,098 per ounce sold, 14% lower than Q3 2013 and 1% lower than Q2 2014
- Cash costs[1,2] of US$679 per ounce sold, 7% lower than both Q3 2013 and Q2 2014
- Bulyanhulu CIL Expansion produced 5,097 ounces, with commissioning due for completion in Q4 2014
- Bulyanhulu run of mine head grade increased to 8.8 grams per tonne as underground development progressed well
- Full year production guidance reiterated of upwards of 700,000 ounces with cost guidance tightened to around US$740 and around US$1,100 per ounce sold, for cash costs and AISC respectively (previously US$740-790 and US$1,100-1,175)

Financial Highlights

- Cash position increased by US$17 million to stand at US$287 million at 30 September 2014
- Revenue of US$241 million, 9% up on Q3 2013, as higher sales volumes more than offset lower average realised gold prices
- EBITDA[1,3] of US$76 million, 17% higher than Q3 2013, due to increased revenue and lower cash costs
- Net earnings[1,3] of US$28 million (US6.9 cents per share), 60% higher than Q3 2013
- Operational cash flow of US$101 million (155% higher than Q3 2013), driven by increased EBITDA and indirect tax refunds
- Capital expenditure of US$81 million was in line with Q3 2013
- Remain on track to exceed the planned US$185 million of cost savings as set out in the Operational Review

	Three months ended 30 September		Nine months ended 30 September	
(Unaudited)	2014	2013[2]	2014	2013[2]
Gold Production (ounces)	190,986	164,429	537,567	471,627
Gold Sold (ounces)	178,490	161,061	509,437	475,430
Cash cost (US$/ounce)[1]	679	728	727	826
AISC (US$/ounce)[1]	1,098	1,270	1,111	1,411
Average realised gold price (US$/ounce)[1]	1,268	1,309	1,282	1,421
Revenue (US$'000)	240,878	220,042	686,387	707,402
EBITDA[1,3] (US$'000)	75,835	64,769	207,456	195,541
Net earnings/(loss)[3] (US$'000)	28,444	17,830	69,266	(683,400)
Basic earnings/(loss) per share (EPS) (cents)[3]	6.9	4.3	16.9	(166.6)
Cash generated from operating activities (US$'000)	101,428	39,851	228,535	138,922
Capital expenditure[4] (US$'000)	81,251	81,291	195,995	246,100

[1] These are non-IFRS measures. Refer to page 10 for definitions
[2] 2013 comparative amounts have been restated to exclude Tulawaka
[3] EBITDA and net earnings consist of earnings from both continuing and discontinued operations
[4] Excludes non-cash reclamation asset adjustments and includes finance lease purchases

Operational Review

Our continued delivery on the cost saving targets set out at the start of the Operational Review is highlighted by a further reduction in Q3 2014 AISC versus Q2 2014 and a 14% reduction from Q3 2013. In combination with a strong production profile, we generated a further US$17 million of net cash during the quarter and have now improved on our cash position from the beginning of the year, notwithstanding our continuing investment in growth, dividends and in the disposal of Tulawaka (together with its associated closure liabilities). We remain on track to exceed the planned US$185 million of cost savings as set out in the Operational Review by the end of 2014. Beyond this we continue to anticipate a further reduction in our AISC as we see the benefits of further business improvement initiatives being implemented throughout the business with particular focus on mining and development efficiencies.

Board Changes

During the third quarter, Rick McCreary stepped down as Non-Executive Director of the Company. The ABG Board now comprises ten Directors, including seven Independent Non-Executive Directors, two Non-Executive Directors (nominees from Barrick Gold Corporation) and one Executive Director.

Indirect Taxes

Further progress has been made with respect to the build-up of VAT, and the Company received net refunds of US$14 million during the quarter. As a result, as at 30 September 2014, the outstanding amount relating to the total indirect tax receivable, not covered by the 2011 Memorandum of Settlement, stood at US$51 million, roughly US$45 million lower than 31 December 2013. Notwithstanding the significant progress made so far this year, we are continuing discussions with the Tanzanian Government with respect to the establishment of an appropriate mechanism to safeguard the recoverability of VAT payments over the long term, specifically with respect to VAT paid on domestic goods and services. We will provide feedback as these discussions progress.

Bulyanhulu CIL Expansion

During the quarter, we progressed the commissioning of the new CIL circuit at Bulyanhulu and are nearing the completion of the commissioning stage. Some initial issues were experienced with the elution circuit performance and detoxification of the tailings, but these were largely resolved by the end of the quarter. At quarter end tonnes treated from the reclaimed tailings reflected the designed levels. During the quarter, the new CIL circuit produced 5,097 ounces from 220,000 tonnes of reclaimed tailings.

