



TSX: K NYSE: KGC

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## FIRST QUARTER 2011 REPORT

# Kinross reports 2011 first quarter results

Revenue increases by 42%; adjusted net earnings<sup>1</sup> increase by 81%  
Adjusted operating cash flow up 67%; margins up 29%

**Toronto, Ontario – May 3, 2011** – Kinross Gold Corporation (TSX: K, NYSE: KGC) today announced its results for the first quarter ended March 31, 2011.

*(Effective January 1, 2011, International Financial Reporting Standards (IFRS) is replacing Canadian GAAP for publicly accountable enterprises. As a result, Kinross will report under IFRS for interim and annual periods beginning January 1, 2011, with comparative information for 2010 restated under IFRS. This report contains forward-looking information that is subject to the risks and assumptions set out in our Cautionary Statement on Forward-Looking Information located on page 45. All dollar amounts in this report are expressed in U.S. dollars, unless otherwise noted.)*

## Highlights

- Production<sup>2</sup> in the first quarter of 2011 was 642,857 gold equivalent ounces, an 18% increase over Q1 2010. The Company has increased its full-year production forecast from 2.5-2.6 million to 2.6-2.7 million attributable gold equivalent ounces as a result of increasing its ownership in the Kupol mine to 100%.
- Revenue for the quarter was a record \$937.0 million, compared with \$657.6 million in the first quarter of 2010, an increase of 42%, with an average realized gold price of \$1,327 per ounce sold compared with \$1,065 per ounce sold in Q1 2010.
- Production cost per gold equivalent ounce<sup>3</sup> was \$543 for Q1, compared with \$456 for Q1 2010. The full-year production cost per ounce forecast remains consistent with previously-stated guidance, despite industry-wide pressure on input costs. Production cost per gold equivalent ounce on a by-product basis was \$471 in Q1, compared with \$412 in Q1 2010.
- Kinross' attributable margin per ounce sold<sup>4</sup> was a record \$784 in Q1, compared with \$609 in Q1 2010, a year-over-year increase of 29%.
- Adjusted operating cash flow<sup>5</sup> for Q1 was \$397.6 million, a 67% increase over Q1 2010. Adjusted operating cash flow per share was \$0.35 in Q1, versus \$0.34 for Q1 2010.
- Adjusted net earnings<sup>1,5</sup> were \$180.3 million, compared with \$99.7 million in Q1 2010, an increase of 81%. Adjusted net earnings per share were \$0.16 in Q1, versus \$0.14 per share for Q1 2010. Reported net earnings<sup>1</sup> were \$255.5 million, or \$0.23 per share in Q1, compared with \$181.3 million, or \$0.26 per share, for Q1 2010.
- The Tasiast feasibility study is 62% complete and remains on schedule for completion in mid-2011. A total of 135,000 metres have been drilled since the beginning of the year and results continue to meet or exceed expectations. Reconnaissance drilling has yielded encouraging results at two different targets along the Tasiast trend outside of the main Tasiast deposit.
- Kinross' growth projects remain on schedule. At Fruta del Norte, construction of the portal high wall for the underground exploration decline has commenced, and negotiations with the Ecuadorian government on an exploitation agreement are proceeding. At Lobo-Marte, exploration on the Valy prospect has produced encouraging new results, including discovery of two new mineralized zones. At Dvoinoye, construction of the mine portal is complete, and development of the exploration decline advanced 100 metres in Q1. At Paracatu, the third ball mill is 98% complete, with commissioning continuing through the second quarter.
- On April 27, 2011, Kinross' 75%-owned subsidiary, Chukotka Mining and Geological Company (CMGC), completed the purchase of the 25% of CMGC that Kinross did not already own for a total gross consideration of approximately \$350 million, giving Kinross 100% ownership of the Kupol mine and the Kupol East-West exploration licences.
- On March 23, 2011, Kinross completed the sale of its approximate 8.5% equity interest in Harry Winston Diamond Corporation for net proceeds of \$100.6 million.
- On March 31, 2011, Kinross announced that it had amended its unsecured revolving credit facility, increasing the available credit from \$600 million to \$1.2 billion. Kinross' cash and cash equivalents were \$1,560.8 million as at March 31, 2011.
- Kinross has appointed Paul H. Barry as Executive Vice-President and Chief Financial Officer, effective April 4, 2011. Mr. Barry replaces Thom Boehlert, whose departure as CFO was announced earlier this year.

<sup>1</sup> "Net earnings" figures in this release represent "net earnings attributed to common shareholders".

<sup>2</sup> Unless otherwise stated, production figures in this release are based on Kinross' 75% share of Kupol production and 90% of Chirano production.

<sup>3</sup> "Production cost per gold equivalent ounce" is a non-GAAP measure defined as production costs per the financial statements divided by the attributable number of gold equivalent ounces sold, both reduced for Kupol sales attributable to a third-party 25% shareholder and Chirano sales to a 10% minority interest holder. Production cost is equivalent to total cost of sales (per the financial statements), less depreciation, depletion and amortization, and is generally consistent with cost of sales as reported under Canadian GAAP prior to the adoption of IFRS.

<sup>4</sup> "Attributable margin per ounce sold" is a non-GAAP measure and is defined as "average realized gold price per ounce" less "attributable production cost per gold equivalent ounce sold".

<sup>5</sup> Reconciliation of non-GAAP measures is located on page 8 of this report.

## CEO Commentary

Tye Burt, President and CEO, made the following comments in relation to first quarter 2011 results:

“Strong performance from our operations, new production from West Africa, and a robust gold price contributed to a 42% increase in revenue and an 81% increase in adjusted net earnings<sup>1</sup> for Kinross. Adjusted operating cash flow was \$398 million, a 67% increase year-over-year. Production costs were lower than expected, despite rising energy and consumable prices industry-wide, and a margin increase of 29% continued to outpace the increase in the average gold price. As a result of increasing our Kupol interest to 100%, we have increased our full-year production guidance to 2.6-2.7 million ounces.

“We continue our aggressive campaign to define and advance mineral reserves and resources at Tasiast, with 26 drills turning around the clock. Results at the main deposit continue to fulfill our expectations, while encouraging results at other targets along the trend reinforce our belief that Tasiast has the potential to develop into a major gold producing district. We continue to make good progress advancing the Tasiast expansion and other growth projects which are expected to double our gold production from 2010 levels. Commissioning of the third ball mill at Paracatu is on budget and on schedule, underground exploration decline development at Dvoynoye has begun, and construction of the portal high wall for the underground exploration decline at Fruta del Norte is underway.”

## Financial results

### Summary of financial and operating results

	Three months ended	
	March 31,	
(dollars in millions, except per share and per ounce amounts)	2011	2010 <sup>(i)</sup>
Total <sup>(a)</sup> gold equivalent ounces <sup>(b)</sup> - produced	700,479	592,364
Total gold equivalent ounces - sold	718,577	618,746
Attributable <sup>(c)</sup> gold equivalent ounces - produced	642,857	544,134
Attributable <sup>(c)</sup> gold equivalent ounces - sold	660,788	567,097
Metal sales	\$ 937.0	\$ 657.6
Production costs <sup>(d)</sup>	\$ 380.7	\$ 274.8
Depreciation, depletion and amortization	\$ 145.7	\$ 130.6
Operating earnings	\$ 339.2	\$ 210.7
Net earnings attributed to common shareholders	\$ 255.5	\$ 181.3
Basic earnings per share	\$ 0.23	\$ 0.26
Diluted earnings per share	\$ 0.22	\$ 0.26
Adjusted net earnings attributed to common shareholders <sup>(e)</sup>	\$ 180.3	\$ 99.7
Adjusted net earnings per share <sup>(e)</sup>	\$ 0.16	\$ 0.14
Cash flow provided from operating activities	\$ 335.1	\$ 228.7
Adjusted operating cash flow <sup>(e)</sup>	\$ 397.6	\$ 238.5
Adjusted operating cash flow per share <sup>(e)</sup>	\$ 0.35	\$ 0.34
Average realized gold price per ounce	\$ 1,327	\$ 1,065
Consolidated production cost per equivalent ounce sold <sup>(f)</sup>	\$ 530	\$ 444
Attributable <sup>(c)</sup> production cost per equivalent ounce sold <sup>(g)</sup>	\$ 543	\$ 456
Attributable production cost per ounce sold on a by-product basis <sup>(h)</sup>	\$ 471	\$ 412

(a) "Total" includes 100% of Kupol and Chirano production.