Gokona Underground

The study into the potential to transition the Gokona deposit at North Mara from an open pit to an underground operation is advancing in line with expectations. Progress to date underlines our confidence that the project will generate positive returns and help sustain the current production profile of the mine. During Q3 2014, work continued on the development of the exploration portal with 48 metres of advancement achieved. Year to date we have spent US$6.4 million of expansionary capital on the exploration portal out of the previously communicated amount for the year of US$10 million.

Investor Day

ABG will be hosting an Investor Day in London, commencing at 09:00 GMT on 27 November 2014 to outline the Company's longer term strategy and outlook. The day will be attended by ABG senior management and is primarily for research analysts and institutional investors. Space at the event is limited; please therefore register your interest in attending with Sarah Vethaak SVethaak@bellpottinger.com. For those who cannot attend in person, the presentations will be webcast through our website, with a recording available after the event.

Outlook

As announced as part of the interim results, we continue to forecast production for the year to be in excess of 700,000 ounces. We now anticipate full year cash costs to be around US$740 per ounce sold (previously US$740-US790 per ounce sold), and full year all-in sustaining costs around US$1,100 per ounce sold (previously US$1,100-US$1,175 per ounce sold).

Key statistics – restated to reflect Tulawaka as a discontinued operation

(Unaudited)	Three months ended 30 September 2014	Three months ended 30 September 2013[3]	Nine months ended 30 September 2014	Nine months ended 30 September 2013[3]
Tonnes mined (thousands of tonnes)	11,016	13,388	30,908	42,506
Ore tonnes mined (thousands of tonnes)	1,981	1,697	5,889	5,074
Ore tonnes processed (thousands of tonnes)	2,238	2,114	6,008	6,097
Process recovery rate (percent)	87.9%	88.3%	88.9%	88.7%
Head grade (grams per tonne)	3.0	2.7	3.1	2.7
Gold production (ounces)	190,986	164,429	537,567	471,627
Gold sold (ounces)	178,490	161,061	509,437	475,430
Copper production (thousands of pounds)	4,531	2,838	10,961	8,422
Copper sold (thousands of pounds)	4,242	2,448	9,633	8,561
Cash cost per tonne milled (US$/t)[1]	54	55	62	64
Per ounce data				
Average spot gold price[2]	1,282	1,326	1,288	1,456
Average realised gold price[1]	1,268	1,309	1,282	1,421
Total cash cost[1]	679	728	727	826
All-in sustaining cost[1]	1,098	1,270	1,111	1,411
Average realised copper price (US$/lb)	3.14	3.20	3.10	3.22

Financial results – restated to reflect Tulawaka as a discontinued operation

(Unaudited, in US$'000 unless otherwise stated)	Three months ended 30 September 2014	Three months ended 30 September 2013[3]	Nine months ended 30 September 2014	Nine months ended 30 September 2013[3]
Continuing operations:				
Revenue	240,878	220,042	686,387	707,402
Cost of sales	(164,072)	(157,303)	(496,546)	(544,036)
Gross profit	76,806	62,739	189,841	163,366
Corporate administration	(8,436)	(8,016)	(22,411)	(25,600)
Share based payments	(1,055)	(1,520)	(5,972)	2,341
Exploration and evaluation costs	(2,958)	(3,232)	(13,953)	(10,948)
Corporate social responsibility expenses	(3,068)	(2,343)	(7,375)	(8,571)
Impairment charges	-	-	-	(910,989)
Other charges[4]	(13,630)	(5,836)	(26,412)	(21,430)
Profit/(loss) before net finance expense and taxation	47,569	41,792	113,718	(811,831)
Finance income	309	77	939	1,072
Finance expense	(2,357)	(2,394)	(6,861)	(7,090)
Profit/(loss) before taxation	45,611	39,475	107,796	(817,849)
Tax (expense)/credit	(17,167)	(15,921)	(39,883)	168,727
Net profit/(loss) from continuing operations	28,444	23,554	67,913	(649,122)
Discontinued operations:				
Net (loss)/gain from discontinued operations	-	(8,226)	886	(48,968)
Net profit/(loss) for the year	28,444	15,328	68,799	(698,090)
Attributed to:				
Owners of the parent (net earnings)	28,444	17,830	69,266	(683,400)
- Continuing operations	28,444	23,554	67,913	(649,122)
- Discontinued operations	-	(5,724)	1,353	(34,279)
Non-controlling interests	-	(2,502)	(467)	(14,690)
- Discontinued operations	-	(2,502)	(467)	(14,690)

[1] These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non IFRS measures"' on page 10 for definitions.
[2] Reflect the London PM fix price.
[3] Restated for the reclassification of Tulawaka as a discontinued operation.
[4] Other charges is predominantly made up of US$4.5 million retrenchment costs, US$3.5 million of non-cash net FX losses, US$2.5 million of non-cash derivative losses and US$2.3 million of legal costs.

For further information, please visit our website: www.africanbarrickgold.com or contact:

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About ABG

ABG is Tanzania's largest gold producer and one of the largest gold producers in Africa. We have three producing mines, all located in Northwest Tanzania, and several exploration projects at various stages of development in Tanzania and Kenya. We have a high quality asset base, solid growth opportunities and a clear strategy of optimising, expanding and growing our business.

Maintaining our licence to operate through acting responsibly in relation to our people, the environment and the communities in which we operate is central to achieving our objectives.

ABG is a UK public company with its headquarters in London. We are listed on the Main Market of the London Stock Exchange under the symbol ABG and have a secondary listing on the Dar es Salaam Stock Exchange. Barrick Gold Corporation remains our majority shareholder. ABG reports in US dollars in accordance with IFRS as adopted by the European Union, unless otherwise stated in this report.

Conference call

A conference call will be held for analysts and investors on 23 October 2014 at 09:30 London time.

The access details for the conference call are as follows:

Participant dial in:	+44 (0) 203 003 2666 / +1 866 966 5335
Password:	ABG

A recording of the conference call will be made available at www.africanbarrickgold.com/investors/financial-reports/2014.aspx after the call.

FORWARD- LOOKING STATEMENTS

This report includes "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include, without limitation, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future production, operations, costs, projects, and statements regarding future performance. Forward-looking statements are generally identified by the words "plans," "expects," "anticipates," "believes," "intends," "estimates" and other similar expressions.

All forward-looking statements involve a number of risks, uncertainties and other factors, many of which are beyond the control of ABG, which could cause actual results and developments to differ materially from those expressed in, or implied by, the forward-looking statements contained in this report. Factors that could cause or contribute to differences between the actual results, performance and achievements of ABG include, but are not limited to, changes or developments in political, economic or business conditions or national or local legislation or regulation in countries in which ABG conducts - or may in the future conduct - business, industry trends, competition, fluctuations in the spot and forward price of gold or certain other commodity prices (such as copper and diesel), currency fluctuations (including the US dollar, South African rand, Kenyan shilling and Tanzanian shilling exchange rates), ABG's ability to successfully integrate acquisitions, ABG's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, and to process its mineral reserves successfully and in a timely manner, ABG's ability to complete land acquisitions required to support its mining activities, operational or technical difficulties which may occur in the context of mining activities, delays and technical challenges associated with the completion of projects, risk of trespass, theft and vandalism, changes in ABG's business strategy including, the ongoing implementation of Operational Reviews, as well as risks and hazards associated with the business of mineral exploration, development, mining and production and risks and factors affecting the gold mining industry in general. Although ABG's management believes that the expectations reflected in such forward-looking statements are reasonable, ABG cannot give assurances that such statements will prove to be correct. Accordingly, investors should not place reliance on forward-looking statements contained in this report. Any forward-looking statements in this report only reflect information available at the time of preparation. Subject to the requirements of the Disclosure and Transparency Rules and the Listing Rules or applicable law, ABG explicitly disclaims any obligation or undertaking publicly to update or revise any forward-looking statements in this report, whether as a result of new information, future events or otherwise. Nothing in this report should be construed as a profit forecast or estimate and no statement made should be interpreted to mean that ABG's profits or earnings per share for any future period will necessarily match or exceed the historical published profits or earnings per share of ABG.

Third Quarter Review

During the third quarter, we continued to see strong operational results, with total production of 190,986 ounces, an increase of 16% on Q3 2013. Sales ounces amounted to 178,490, 7% lower than production due to the timing of concentrate and dore shipments at quarter end. We expect to sell these ounces in Q4 2014.

Bulyanhulu delivered a strong performance with production of 63,333 ounces, 21% higher than Q3 2013 due to a 12% increase in head grade as a result of higher mined grade given improved availability of high grade stopes. The new CIL plant is in the final stages of commissioning and produced 5,097 ounces in Q3 2014.

At North Mara, gold production of 64,332 ounces was down 5% on Q3 2013 as expected due to a lower mine grade. Throughput and recovery rates for Q3 2014 were in line with Q3 2013.