(b) "Gold equivalent ounces" include silver ounces produced and sold converted to a gold equivalent based on the ratio of the average spot market prices for the commodities for each period. The ratio for the first quarter of 2011 was 43.51:1, compared with 65.66:1 for the first quarter of 2010.

(c) "Attributable" includes Kinross' share of Kupol (75%) and Chirano (90%) production.

(d) "Production costs" is equivalent to "Total cost of sales" per the consolidated financial statements less "depreciation, depletion and amortization", and is generally consistent with "Cost of sales" as reported under CDN GAAP prior to the adoption of IFRS.

(e) "Adjusted net earnings attributed to common shareholders", "Adjusted net earnings per share", "Adjusted operating cash flow" and "Adjusted operating cash flow per share" are non-GAAP measures. The reconciliation of these non-GAAP financial measures is located in this news release.

(f) "Consolidated production costs per ounce" is a non-GAAP measure and is defined as production costs as per the consolidated financial statements divided by the total number of gold equivalent ounces sold.

(g) "Attributable production cost per ounce" is a non-GAAP measure and is defined as attributable production costs divided by the attributable number of gold equivalent ounces sold.

(h) "Attributable production cost per ounce on a by-product basis" is a non-GAAP measure and is defined as production costs as per the consolidated financial statements less attributable<sup>(c)</sup> silver revenue divided by the total number of attributable<sup>(c)</sup> gold ounces sold.

(i) Prior quarter figures have been restated to conform to IFRS.

Kinross produced 642,857 attributable gold equivalent ounces in the first quarter of 2011, an 18% increase over the first quarter of 2010, mainly due to the addition of production from the West Africa operations.

Production cost per gold equivalent ounce was \$543, compared with \$456 for the first quarter of 2010, an increase of 19%. Production costs per ounce were lower than expected, despite upward pressure on input costs, and production costs per ounce for the full year are expected to remain within the previously-stated guidance range. Production cost per gold equivalent ounce on a by-product basis was \$471 in the first quarter of 2011, compared with \$412 in Q1 2010, and based on Q1 2011 attributable gold sales of 587,914 ounces and attributable silver sales of 3,170,766 ounces.

Revenue from metal sales was \$937.0 million in the first quarter of 2011, versus \$657.6 million during the same period in 2010, an increase of 42%, due to an increase in total ounces produced and a higher average realized gold price. The average realized gold price was \$1,327 per ounce in Q1, compared with \$1,065 per ounce for Q1 2010, an increase of 25%.

Kinross' margin per gold equivalent ounce sold was \$784 for the quarter, an increase of 29% compared with the first quarter of 2010, due mainly to a higher realized gold price.

Adjusted operating cash flow<sup>5</sup> was \$397.6 million for the quarter, or \$0.35 per share, compared with \$238.5 million, or \$0.34 per share, for Q1 2010. Cash and cash equivalents were \$1,560.8 million as at March 31, 2011, an increase from \$1,466.6 million as at December 31, 2010.

Adjusted net earnings<sup>1, 5</sup> were \$180.3 million, or \$0.16 per share for Q1 2011, compared with \$99.7 million, or \$0.14 per share, for Q1 2010.

Reported net earnings<sup>1</sup> were \$255.5 million, or \$0.23 per share, for Q1 2011, compared with \$181.3 million, or \$0.26 per share, for Q1 2010.

Capital expenditures were \$255.9 million for Q1 2011, compared with \$94.1 million for the same period last year, an increase due mainly to project-related expenditures at Tasiast, Paracatu, and Maricunga. Expensed exploration costs for the first quarter of 2011 were \$20.8 million, compared to \$7.7 million for the corresponding period in 2010, an increase due mainly to exploration expenses at Tasiast. Capitalized exploration costs totalled \$21.6 million for the quarter.

## Operating results

Mine-by-mine summaries of first quarter 2011 operating results may be found on pages 10 and 11 of this report. Highlights include the following:

- **Kupol** had a strong quarter, with an increase in tonnes of ore mined and processed compared with the first quarter of 2010. As a result, year-over-year production was higher, despite an expected decline in gold grade. Gold equivalent production also benefitted from an increase in the gold/silver ratio due to higher silver prices, as well as from better-than-expected recovery levels for silver. Silver accounted for approximately 23% of Kupol gold equivalent production in the quarter.
- Gold equivalent production at **Paracatu** was lower than the first quarter of 2010 as a result of lower grades and fewer tonnes of ore mined and processed, due to mine sequencing and unplanned maintenance. The performance of Plant 2 remains strong, with gold recovery increasing by 2.5 percentage points over the fourth quarter of 2010. Throughput is expected to increase in the second half of the year as the third ball mill starts up at Plant 2.

- At **Maricunga**, mine performance was strong, and performance of the heap leach was significantly improved over the previous quarter, resulting in an increase in production of 78% and a reduction in production cost per ounce of 52% compared with the fourth quarter 2010.
- At **La Coipa**, gold equivalent production increased by 14% year-over-year, due largely to a higher gold/silver ratio. Silver accounted for approximately 60% of La Coipa gold equivalent production in the quarter. This contributed to lower per ounce cost of sales, offset somewhat by higher power costs.
- As previously disclosed, production for the full-year 2011 at **Fort Knox** is expected to be less than 2010 production due to lower grades, as most of the mining activity is focused on capitalized stripping, and as a result, the majority of ore processed is being sourced from stockpiles. However, first quarter performance was stronger than expected, as Phase 6 mining was completed during the quarter and the tonnes of ore mined were ahead of plan, and production from the heap leach was also strong. As a result, gold production was only slightly less than the first quarter of 2010.
- In West Africa, first quarter production at **Tasiast** increased by 7% over the fourth quarter. Production was negatively impacted by a failure of the elution column in late January; this impact was minimized by expedited deployment of a replacement column which was fully operational by mid-February. At **Chirano**, underground mine development in the first quarter resulted in fewer tonnes mined and processed.

## Project update and new developments

*The forward-looking information contained in this section of the report is subject to the risks and assumptions contained in the Cautionary Statement on Forward-Looking Information on page 45.*

### Growth projects at sites

#### Tasiast expansion project

Kinross is continuing its aggressive drilling campaign at Tasiast with 17 core and 9 reverse circulation rigs in operation on a 24-hour per day schedule. As of the end of March 2011, definition drilling was approximately 95% complete at West Branch, geotechnical drilling was approximately 80% complete, and condemnation work was approximately 40% complete. A total of 135,000 metres have been drilled since the beginning of the year, with 65,000 metres completed at West Branch since the last of the holes included in Kinross' 2010 year-end mineral reserve and mineral resource estimate, which was published February 16, 2011.

Results from the infill and mineral resource expansion campaign continue to meet or exceed expectations. In addition, reconnaissance drilling has encountered encouraging results along the trend outside of the main Tasiast deposit, at the Charlize target, located 15 km south of Tasiast, and the C67 target, located 5 km north of Tasiast.

The feasibility study for the Tasiast expansion is 62% complete and remains on schedule for completion in mid-2011. Geotechnical investigations of the tailings dam site and plant site are at a feasibility level of definition. An expansion of the existing camp is currently underway to accommodate the increasing number of operations personnel required to support the expansion project. In addition, a 500-bed camp for the initial phase of the expansion construction program is now out to tender. A new ADR (Adsorption, Desorption and Refining) plant and dump leach facility are under construction and are expected to be operational in the third quarter to treat oxide ore from Piment and West Branch.