At Buzwagi, gold production for the quarter of 63,321 ounces was 43% higher than in Q3 2013 driven by a 45% increase in head grade due to increased mine grades from the main ore zone. Ore tonnes mined were 9% higher than in Q3 2013 due to previously communicated changes in the mine plan to focus on the main ore zones. Recoveries increased significantly during the quarter to 94.8% compared to 87.3% in the prior year period driven by the improved grade together with process plant efficiencies.

Copper production for the quarter of 4.5 million pounds was 60% higher than in Q3 2013 (2.8 million pounds), due to higher copper grades, mainly at Bulyanhulu, and higher concentrate production, mainly at Buzwagi.

Total tonnes mined during the quarter amounted to 11.0 million tonnes, a decrease of 18% on Q3 2013. Ore tonnes mined from open pits amounted to 1.7 million tonnes compared to 1.5 million in Q3 2013, driven by the increased focus on mining ore at North Mara due to mine sequencing and at Buzwagi due to the change in the mine plan.

Ore tonnes processed amounted to 2.2 million tonnes, an increase of 6% on Q3 2013 primarily driven by higher throughput at Bulyanhulu due to the commissioning of the new CIL plant.

Head grade for the quarter of 3.0 grams per tonne (g/t) was 10% higher than in Q3 2013 (2.7 g/t). This was due to the higher mined grade at Buzwagi as mining focused on the main ore zone and at Bulyanhulu, due to improved availability of high grade stopes.

Our cash costs for the quarter were 7% lower than in Q3 2013, and amounted to US$679 per ounce sold. The decrease was primarily due to:

- the impact of the increased production base (US$125/oz); and
- the impact of a reduction in the international workforce (28% down on the same period in 2013), slightly offset by some of these positions being filled by national workers (US$17/oz).

This was partially offset by the following factors (US$95/oz):

- increased maintenance costs driven by increased underground equipment maintenance activity at Bulyanhulu;
- increased contracted services at Bulyanhulu due to ore development work performed by a contractor;
- lower capitalised development costs at North Mara as a result of the revised mine plan driving a lower strip ratio;
- higher consumables costs at Bulyanhulu driven by increased mining and processing activity.

AISC of US$1,098 per ounce sold for the quarter were 14% lower than Q3 2013, predominantly due to lower cash costs as explained above, combined with lower sustaining capital expenditure and capitalised development.

Capital expenditure for the quarter amounted to US$81.4 million compared to US$81.3 million in Q3 2013. Capital expenditure mainly consisted of capitalised development expenditure (US$41.8 million) relating to investment in the Bulyanhulu CIL Expansion project (US$15.6 million), investments in tailings and infrastructure (US$9.9 million), investment in the Gokona Underground project at North Mara (US$5.4 million), investment in the Bulyanhulu Lower West project (US$3.6 million) and component costs (US$3.5 million).

Cash flow from operations was US$101 million, compared to Q3 2013 of US$40 million. The increase primarily relates to increased EBITDA and favourable working capital movements. The working capital inflow for Q3 2014 of US$23 million compared to an investment in working capital in Q3 2013 of US$36 million and was primarily driven by the timing of the settlement of payables and a decrease in indirect tax receivables of US$14 million in Q3 2014.

The cash position increased during Q3 2014 by US$17 million to US$287 million at 30 September 2014 (31 December 2013: $282 million), after the payment of interim dividends of US$5.7 million and cash expansion capital expenditure of US$25.7 million.

Mine Site Review

Bulyanhulu

Key statistics **Bulyanhulu** (Unaudited)		Three months ended 30 September 2014	Three months ended 30 September 2013	Nine months ended 30 September 2014	Nine months ended 30 September 2013
Key operational information:					
Ounces produced	oz	63,333	52,126	168,753	145,100
Ounces sold	oz	51,409	50,767	152,574	138,569
Cash cost per ounce sold	US$/oz	752	769	828	936
AISC per ounce sold	US$/oz	1,350	1,183	1,283	1,437
Copper production	Klbs	1,488	1,269	3,919	3,507
Copper sold	Klbs	1,153	1,169	3,500	3,204
Underground ore tonnes hoisted	Kt	236	232	664	650
Run-of-mine processing:					
Ore milled	Kt	236	228	661	642
Head grade	g/t	8.8	7.8	8.6	7.7
Mill recovery	%	87.1%	90.5%	89.9%	90.8%
Ounces produced	oz	58,236	52,126	163,383	145,100
Cash cost per tonne milled	US$/t	164	171	191	202
Reprocessed tailings:					
Ore milled	Kt	220	-	227	-
Head grade	g/t	1.4	-	1.4	-
Mill recovery	%	52.5%	-	53.8%	-
Ounces produced	oz	5,097	-	5,370	-
Capital Expenditure:					
- Sustaining capital	US$('000)	8,970	5,314	13,452	20,860
- Capitalised development	US$('000)	17,527	10,576	45,941	34,678
- Expansionary capital	US$('000)	15,907	20,910	41,738	73,331
		42,404	36,800	101,131	128,869
- Non-cash reclamation asset adjustments	US$('000)	(2,399)	(831)	6,322	(10,039)
Total Capital Expenditure	US$('000)	40,005	35,969	107,453	118,830