Procurement commitments for the expanded mine fleet as outlined in the Company's news release of March 28, 2011 have been made. Additional equipment orders are now pending for 22 Caterpillar 793 trucks, seven drilling machines, three hydraulic shovels, and two dozers. Generators with 16 MW of capacity have been purchased for Phase 1 of the project to provide power to the site during construction.

Permitting in support of the project is proceeding on schedule. The expansion project remains on schedule to commence operation early in 2014.

### **Dvoinoye development**

Due to the advanced nature of the Dvoinoye project and the completion of the technical aspects of the scoping study at a pre-feasibility study level, Kinross has elected to proceed directly to a project feasibility study, which remains on schedule for completion in the first quarter of 2012.

Exploration and engineering drilling continued at Dvoinoye to define further mineral reserves and resources, and assist engineering studies in support of the feasibility study. Three rigs are operating with a fourth expected to arrive shortly. Condemnation drilling has been completed. Drilling is ahead of schedule with 6,000 metres of the current 24,000-metre drilling program complete.

Initial key project development milestones for 2011 included construction of the mine access portal, exploration decline development, and construction of select surface facilities and infrastructure. The portal is complete and the development of the exploration decline advanced 100 metres during the quarter, ahead of schedule. Engineering and procurement activities have advanced, with orders placed for the power generation equipment, permanent camp, fuel storage tanks, and mine shop building. Processing of Dvoinoye ore at Kupol remains on target to commence in the second half of 2013.

### **Paracatu third ball mill**

Construction of the third Paracatu ball mill is proceeding on schedule and on budget, with construction 98% complete. Pre-commissioning commenced in April and commissioning will continue through the second quarter.

### **Paracatu fourth ball mill**

Engineering on the fourth Paracatu ball mill is well advanced at 45%, and the mill components are expected to be delivered to site by mid-year. Construction activities remain on schedule to commence in mid-2011. The project remains on target to be operational in the first half of 2012.

### **Maricunga projects**

Maricunga ADR (Adsorption, Desorption and Refining) upgrades have been completed ahead of schedule and below budget. The new kiln and new elution tower are operational and the commissioning of the upgraded adsorption columns is in progress. These modifications increase the ADR capacity and improve efficiency of gold stripping from solution.

Construction of the Maricunga SART (Sulphidization, Acidification, Recycling and Thickening) plant is 27% complete and is on target for completion in late 2011. The plant is scheduled to be enclosed in the second quarter to allow ongoing construction during the winter season. Once the SART plant begins operation, additional copper production at Maricunga is expected to result in a cost of sales credit of approximately \$40 per ounce, based on a copper price of \$2.00 per pound.

## **New Developments**

### **Lobo-Marté**

At Lobo-Marté, approximately 70% of the 20,000 metre drill campaign is expected to be completed by the end of May. Geotechnical drilling is now complete, and geotechnical and mine block models in support of the feasibility study are expected to be completed in the third quarter. Lobo-Marté remains on target to commence commissioning in 2014, as previously disclosed.

Work continues on the Lobo-Marte feasibility study, including incorporating the results of recent infill drilling to provide a more accurate and definitive study. As a result, completion of the feasibility study has now been re-scheduled for the fourth quarter of 2011. The Environmental Impact Assessment (EIA) is 86% complete and is scheduled for submission in Q3 2011. Bids have been received from engineering firms to complete the feasibility study and the work is expected to be awarded in May.

In addition, recent exploration drilling on the Valy Prospect of the Lobo-Marte project has produced encouraging new gold results. Initial geological and drill exploration has identified two new mineralized zones associated with hydrothermal alteration and veinlet assemblages, characteristic of the nearby Lobo and Marte deposits. The Valy prospect is located three kilometres to the south of the Lobo deposit along the same mineralized trend, and is one of seven prospects located within the Lobo-Marte district concessions, in addition to the two principal deposits, Lobo and Marte.

### **Fruta del Norte**

Preparatory work for construction of the underground exploration decline at FDN has commenced with construction of the high wall for the portal. Construction of the portal and associated earthworks is expected to continue until mid-year followed by decline development, with completion targeted for the first quarter of 2013. Approximately 600 metres of decline development is targeted for completion by year-end out of a total of 1,750 metres.

The terms of reference for the EIAs for building and operating the FDN mine and processing plant were approved by government authorities in February, and the Company remains on schedule to submit the EIAs by mid-2011. The Company remains on schedule to complete a feasibility study in the second half of 2011, and continues to target start-up of the mine in late 2014. Kinross has commenced negotiations with the Ecuadorian government on an exploitation agreement for FDN.

In the latter half of 2010 the Company restarted exploration on concessions outside of the FDN project area, and is completing the systematic exploration of a number of encouraging targets that have been identified. Exploration is being concentrated along the prospective Las Peñas fault zone, to the north and south of FDN.

### **Cerro Casale**

As project operator, Barrick Gold has announced it will provide another update on the Cerro Casale project in its second quarter 2011 results, which is expected to include a higher capital expenditure estimate than the 2009 feasibility study. The project EIA is expected to be submitted in July 2011. The project board review to approve financial commitment by the partners for project construction is expected in 2013, following approval of the EIA. Kinross currently expects its share of capital expenditures to be approximately \$70 million in 2011 and \$120 million in 2012.

## **Recent transactions**

### **Completion of share purchase agreement to acquire 100% of Kupol mine**

On April 27, 2011, Kinross' 75%-owned subsidiary, Chukotka Mining and Geological Company (CMGC), completed the previously-announced purchase from the State Unitary Enterprise of the Chukotka Autonomous Okrug, or "CUE", of the 2,292,348 shares of CMGC previously held by CUE, representing 25.01% of CMGC's outstanding share capital, for approximately \$350 million, subject to adjustments equal to the amount of the attributable dividend payments. As announced on March 25, 2011, the transaction received pre-approval from the Russian Federation's State Commission for the Control of Foreign Investments.

As a result, Kinross now owns 100% of CMGC, consolidating the Company's ownership of Kupol, a world-class mine with significant production, low costs and strong cash flow, and the Kupol East-West exploration licences in the Chukotka region of the Russian Federation. With the recently completed acquisitions of the Dvoynoye deposit and Vodorazdelnaya property, and the remaining interests in the Kupol East-West exploration licences, Kupol is now in a position to benefit fully from this prospective high-grade epithermal district.

#### **Kinross doubles its revolving credit facility to \$1.2 billion**

On March 31, 2011, the Company announced that it had amended its unsecured revolving credit facility, increasing the available credit from \$600 million to \$1.2 billion, consistent with the growth of the Company over the past year.

#### **Sale of Harry Winston Diamond Corporation shares**

On March 23, 2011, the Company completed the sale of its approximate 8.5% equity interest in Harry Winston Diamond Corporation, consisting of approximately 7.1 million Harry Winston common shares, on an underwritten block trade basis, for net proceeds of \$100.6 million. No cash income tax was payable as a result of the sale. The Company continues to hold a note receivable from Harry Winston in the amount of \$70.0 million, maturing August 25, 2011.

Combined with its sales in 2010 of its equity interests in Harry Winston and the Diavik Diamond Mines joint venture, Kinross has realized total proceeds of approximately \$406.1 million on its original net approximate \$150 million investment in Harry Winston and Diavik.

#### **Outlook**

*The forward-looking information contained in this section is subject to the risk factors and assumptions contained in the Cautionary Statement on Forward-Looking Information located on page 45.*

As a result of increasing its interest in Kupol from 75% to 100%, Kinross is revising both its 2011 regional production forecast for Russia, and its consolidated production forecast.

The Company now expects to produce approximately 535,000-555,000 gold equivalent ounces at its Russian region in 2011, compared with its previous forecast of 435,000-455,000 attributable gold equivalent ounces. On a consolidated basis, the Company now expects to produce 2.6-2.7 million gold equivalent ounces in 2011, compared with its previous forecast of 2.5-2.6 million gold equivalent ounces. The revised gold equivalent production forecast is based on forecast gold production of 2.4-2.5 million ounces and forecast silver production of 11.8-12.2 million ounces.

The forecast for full-year production cost remains unchanged at \$565-610 per gold equivalent ounce on a co-product basis, and \$520-570 per gold ounce on a by-product basis.

Cash and cash equivalents were \$1,560.8 million as at March 31, 2011, and the Company remains on track with its previously disclosed guidance for full-year capital expenditures.

## Reconciliation of non-GAAP financial measures

The Company has included certain non-GAAP financial measures in this document. The Company believes that these measures, together with measures determined in accordance with GAAP, provide investors with an improved ability to evaluate the underlying performance of the Company. The inclusion of these measures is meant to provide additional information and should not be used as a substitute for performance measures prepared in accordance with GAAP. These measures are not necessarily standard and therefore may not be comparable to other issuers.

Adjusted net earnings attributed to common shareholders and adjusted net earnings per share are non-GAAP measures which determine the performance of the Company, excluding certain impacts which the company believes are not reflective of the Company's underlying performance, such as the impact of foreign exchange gains and losses, reassessment of prior year taxes and non-hedge derivative gains and losses. Management believes that these measures, which are also used internally, provide investors with the ability to better evaluate underlying performance particularly since the excluded items are typically not included in public guidance. The following table provides a reconciliation of consolidated net earnings to adjusted net earnings for the periods presented:

<i>(in US\$ millions)</i>	<b>Three months ended</b>	
	<b>March 31</b>	
	<b>2011</b>	2010 <sup>(1)</sup>
Net earnings attributed to common shareholders - as reported	<b>\$ 255.5</b>	\$ 181.3
Adjusting items:		
Foreign exchange gains	<b>(14.8)</b>	(0.4)
Non-hedged derivatives gains - net of tax	<b>(41.0)</b>	(34.9)
Gains on sale of assets and investments - net of tax	<b>(30.8)</b>	(51.8)
FX loss on translation of tax basis and FX on deferred income taxes	<b>9.2</b>	5.5
Inventory fair value adjustment - net of tax	<b>2.2</b>	-
	<b>(75.2)</b>	(81.6)
Net earnings attributed to common shareholders - Adjusted	<b>\$ 180.3</b>	\$ 99.7
Weighted average number of common shares outstanding - Basic	<b>1,134.0</b>	696.4
Net earnings per share - Adjusted	<b>\$ 0.16</b>	\$ 0.14

(1) Prior quarter figures have been restated to conform to IFRS.

The Company makes reference to a non-GAAP measure for adjusted operating cash flow and adjusted operating cash flow per share. Adjusted operating cash flow is defined as cash flow from operations excluding certain impacts which the Company believes are not reflective of the Company's regular operating cash flow, and excluding changes in working capital. Working capital can be volatile due to numerous factors, including the timing of tax payments, and in the case of Kupol, a build-up of inventory due to transportation logistics. Management believes that, by excluding these items from operating cash flow, this non-GAAP measure provides investors with the ability to better evaluate the cash flow performance of the Company.

The following table provides a reconciliation of adjusted cash flow from operations:

<i>(in US\$ millions)</i>	<b>Three months ended</b>	
	<b>March 31</b>	
	<b>2011</b>	2010 <sup>(1)</sup>
Cash flow provided from operating activities - as reported	<b>335.1</b>	228.7
Adjusting items:		
Working capital changes:		
Accounts receivable and other assets	<b>39.9</b>	8.9
Inventories	<b>16.0</b>	(16.8)
Accounts payable and other liabilities, including taxes	<b>6.6</b>	17.7
	<b>62.5</b>	9.8
Adjusted operating cash flow	<b>397.6</b>	238.5
Weighted average number of common shares outstanding - Basic	<b>1,134.0</b>	696.4
Adjusted operating cash flow per share	<b>0.35</b>	0.34

(1) Prior quarter figures have been restated to conform to IFRS.

Attributable production costs per ounce sold on a by-product basis is a non-GAAP measure which calculates the Company's non-gold production as a credit against its per ounce production costs, rather than converting its non-gold production into gold equivalent ounces and crediting it to total production, as is the case in co-product accounting. Management believes that this measure, which is also used internally, provides investors with the ability to better evaluate Kinross' production costs per ounce on a comparable basis with other major gold producers who routinely calculate their cost of sales per ounce using by-product accounting rather than co-product accounting.

The following table provides a reconciliation of attributable production costs per ounce sold on a by-product basis for the periods presented:

<i>(in US\$ millions)</i>	<b>Three months ended</b>	
	<b>March 31</b>	
	<b>2011</b>	2010 <sup>(2)</sup>
Production costs <sup>(1)</sup>	<b>\$ 380.7</b>	\$ 274.8
Less: portion attributable to Kupol non-controlling interest	<b>(16.9)</b>	(16.2)
Less: portion attributable to Chirano non-controlling interest	<b>(4.9)</b>	-
Less: attributable silver sales	<b>(82.2)</b>	(41.4)
Attributable production costs net of silver by-product revenue	<b>\$ 276.7</b>	\$ 217.2
Gold ounces sold	<b>634,791</b>	571,622
Less: portion attributable to Kupol non-controlling interest	<b>(39,950)</b>	(44,807)
Less: portion attributable to Chirano non-controlling interest	<b>(6,927)</b>	-
Attributable gold ounces sold	<b>587,914</b>	526,815
Attributable production cost per ounce sold on a by-product basis	<b>\$ 471</b>	\$ 412

(1) "Production costs" is equivalent to "Total cost of sales" per the consolidated financial statements less "depreciation, depletion and amortization", and is generally consistent with "Cost of sales" as reported under CDN GAAP prior to the adoption of IFRS.

(2) Prior quarter figures have been restated to conform to IFRS.

## Review of Operations

Three months ended March 31,									
	Gold equivalent ounces				Production costs <sup>(1)</sup>		Production cost <sup>(1)</sup> /oz		
	Produced		Sold		(\$millions)				
	2011	2010	2011	2010	2011	2010	2011	2010	
Fort Knox	65,047	69,640	64,666	69,816	\$ 40.6	\$ 36.1	\$ 628	\$ 517	
Round Mountain	42,121	45,629	41,555	45,532	32.9	26.3	792	578	
Kettle River - Buckhorn	45,852	48,405	47,629	46,080	17.9	12.9	375	280	
<b>US Total</b>	<b>153,020</b>	<b>163,674</b>	<b>153,850</b>	<b>161,428</b>	<b>91.4</b>	<b>75.3</b>	<b>594</b>	<b>466</b>	
Kupol (100%)	205,675	192,921	203,338	206,595	65.5	64.9	322	314	
<b>Russia Total</b>	<b>205,675</b>	<b>192,921</b>	<b>203,338</b>	<b>206,595</b>	<b>65.5</b>	<b>64.9</b>	<b>322</b>	<b>314</b>	
Paracatu	100,427	117,472	107,957	121,121	74.5	67.2	690	555	
Crixás	14,813	18,856	13,619	20,584	10.1	8.9	741	432	
<b>Brazil Total</b>	<b>115,240</b>	<b>136,328</b>	<b>121,576</b>	<b>141,705</b>	<b>84.6</b>	<b>76.1</b>	<b>696</b>	<b>538</b>	
La Coipa	54,446	47,664	62,931	58,688	37.5	30.0	596	511	
Maricunga	58,740	51,777	55,843	50,330	26.9	28.5	482	566	
<b>Chile Total</b>	<b>113,186</b>	<b>99,441</b>	<b>118,774</b>	<b>109,018</b>	<b>64.4</b>	<b>58.5</b>	<b>542</b>	<b>538</b>	
Tasiast <sup>(1)</sup>	51,321	-	51,493	-	25.7	-	499	-	
Chirano (100%) <sup>(1)</sup>	62,037	-	69,546	-	49.1	-	706	-	
<b>Africa Total</b>	<b>113,358</b>	<b>-</b>	<b>121,039</b>	<b>-</b>	<b>74.8</b>	<b>-</b>	<b>618</b>	<b>-</b>	
<b>Operations Total</b>	<b>700,479</b>	<b>592,364</b>	<b>718,577</b>	<b>618,746</b>	<b>\$ 380.7</b>	<b>\$ 274.8</b>	<b>\$ 530</b>	<b>\$ 444</b>	
Less Kupol non-controlling interest (25%)	(51,418)	(48,230)	(50,834)	(51,649)	(16.9)	(16.2)			
Less Chirano non-controlling interest (10%)	(6,204)	-	(6,955)	-	(4.9)	-			
<b>Attributable</b>	<b>642,857</b>	<b>544,134</b>	<b>660,788</b>	<b>567,097</b>	<b>\$ 358.9</b>	<b>\$ 258.6</b>	<b>\$ 543</b>	<b>\$ 456</b>	