Operating performance

Gold production of 63,333 ounces for the quarter was 21% higher than in Q3 2013, due to a 12% increase in head grade in the main plant driven by improved availability of high grade stopes and the on-going commissioning of the CIL plant which contributed 5,097 ounces. Gold ounces sold of 51,409 ounces were in line with Q3 2013, but lower than production due to the timing of production at the quarter end, impacting the timing of shipments. Recoveries were temporarily lower during the quarter but returned to above 90% by the end of the quarter. Copper production of 1.5 million pounds for the quarter was 17% higher than in Q3 2013 due to higher throughput and a higher copper grade.

During the quarter, we progressed the commissioning of the new CIL circuit at Bulyanhulu and are nearing the completion of the commissioning stage. Some issues were experienced initially with the elution circuit performance and detoxification of the tailings, but these have been largely resolved. At quarter end tonnes treated from the reclaimed tailings reflected the designed levels.

During the quarter we incurred total development costs (expensed and capitalised) at the Upper East and Lower West of US$1.3 million (US$6.0 million YTD) and US$5.9 million (US$10.7 million YTD), respectively. In the Upper East we commenced ore development as expected in August 2014 and in the Lower West we continue to expect to access higher grade ore in Q4 2014. ABG expects that the combined total development costs (expensed and capitalised) required to develop the Upper East and Lower West in 2014 will be US$30 million, as planned, which will be included in the Bulyanhulu and Group AISC figures.

Cash costs for the quarter of US$752 per ounce sold were 2% lower than the prior year of US$769, and 18% lower than Q2 2014 due to the higher production base and lower labour costs as a result of the 19% reduction in international headcount. During the quarter, the mine commenced a right-sizing of the workforce with a reduction of over 500 employees, predominantly through voluntary severance packages. The cost benefits of this initiative will become evident in Q4 2014.

AISC per ounce sold for the quarter of US$1,350 was 14% higher than in Q3 2013 (US$1,183) as a result of higher sustaining capital expenditure and capitalised development as explained above.

Capital expenditure for the quarter of US$42.4 million was 15% higher than in Q3 2013 of US$36.8 million. Capital expenditure consisted mainly of capitalised underground development costs (US$17.5 million, inclusive of US$3.6 million of Lower West spend) and expansionary capital investment relating to the CIL circuit (US$15.6 million).

Buzwagi

Key statistics Buzwagi		Three months ended 30 September		Nine months ended 30 September	
(Unaudited)		2014	2013	2014	2013
Key operational information:					
Ounces produced	oz	63,321	44,408	165,665	130,154
Ounces sold	oz	65,641	40,599	158,083	136,966
Cash cost per ounce sold	US$/oz	645	1,012	782	946
AISC per ounce sold	US$/oz	950	1,436	1,078	1,582
Copper production	Klbs	3,043	1,569	7,042	4,915
Copper sold	Klbs	3,089	1,279	6,133	5,357
Mining information:					
Tonnes mined	Kt	6,286	7,628	17,632	24,933
Ore tonnes mined	Kt	1,090	1,001	3,444	2,502
Processing information:					
Ore milled	Kt	1,054	1,165	3,034	3,455
Head grade	g/t	2.0	1.4	1.8	1.3
Mill recovery	%	94.8%	87.3%	92.0%	87.9%
Cash cost per tonne milled	US$/t	40	35	41	38
Capital Expenditure					
- Sustaining capital	US$('000)	2,816	6,623	8,592	27,280
- Capitalised development	US$('000)	13,441	7,986	28,598	49,324
		16,257	14,609	37,190	76,604
- Non-cash reclamation asset adjustments	US$('000)	(652)	(103)	187	(6,912)
Total Capital Expenditure	US$('000)	15,605	14,506	37,376	69,692

Operating performance

Gold production for the quarter of 63,321 ounces was 43% higher than in Q3 2013, driven by increased head grade as a result of mining at the main ore zone at the end of the Stage 2 pit. Gold sold for the quarter amounted to 65,641 ounces, 62% above that of Q3 2013 due to the increased production base, and 4% higher than production as a result of the sale of concentrate ounces on hand at the end of Q2 2014.