(1) "Production costs" is equivalent to "Total cost of sales" per the consolidated financial statements less "depreciation, depletion and amortization", and is generally consistent with "Cost of sales" as reported under CDN GAAP prior to the adoption of IFRS. Prior year figures for production costs have been restated to conform to IFRS.

Operating Summary												
	Mine	Period	Ownership	Ore Processed <sup>(1)</sup>	Grade	Recovery <sup>(2)</sup>	Gold Eq Production	Gold Eq Sales	Production costs <sup>(8)(9)</sup>	Production cost <sup>(8)(9)</sup> /oz	Cap Ex <sup>(9)</sup>	DD&A <sup>(9)</sup>
			(%)	('000 tonnes)	(g/t)	(%)	(ounces)	(ounces)	(\$ millions)	(\$/ounce)	(\$ millions)	(\$ millions)
U.S.A.	Fort Knox <sup>(3)</sup>	Q1 2011	100	3,466	0.66	77%	65,047	64,666	40.6	628	22.1	15.0
		Q4 2010	100	6,350	0.72	77%	85,139	85,848	45.4	529	24.9	14.9
		Q3 2010	100	7,655	0.96	82%	108,680	112,797	56.5	501	24.5	19.7
		Q2 2010	100	7,761	0.76	80%	86,270	80,999	51.7	638	16.8	11.4
		Q1 2010	100	3,969	0.71	80%	69,640	69,816	36.1	517	21.7	15.9
	Round Mountain	Q1 2011	50	7,130	0.49	nm	42,121	41,555	32.9	792	8.5	6.6
		Q4 2010	50	7,830	0.46	nm	43,521	43,631	33.1	759	9.5	4.9
		Q3 2010	50	7,196	0.50	nm	48,477	49,892	31.2	625	7.7	5.9
		Q2 2010	50	7,390	0.50	nm	46,927	45,448	24.8	546	9.2	4.2
		Q1 2010	50	7,932	0.53	nm	45,629	45,532	26.3	578	7.0	5.0
	Kettle River	Q1 2011	100	106	15.29	88%	45,852	47,629	17.9	375	3.1	21.8
		Q4 2010	100	131	14.80	87%	53,255	49,842	19.7	395	2.9	24.3
		Q3 2010	100	114	13.39	87%	46,687	46,996	17.3	368	1.5	23.2
		Q2 2010	100	99	18.20	91%	50,463	53,364	16.4	307	2.8	24.6
		Q1 2010	100	92	19.58	91%	48,405	46,080	12.9	280	2.0	21.7
Russia	Kupol - 100%	Q1 2011	75	305	16.56	95%	205,675	203,338	65.5	322	5.8	39.5
		Q4 2010	75	321	16.94	95%	199,338	163,909	51.3	313	14.3	34.1
		Q3 2010	75	269	16.55	94%	159,393	164,392	57.0	347	16.7	34.8
		Q2 2010	75	290	18.55	94%	187,025	205,670	62.9	306	6.4	42.6
		Q1 2010	75	283	20.20	95%	192,921	206,595	64.9	314	9.6	43.4
	Kupol <sup>(5) (6)</sup>	Q1 2011	75	305	16.56	95%	154,257	152,504	48.6	319	4.4	30.0
		Q4 2010	75	321	16.94	95%	149,504	122,933	38.5	313	10.7	25.6
		Q3 2010	75	269	16.55	94%	119,545	123,294	42.8	347	12.5	26.1
		Q2 2010	75	290	18.55	94%	140,268	154,252	47.2	306	4.8	32.0
		Q1 2010	75	283	20.20	95%	144,691	154,946	48.7	314	7.2	32.6
Brazil	Paracatu	Q1 2011	100	9,738	0.41	78%	100,427	107,957	74.5	690	36.7	14.4
		Q4 2010	100	11,225	0.43	76%	117,567	112,523	63.0	560	67.0	12.0
		Q3 2010	100	11,144	0.45	79%	129,257	134,702	68.0	505	43.2	18.4
		Q2 2010	100	10,179	0.45	79%	118,101	119,531	62.7	525	49.5	16.8
		Q1 2010	100	10,110	0.46	76%	117,472	121,121	67.2	555	9.8	15.9
	Crixás	Q1 2011	50	256	3.85	93%	14,813	13,619	10.1	741	2.9	2.4
		Q4 2010	50	272	4.38	94%	17,979	19,078	9.8	514	8.0	5.0
		Q3 2010	50	296	4.51	93%	19,866	20,743	10.0	482	6.1	5.3
		Q2 2010	50	288	4.26	92%	18,076	16,751	8.9	531	5.2	3.6
		Q1 2010	50	276	4.44	95%	18,856	20,584	8.9	432	6.2	4.2
Chile	La Coipa <sup>(4)</sup>	Q1 2011	100	1,076	0.83	75%	54,446	62,931	37.5	596	8.7	10.5
		Q4 2010	100	1,092	1.18	80%	60,020	59,528	36.1	606	9.4	12.4
		Q3 2010	100	1,124	1.29	79%	53,471	46,747	34.1	729	5.0	8.1
		Q2 2010	100	998	1.00	80%	35,175	38,663	31.8	822	6.3	8.7
		Q1 2010	100	1,231	1.08	78%	47,664	58,688	30.0	511	7.3	18.4
	Maricunga	Q1 2011	100	3,991	0.85	nm	58,740	55,843	26.9	482	41.1	1.8
		Q4 2010	100	4,243	0.77	nm	32,979	30,825	31.0	1,006	29.9	3.1
		Q3 2010	100	3,302	0.71	nm	28,844	31,215	27.1	868	18.1	3.5
		Q2 2010	100	3,118	0.77	nm	42,990	42,950	29.2	680	12.6	4.1
		Q1 2010	100	3,604	0.81	nm	51,777	50,330	28.5	566	12.5	4.6
Africa	Tasiast	Q1 2011	100	2,204	2.10	88%	51,321	51,493	25.7	499	84.2	15.0
		Q4 2010	100	1,942	2.32	87%	47,758	52,336	37.9	724	50.8	19.9
		Q3 2010	100	117	2.51	94%	8,853	4,761	5.2	1,092	3.4	0.5
	Chirano - 100% <sup>(7)</sup>	Q1 2011	90	848	2.42	91%	62,037	69,546	49.1	706	17.2	17.5
		Q4 2010	90	930	2.72	91%	76,570	78,835	45.3	575	13.1	32.4
	Chirano <sup>(7)</sup>	Q3 2010	90	212	2.07	90%	12,650	6,453	6.3	976	0.5	1.7
		Q1 2011	90	848	2.42	91%	55,833	62,591	44.2	706	15.5	15.8
Q4 2010	90	930	2.72	91%	68,913	70,952	40.8	575	11.8	29.2		
Q3 2010	90	212	2.07	90%	11,385	5,808	5.7	976	0.5	1.5		

(1) Ore processed is to 100%, production and costs are to Kinross' account.

(2) Due to the nature of heap leach operations at Round Mountain and Maricunga, recovery rates cannot be accurately measured on a quarterly basis. Fort Knox recovery represents mill recovery only and excludes the heap leach.

(3) Includes 364,000 tonnes placed on the heap leach pad during the first quarter of 2011. Grade and recovery represent mill processing only. Ore placed on the heap leach pad had an average grade of 0.41 grams per tonne for the first quarter of 2011.

(4) La Coipa silver grade and recovery were as follows: Q1 (2011) 75.64 g/t, 52.8%; Q4 (2010) 77.70 g/t, 56.6%; Q3 (2010) 48.84g/t, 57%; Q2 (2010) 37.56g/t, 59%; Q1 (2010) 38.15g/t, 62%

(5) Kupol silver grade and recovery were as follows: Q1 (2011) 237.90 g/t, 84%; Q4 (2010) 213.90 g/t, 84% Q3 (2010) 202.27g/t, 85%; Q2 (2010) 209.73g/t, 83%; Q1 (2010) 241.99g/t, 83%

(6) Includes Kinross' share of Kupol at 75%.

(7) Includes Kinross' share of Chirano at 90%.

(8) "Production costs" is equivalent to "Total cost of sales" per the consolidated financial statements less "depreciation, depletion and amortization", and is generally consistent with "Cost of sales" as reported under CDN GAAP prior to the adoption of IFRS.

(9) Prior quarter figures have been restated to conform to IFRS.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

*For the three months ended March 31, 2011*

This management's discussion and analysis ("MD&A") relates to the financial condition and results of operations of Kinross Gold Corporation together with its wholly owned subsidiaries, as of May 3, 2011, and is intended to supplement and complement Kinross Gold Corporation's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2011 and the notes thereto. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the Cautionary Statement on Forward Looking Information included with this MD&A and to consult Kinross Gold Corporation's 2010 audited consolidated financial statements and corresponding notes to the financial statements which are available on the Company's web site at [www.kinross.com](http://www.kinross.com) and on [www.sedar.com](http://www.sedar.com). The March 31, 2011 interim condensed consolidated financial statements and MD&A are presented in US dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Comparative information included in the March 31, 2011 interim condensed consolidated financial statements and in this MD&A has been restated in accordance with IFRS. This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the quarter ended March 31, 2011, as well as our outlook.

This section contains forward-looking statements and should be read in conjunction with the risk factors described in "Risk Analysis". In certain instances, references are made to relevant notes in the consolidated financial statements for additional information.

Where we say "we", "us", "our", the "Company" or "Kinross", we mean Kinross Gold Corporation or Kinross Gold Corporation and/or one or more or all of its subsidiaries, as it may apply. Where we refer to the "industry", we mean the gold mining industry.

## **1. DESCRIPTION OF THE BUSINESS**

Kinross is engaged in gold mining and related activities, including exploration and acquisition of gold-bearing properties, the extraction and processing of gold-containing ore, and reclamation of gold mining properties. Kinross' gold production and exploration activities are carried out principally in Canada, the United States, the Russian Federation, Brazil, Ecuador, Chile, Ghana and Mauritania. Gold is produced in the form of doré, which is shipped to refineries for final processing. Kinross also produces and sells silver.

The profitability and operating cash flow of Kinross are affected by various factors, including the amount of gold and silver produced, the market prices of gold and silver, operating costs, interest rates, regulatory and environmental compliance, the level of exploration activity and capital expenditures, general and administrative costs, and other discretionary costs and activities. Kinross is also exposed to fluctuations in currency exchange rates, interest rates, political risks and varying levels of taxation that can impact profitability and cash flow. Kinross seeks to manage the risks associated with its business operations; however, many of the factors affecting these risks are beyond the Company's control.

Commodity prices continue to see volatility as economies around the world continue their cautious recovery from the economic difficulties experienced over the last several years. Volatility in the price of gold and silver may impact the Company's revenue, while volatility in the price of other commodities, such as oil and foreign exchange rates, particularly the Canadian dollar, Brazilian real, Chilean peso, Russian rouble, euro, Mauritanian ouguiya, and Ghanaian cedi, may have an impact on the Company's operating costs and capital expenditures. Moreover, the global financial crisis may impact the demand for gold as gold has traditionally been viewed as a "safe haven".

During the first quarter of 2011, the Company amended its revolving credit facility agreement to increase the amount of available credit to \$1,200.0 million and extended its term to March 2015. As at March 31, 2011, the Company had \$1,122.2 million available under its credit facility arrangements.

## Consolidated Financial and Operating Highlights

(in millions, except ounces, per share amounts, gold price and production costs per equivalent ounce)	Three months ended March 31,			
	2011	2010	Change	% Change
<b>Operating Highlights</b>				
Total gold equivalent ounces <sup>(a)</sup>				
Produced <sup>(b)</sup>	<b>700,479</b>	592,364	108,115	<b>18%</b>
Sold <sup>(b)</sup>	<b>718,577</b>	618,746	99,831	<b>16%</b>
Attributable gold equivalent ounces <sup>(a)</sup>				
Produced <sup>(b)</sup>	<b>642,857</b>	544,134	98,723	<b>18%</b>
Sold <sup>(b)</sup>	<b>660,788</b>	567,097	93,691	<b>17%</b>
<b>Financial Highlights</b>				
Metal sales	<b>\$ 937.0</b>	\$ 657.6	\$ 279.4	<b>42%</b>
Production costs	<b>\$ 380.7</b>	\$ 274.8	\$ 105.9	<b>39%</b>
Depreciation, depletion and amortization	<b>\$ 145.7</b>	\$ 130.6	\$ 15.1	<b>12%</b>
Operating earnings	<b>\$ 339.2</b>	\$ 210.7	\$ 128.5	<b>61%</b>
Net earnings attributed to common shareholders	<b>\$ 255.5</b>	\$ 181.3	\$ 74.2	<b>41%</b>
Basic earnings per share	<b>\$ 0.23</b>	\$ 0.26	\$ (0.03)	<b>(12%)</b>
Diluted earnings per share	<b>\$ 0.22</b>	\$ 0.26	\$ (0.04)	<b>(15%)</b>
Net cash flow provided from operating activities	<b>\$ 335.1</b>	\$ 228.7	\$ 106.4	<b>47%</b>
Average realized gold price per ounce	<b>\$ 1,327</b>	\$ 1,065	\$ 262	<b>25%</b>
Consolidated production cost per equivalent ounce sold	<b>\$ 530</b>	\$ 444	\$ 86	<b>19%</b>

(a) "Total" includes 100% of Kupol and Chirano production. "Attributable" includes Kinross' share of Kupol (75%) and Chirano (90%) production.

(b) "Gold equivalent ounces" include silver ounces produced and sold converted to a gold equivalent based on the ratio of the average spot market prices for the commodities for each period. The ratio for the first quarter of 2011 was 43.51:1, compared with 65.66:1 for the first quarter of 2010.

## Consolidated Financial Performance

Unless otherwise stated, "attributable" production and sales includes only Kinross' share of Kupol (75%) and Chirano (90%).

### First quarter 2011 vs. First quarter 2010

In the first quarter of 2011, Kinross' attributable production was 18% higher compared with the same period in 2010. Production for the quarter reflects increased processing tonnage at Kupol and Maricunga and the mining of a new pit phase at La Coipa resulting in increased silver production. Additionally, Kinross acquired Red Back Mining Inc. ("Red Back") on September 17, 2010, incorporating the production of its two mines, Tasiast and Chirano, thereafter. These increases in production were offset by lower production at Paracatu and Crixas due to lower grades and processing tonnage.