Tonnes milled during the quarter were 10% lower than in Q3 2013 due to lower throughput rates as a result of the timing of downtime relating to plant maintenance. Recoveries increased by 9% over Q3 2013 as a result of increased grade and business improvement initiatives providing improved blending and management of the CIL plant's performance.

Total tonnes mined for the quarter of 6.3 million tonnes were 18% lower than in Q3 2013 due to changes in the mine plan compared to 2013. Ore tonnes mined of 1.1 million tonnes were 9% higher than Q3 2013 for the same reason.

Copper production of 3.0 million pounds for the quarter was 94% higher than in Q3 2013 driven by the increased concentrate production as a result of higher copper grades processed.

Cash costs for the quarter of US$645 per ounce sold were 36% lower than in Q3 2013 (US$1,012). Cash costs were positively impacted by increased production levels and resultant co-product revenue, savings in contracted services (lower rates) and labour costs (47% reduction in the international workforce) and increased capitalised development costs driven by a higher proportion of waste material removed from Stages 2 and 3 of the open pit. This was partially offset by higher maintenance costs due to increased maintenance activity and increased sales related costs due to the higher sales volumes.

AISC per ounce sold for the quarter of US$950 was 34% lower than in Q3 2013 (US$1,436). This was driven by the lower cash cost base, higher production base and lower sustaining capital.

Capital expenditure for the quarter of US$16.3 million was 11% higher than in Q3 2013 (US$14.6 million). Key capital expenditure for the quarter included capitalised stripping costs (US$13.4 million) as a result of the focus on waste movement in Stage 3 of the pit, investments in tailings and infrastructure (US$1.8 million) and component change out costs (US$0.7 million).

North Mara

Key statistics

North Mara		Three months ended 30 September		Nine months ended 30 September	
(Unaudited)		2014	2013	2014	2013
Key operational information:					
Ounces produced	oz	64,332	67,895	203,148	196,373
Ounces sold	oz	61,440	69,695	198,780	199,895
Cash cost per ounce sold	US$/oz	655	532	606	667
AISC per ounce sold	US$/oz	1,015	1,199	961	1,274
Mining information:					
Tonnes mined	Kt	4,494	5,528	12,612	16,923
Ore tonnes mined	Kt	655	464	1,781	1,923
Processing information:					
Ore milled	Kt	721	720	2,086	2,000
Head grade	g/t	3.2	3.4	3.5	3.5
Mill recovery	%	87.2%	86.9%	87.3%	87.1%
Cash cost per tonne milled	US$/t	56	52	58	67
Capital Expenditure:					
- Sustaining capital	US$('000)	4,994	10,862	13,082	34,824
- Capitalised development	US$('000)	10,834	23,026	36,226	51,943
- Expansionary capital	US$('000)	6,544	-	7,522	504
		22,372	33,888	56,830	87,271
- Non-cash reclamation asset adjustments	US$('000)	(1,574)	(815)	3,784	(6,765)
Total Capital Expenditure	US$('000)	20,798	33,073	60,614	80,506

Operating performance

Production for the quarter of 64,332 ounces was 5% lower than in Q3 2013 due to the lower head grade, as expected, reflecting the higher proportion of mining from the Nyabirama pit at lower grades than the Gokona pit. Milled tonnes exceeded mined tonnes as mined tonnes were blended with stockpiles. Gold ounces sold for the quarter of 61,440 ounces were 4% lower than production due to the timing of dore production at the quarter end impacting on the timing of sales.

Cash costs for the quarter of US$655 per ounce sold were 23% higher than in Q3 2013 (US$532). Cash costs were negatively impacted by lower production levels and lower capitalisation of waste stripping costs, partly offset by the impact of a 38% reduction in the international workforce, lower maintenance costs and lower freight costs.

AISC per ounce sold for the quarter of US$1,015 was 15% lower than in Q3 2013 (US$1,199) due to lower sustaining capital and capitalised development expenditure, partly offset by the higher cash costs and the lower production base as outlined above.

Capital expenditure for the quarter of US$22.4 million was 34% lower than in Q3 2013 (US$33.9 million), due to lower capitalised stripping and lower sustaining capital expenditure, slightly offset by increased expansionary expenditure. Key capital expenditure included capitalised stripping costs (US$10.8 million), investments in tailings and infrastructure (US$1.9 million) and component costs (US$2.9 million). Expansion capital of US$6.5 million relates mainly to portal development costs relating to the Gokona Underground feasibility study (US$5.4 million).