Metal sales were \$937.0 million, a 42% increase compared with \$657.6 million for the same period in 2010. The increase in metal sales is a result of higher metal prices realized and higher gold equivalent ounces sold. Gold equivalent ounces sold were higher largely due to the inclusion of sales from Tasiast and Chirano. There was also an increase in ounces sold at La Coipa and Maricunga resulting from higher production and due to inventory on hand at December 31, 2010 being sold during the first quarter of 2011, offset to some extent by fewer gold equivalent ounces sold at Paracatu and Crixas.

Production costs increased by 39% compared with the first quarter of 2010 due to the inclusion of sales from Tasiast and Chirano, an increase in gold equivalent ounces sold in Chile, and higher power and diesel fuel costs across the Company.

Depreciation, depletion and amortization increased to \$145.7 million compared with \$130.6 million in the first quarter of 2010 largely due to higher gold equivalent ounces sold and to the addition of depreciable assets as a result of the Red Back acquisition.

Operating earnings of \$339.2 million were recorded in the first quarter of 2011 compared with operating earnings of \$210.7 million recorded in the same period in 2010. Operating earnings reflect the impact of higher gold equivalent ounces sold and higher metal prices, offset by increases in production costs and depreciation, depletion and amortization.

Net earnings attributed to common shareholders for the first quarter of 2011 were \$255.5 million or \$0.23 per share compared with \$181.3 million or \$0.26 per share for the first quarter of 2010. The increase in net earnings attributed to common shareholders reflects higher operating earnings, offset by a lower amount of other income. Included in other income in the first quarter of 2011 was a gain on the sale of the Company's interest in Harry Winston of \$30.9 million and a foreign exchange gain of \$14.8 million. Included in other income in the first quarter of 2010 was a \$78.1 million gain on the sale of one-half of the Company's interest in the Cerro Casale project. The Company's effective tax rate decreased compared with 2010 largely due to the tax free sale of our shares in Harry Winston in the first quarter of 2011 and a change in the income mix.

Operating cash flows for the first quarter of 2011 increased to \$335.1 million compared with \$228.7 million in the first quarter of 2010 as a result of higher net earnings driven by an increase in gold price realized, offset to some degree by additional spending on inventories and increased receivables during the first quarter of 2011.

Production cost per ounce was 19% higher in the first quarter of 2011 compared with the first quarter of 2010, largely due to increases in power and diesel fuel costs across the Company's operations.

## **2. IMPACT OF KEY ECONOMIC TRENDS**

Kinross' 2010 Annual MD&A contains a discussion of the key economic trends that affect the Company and its financial statements. Included in this MD&A is an update reflecting significant changes since the preparation of the 2010 Annual MD&A.

### **Price of gold**

Gold price is the largest single factor in determining profitability and cash flow from operations. During the first quarter of 2011, the average price of gold was \$1,386 per ounce, with gold trading in a range of \$1,319 to \$1,447 per ounce based on the London PM Fix gold price. This compares to an average of \$1,109 per ounce in the first quarter of 2010, with a low of \$1,058 and a high of \$1,153 per ounce. During the first quarter of 2011, Kinross realized an average price of \$1,327 per ounce compared with \$1,065 for the same period in the prior year. The impact of the Company's gold hedges reduced the average price realized by \$62 per ounce. The Company has entered into offsetting gold purchase contracts to neutralize the impact of all remaining gold forward sales contracts, resulting in gold production being 100% exposed to spot gold price subsequent to dates these purchase contracts were entered into. However, mark-to-market losses on the remaining gold sales forward contracts incurred up to the dates the offsetting purchase contracts were entered into will continue to impact metal sales (and the average realized gold price) until the contracts mature, over the period to June 2012.

### **Foreign currencies**

The Company's non-U.S. mining operations and exploration activities are carried out in the Russian Federation, Brazil, Ecuador, Chile, Ghana, Mauritania and Canada, with a portion of operating costs and capital expenditures denominated in the local currency. For the first quarter of 2011, the US dollar was weaker relative to the Brazilian real, Chilean peso, Canadian dollar, and the Russian rouble compared with the same period in 2010. As at March 31, 2011, the US dollar was weaker compared to the December 31, 2010 spot exchange rates of the Russian rouble, Canadian dollar, Brazilian real, and Mauritanian ouguiya, and stronger relative to the Chilean peso and Ghanaian cedi.

### **Cost pressures**

The Company has been impacted by industry wide cost pressures on development and operating costs with respect to labour, energy and consumables in general. Since mining is generally an energy intensive activity, especially in open pit mining, changes in energy prices can have a significant impact on operations. The cost of fuel as a percentage of operating costs varies amongst the Company's mines with the majority of operations experiencing higher fuel costs during the first quarter of 2011 compared with the first quarter of 2010. During the first quarter of 2011, the West Texas Intermediate Crude price averaged \$95 per barrel, compared with \$79 per barrel in the same period in 2010.

### 3. OUTLOOK

*The forward-looking information contained in this section is subject to the risk factors and assumptions contained in the Cautionary Statement on Forward-Looking Information included with this MD&A.*

*Unless otherwise stated "attributable" production includes only Kinross' share of Kupol (75%) and Chirano (90%) production. Production cost per attributable gold equivalent ounce is defined as production costs as per the financial statements divided by the number of gold equivalent ounces sold, both reduced for Kupol (25%) and Chirano (10%) sales attributable to third parties.*

*Approximately 60%-70% of the Company's costs are denominated in US dollars.*

*A 10% change in foreign exchange could result in an approximate \$7 impact in production cost per ounce <sup>(1)</sup>.*

*A \$10 per barrel change in the price of oil could result in an approximate \$3 impact on production cost per ounce.*

*The impact on royalties of a \$100 change in the gold price could result in an approximate \$3 impact on production cost per ounce.*

#### **Operational Outlook**

As a result of increasing its interest in Kupol from 75% to 100%, the Company has revised its forecast production and now expects to produce approximately 2.6 to 2.7 million gold equivalent ounces in 2011. The revised gold equivalent production forecast is based on forecast gold production of 2.4 to 2.5 million ounces and forecast silver production of 11.8 to 12.2 million ounces.

Production costs <sup>(2)</sup> per attributable gold equivalent ounce is expected to be approximately \$565 to \$610 for 2011. On a by-product accounting basis, average production cost per gold ounce is forecast to be approximately \$520 to \$570.

Capital expenditures for the full year 2011 are forecast to be approximately \$1,500 million.

The 2011 forecast for exploration and business development expenses is approximately \$146 million.

Other operating costs are forecast to be approximately \$25 million.

General and administrative expense is forecast to be approximately \$170 million in 2011.

The Company's tax rate in 2011 is forecast to be in the range of 34% to 39% and depreciation, depletion and amortization is forecast to be approximately \$651 million.

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(1) Refers to all of the currencies in the countries where the Company has mining operations, fluctuating simultaneously by 10% in the same direction, either appreciating or depreciating, taking into consideration the impact of hedging and the weighting of each currency within our consolidated cost structure.

(2) "Production costs" is equivalent to "total cost of sales" per the financial statements less "depreciation, depletion and amortization", and is generally consistent with "cost of sales" as reported under Canadian GAAP prior to the adoption of IFRS.

## **4. PROJECT UPDATES AND NEW DEVELOPMENTS**

### **Growth Projects at Sites**

#### **Tasiast expansion project**

Kinross is continuing its aggressive drilling campaign at Tasiast with 17 core and 9 reverse circulation rigs in operation on a 24-hour per day schedule. As of the end of March 2011, definition drilling was approximately 95% complete at West Branch, geotechnical drilling was approximately 80% complete, and condemnation work was approximately 40% complete. A total of 135,000 metres have been drilled since the beginning of the year, with 65,000 metres completed at West Branch since the last of the holes included in Kinross' 2010 year-end mineral reserve and mineral resource estimate, which was published February 16, 2011.