The study into the potential to transition the Gokona deposit at North Mara from an open pit to an underground operation is advancing in line with expectations. Progress to date underlines our confidence that the project will generate positive returns and help sustain the current production profile of the mine. During Q3 2014, work continued on the development of the exploration portal with 48 metres of advancement achieved. Year to date we have spent US$6.4 million of expansionary capital on the exploration portal out of the previously communicated amount for the year of US$10 million.

Exploration Review

Bulyanhulu

During Q3 2014, a total of 2,218 metres of diamond core were drilled, which completed this year's surface drilling programmes at Bulyanhulu. The drilling was continuing to target potential resource extensions west of the currently delineated resources on both Reef 1 and Reef 2 systems. Encouraging results from the programme this quarter include the following significant intersections:

- BGMDD0054W5: 0.5m @ 13.5g/t Au from 1,839.5m - Reef 2 series
- BGMDD0054W5: 0.5m @ 23.0g/t Au from 1,842.0m - Reef 2 series

- BGMDD0054W6: 0.94m @ 14.3g/t Au from 355.6m - Reef 2 series
- BGMDD0054W6: 0.50m @ 31.1g/t Au from 680.5m - Reef 2 series

- BGMDD0056W2: 0.50m @ 15.9g/t Au from 892.5m - Reef 2 series
- BGMDD0056W2: 2.25m @ 26.6g/t Au from 906.5m - Reef 2 series
- BGMDD0056W2: 0.50m @ 26.3g/t Au from 944.0m - Reef 2 series
- BGMDD0056W2: 0.70m @ 6.50g/t Au from 947.6m - Reef 2 series
- BGMDD0056W2: 0.50m @ 16.7g/t Au from 1,168.1m - Reef 2 series
- BGMDD0056W2: 1.25m @ 16.5g/t Au from 1,550.3m - Reef 1

The results from these holes demonstrate that gold mineralisation, particularly on the Reef 2 vein system, continues up to 2 kilometres west of the currently delineated mineable resources. Therefore, there is potential to add further resource ounces at Bulyanhulu on Reef 2, at relatively more shallow levels (<1,000-1,600m) than Reef 1.

The intersection from Reef 1 has confirmed and extended the high-grade mineralised zone that was intersected at the beginning of the drilling programme.

The Bulyanhulu surface drilling programme has been completed with 9,721 metres drilled year to date, with a programme total of 14,373 metres over 16 diamond core holes.

West Kenya Joint Venture

Exploration activities in Kenya continue to focus on grassroots target generation. The Aircore programme testing existing gold-in-soil anomalies along the Liranda Corridor on the south side of the Kakamega Dome Camp was completed with a total of 201 holes drilled for 6,948 metres during Q3 2014. Since 2013, the total number of Aircore holes drilled along the Liranda Corridor is 1,209 holes for 46,595 metres. Better results during Q3 2014 included:

- KDAC 0990: 27m @ 1.45 g/t Au from 12m Incl. 6m @ 3.72 g/t Au
- KDAC 0998: 6m @ 3.20 g/t Au from 105m Incl. 3m @ 6.17 g/t Au
- KDAC 1012: 3m @ 3.5 g/t Au from 30m
- KDAC 1022: 21m @ 0.51 g/t Au from 18m Incl. 6m @ 1.15 g/t Au
- KDAC 1331: 3m @ 2.66g/t Au from 15m

This Aircore program was highly successful with 363 holes returning anomalous results (>0.1g/t Au), of which 106 holes intersected zones of >0.50g/t Au.

A programme of gradient and pole-dipole IP and resistivity across selected gold-in-soil anomalies throughout the Lake Zone Camp in the central and western areas of the project was completed. A total of 190 line kilometres of surveys have now been completed. Thirteen pole-dipole IP targets showing distinct resistivity and/or chargeability zones coincident with the gold-in-soil anomalies have been delineated and will be considered as priority targets for future drilling programmes.

A 5,000 metre diamond core drilling programme is planned for Q4 2014 to follow up on the best significant Aircore intercepts in the Liranda Corridor. Two diamond core holes are also planned for the Abimbo prospect, a high priority anomaly in the Lake Zone camp with coincident IP, resistivity and gold-in-soils.

Non-IFRS Measures

ABG has identified certain measures in this report that are not measures defined under IFRS. Non-IFRS financial measures disclosed by management are provided as additional information to investors in order to provide them with an alternative method for assessing ABG's financial condition and operating results. These measures are not in accordance with, or a substitute for, IFRS, and may be different from or inconsistent with non-IFRS financial measures used by other companies. These measures are explained further below.

Average realised gold price per ounce sold is a non-IFRS financial measure which excludes from gold revenue:

- Unrealised mark-to-market gains and losses on provisional pricing from copper and gold sales contracts; and
- Export duties.

Cash cost per ounce sold is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and corporate social responsibility charges. Cash cost is calculated net of co-product revenue.

The presentation of these statistics in this manner allows ABG to monitor and manage those factors that impact production costs on a monthly basis. Cash cost per ounce sold is calculated by dividing the aggregate of these costs by gold ounces sold. Cash costs and cash cost per ounce sold are calculated on a consistent basis for the periods presented.

All-in sustaining cost (AISC) is a non-IFRS financial measure. The measure is in accordance with the World Gold Council's guidance issued in June 2013. It is calculated by taking cash cost per ounce sold and adding corporate administration costs, reclamation and remediation costs for operating mines, corporate social responsibility expenses, mine exploration and study costs, capitalised stripping and underground development costs and sustaining capital expenditure. This is then divided by the total ounces sold. A reconciliation between cash cost per ounce sold and AISC is presented below:

(Unaudited)	Three months ended 30 September 2014				Three months ended 30 September 2013			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	ABG Group ongoing operations	Bulyanhulu	North Mara	Buzwagi	ABG Group ongoing operations
Cash cost per ounce sold	752	655	645	679	769	532	1,012	728
Corporate administration	62	44	39	47	57	31	47	50
Share based payments	1	(0)	3	6	4	2	3	9
Rehabilitation	9	20	4	11	6	22	9	14
Mine exploration	6	3	1	3	3	8	2	5
CSR expenses	5	22	11	17	11	22	3	15
Capitalised development	341	176	205	234	208	330	197	258
Sustaining capital	174	95	43	101	125	252	163	190
Total continuing operations	1,350	1,015	950	1,098	1,183	1,199	1,436	1,270
Discontinued operations				-				5
Total				1,098				1,275

(Unaudited)	Nine months ended 30 September 2014				Nine months ended 30 September 2013			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	ABG Group ongoing operations	Bulyanhulu	North Mara	Buzwagi	ABG Group ongoing operations
Cash cost per ounce sold	828	606	782	727	936	667	946	826
Corporate administration	48	37	38	44	74	38	54	54
Share based payments	2	1	4	12	(0)	(1)	(1)	(5)
Rehabilitation	8	19	6	12	8	30	18	20
Mine exploration	3	2	1	2	4	13	2	7
CSR expenses	5	17	12	14	7	27	4	18
Capitalised development	301	182	181	217	250	260	360	286
Sustaining capital	88	97	54	83	158	240	199	205
Total continuing operations	1,283	961	1,078	1,111	1,437	1,274	1,582	1,411
Discontinued operations				-				18
Total				1,111				1,429

AISC is intended to provide additional information on the total sustaining cost for each ounce sold, taking into account expenditure incurred in addition to direct mining costs, depreciation and selling costs.

Cash cost per tonne milled is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, by-product credits, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and corporate social responsibility charges. Cash cost is calculated net of co-product revenue. Cash cost per tonne milled is calculated by dividing the aggregate of these costs by total tonnes milled.

EBITDA is a non-IFRS financial measure. ABG calculates EBITDA as net profit or loss for the period excluding:

- Income tax expense;
- Finance expense;
- Finance income;
- Depreciation and amortisation;
- Impairment charges of goodwill and other long-lived assets; and
- Discontinued operations

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardised meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

EBIT is a non-IFRS financial measure and reflects EBITDA adjusted for depreciation and amortisation and goodwill impairment charges.

Mining statistical information

The following describes certain line items used in the ABG Group's discussion of key performance indicators:

- Open pit material mined – measures in tonnes the total amount of open pit ore and waste mined
- Underground ore tonnes hoisted – measures in tonnes the total amount of underground ore mined and hoisted
- Total tonnes mined includes open pit material plus underground ore tonnes hoisted
- Strip ratio – measures the ratio of waste-to-ore for open pit material mined
- Ore milled – measures in tonnes the amount of ore material processed through the mill
- Head grade – measures the metal content of mined ore going into a mill for processing
- Milled recovery – measures the proportion of valuable metal physically recovered in the processing of ore. It is generally stated as a percentage of the metal recovered compared to the total metal originally present
- Run-of-mine processing – measures the ore tonnes processed from the main underground mining activities at Bulyanhulu.
- Reprocessed tailings – measures the tonnes processed through the new CIL circuit from reclaimed tailing facilities at Bulyanhulu