Results from the infill and mineral resource expansion campaign continue to meet or exceed expectations. In addition, reconnaissance drilling has encountered encouraging results along the trend outside of the main Tasiast deposit, at the Charlize target, located 15 km south of Tasiast, and the C67 target, located 5 km north of Tasiast.

The feasibility study for the Tasiast expansion is 62% complete and remains on schedule for completion in mid-2011. Geotechnical investigations of the tailings dam site and plant site are at a feasibility level of definition. An expansion of the existing camp is currently underway to accommodate the increasing number of operations personnel required to support the expansion project. In addition, a 500-bed camp for the initial phase of the expansion construction program is now out to tender. A new ADR (Adsorption, Desorption and Refining) plant and dump leach facility are under construction and are expected to be operational in the third quarter to treat oxide ore from Piment and West Branch.

Procurement commitments for the expanded mine fleet as outlined in the Company's news release of March 28, 2011 have been made. Additional equipment orders are now pending for 22 Caterpillar 793 trucks, seven drilling machines, three hydraulic shovels, and two dozers. Generators with 16 MW of capacity have been purchased for Phase 1 of the project to provide power to the site during construction.

Permitting in support of the project is proceeding on schedule. The expansion project remains on schedule to commence operation early in 2014.

#### **Dvoinoye development**

Due to the advanced nature of the Dvoinoye project and the completion of the technical aspects of the scoping study at a pre-feasibility study level, Kinross has elected to proceed directly to a project feasibility study, which remains on schedule for completion in the first quarter of 2012.

Exploration and engineering drilling continued at Dvoinoye to define further mineral reserves and resources, and assist engineering studies in support of the feasibility study. Three rigs are operating with a fourth expected to arrive shortly. Condemnation drilling has been completed. Drilling is ahead of schedule with 6,000 metres of the current 24,000-metre drilling program complete.

Initial key project development milestones for 2011 included construction of the mine access portal, exploration decline development, and construction of select surface facilities and infrastructure. The portal is complete and the development of the exploration decline advanced 100 metres during the quarter, ahead of schedule. Engineering and procurement activities have advanced, with orders placed for the power generation equipment, permanent camp, fuel storage tanks, and mine shop building. Processing of Dvoinoye ore at Kupol remains on target to commence in the second half of 2013.

### **Paracatu third ball mill**

Construction of the third Paracatu ball mill is proceeding on schedule and on budget, with construction 98% complete. Pre-commissioning commenced in April and commissioning will continue through the second quarter.

### **Paracatu fourth ball mill**

Engineering on the fourth Paracatu ball mill is well advanced at 45%, and the mill components are expected to be delivered to site by mid-year. Construction activities remain on schedule to commence in mid-2011. The project remains on target to be operational in the first half of 2012.

### **Maricunga projects**

Maricunga ADR (Adsorption, Desorption and Refining) upgrades have been completed ahead of schedule and below budget. The new kiln and new elution tower are operational and the commissioning of the upgraded adsorption columns is in progress. These modifications increase the ADR capacity and improve efficiency of gold stripping from solution.

Construction of the Maricunga SART (Sulphidization, Acidification, Recycling and Thickening) plant is 27% complete and is on target for completion in late 2011. The plant is scheduled to be enclosed in the second quarter to allow ongoing construction during the winter season. Once the SART plant begins operation, additional copper production at Maricunga is expected to result in a cost of sales credit of approximately \$40 per ounce, based on a copper price of \$2.00 per pound.

## **New Developments**

### **Lobo-Marte**

At Lobo-Marte, approximately 70% of the 20,000 metre drill campaign is expected to be completed by the end of May. Geotechnical drilling is now complete, and geotechnical and mine block models in support of the feasibility study are expected to be completed in the third quarter. Lobo-Marte remains on target to commence commissioning in 2014, as previously disclosed.

Work continues on the Lobo-Marte feasibility study, including incorporating the results of recent infill drilling to provide a more accurate and definitive study. As a result, completion of the feasibility study has now been re-scheduled for the fourth quarter of 2011. The Environmental Impact Assessment (EIA) is 86% complete and is scheduled for submission in Q3 2011. Bids have been received from engineering firms to complete the feasibility study and the work is expected to be awarded in May.

In addition, recent exploration drilling on the Valy Prospect of the Lobo-Marte project has produced encouraging new gold results. Initial geological and drill exploration has identified two new mineralized zones associated with hydrothermal alteration and veinlet assemblages, characteristic of the nearby Lobo and Marte deposits. The Valy prospect is located three kilometres to the south of the Lobo deposit along the same mineralized trend, and is one of seven prospects located within the Lobo-Marte district concessions, in addition to the two principal deposits, Lobo and Marte.

### **Fruta del Norte**

Preparatory work for construction of the underground exploration decline at Fruta del Norte ("FDN") has commenced with construction of the high wall for the portal. Construction of the portal and associated earthworks is expected to continue until mid-year followed by decline development, with completion targeted for the first quarter of 2013. Approximately 600 metres of decline development is targeted for completion by year-end out of a total of 1,750 metres.

The terms of reference for the EIAs for building and operating the FDN mine and processing plant were approved by government authorities in February, and the Company remains on schedule to submit the EIAs by mid-2011. The Company remains on schedule to complete a feasibility study in the second half of 2011, and continues to target start-up of the mine in late 2014. Kinross has commenced negotiations with the Ecuadorian government on an exploitation agreement for FDN.

In the latter half of 2010 the Company restarted exploration on concessions outside of the FDN project area, and is completing the systematic exploration of a number of encouraging targets that have been identified. Exploration is being concentrated along the prospective Las Peñas fault zone, to the north and south of FDN.

### **Cerro Casale**

As project operator, Barrick Gold has announced it will provide another update on the Cerro Casale project in its second quarter 2011 results, which is expected to include a higher capital expenditure estimate than the 2009 feasibility study. The project EIA is expected to be submitted in July 2011 and approved in Q4 2012, two years later than planned in the 2009 feasibility study. Board review to approve financial commitment by the partners for project construction is expected in Q1 2013, following approval of the EIA. Kinross currently expects its share of capital expenditures to be approximately \$70 million in 2011 and \$120 million in 2012.

### **Recent transactions**

#### **Completion of share purchase agreement to acquire 100% of Kupol**

On April 27, 2011, Kinross' 75%-owned subsidiary, Chukotka Mining and Geological Company (CMGC) completed the previously-announced purchase from the State Unitary Enterprise of the Chukotka Autonomous Okrug, or "CUE", of the 2,292,348 shares of CMGC previously held by CUE, representing 25.01% of CMGC's outstanding share capital, for approximately \$350 million, subject to adjustments equal to the amount of the attributable dividend payments. As announced on March 25, 2011, the transaction received pre-approval from the Russian Federation's State Commission for the Control of Foreign Investments.

As a result, Kinross now owns 100% of CMGC, consolidating the Company's ownership of Kupol and the Kupol East-West exploration licences in the Chukotka region of the Russian Federation. With the recently completed acquisitions of the Dvoynoye deposit and Vodorazdelnaya property, and the remaining interests in the Kupol East-West exploration licences, Kupol is now in a position to benefit fully from this prospective high-grade epithermal district.

#### **Increase in the revolving credit facility**

On March 31, 2011, the Company announced that it had amended its unsecured revolving credit facility, increasing the available credit from \$600 million to \$1.2 billion, consistent with the growth of the company over the past year.

#### **Sale of Harry Winston Diamond Corporation shares**

On March 23, 2011, the Company completed the sale of its approximate 8.5% equity interest in Harry Winston Diamond Corporation, consisting of approximately 7.1 million Harry Winston common shares, on an underwritten block trade basis, for net proceeds of \$100.6 million. No cash income tax was payable as a result of the sale. The Company continues to hold a note receivable from Harry Winston in the amount of \$70.0 million, maturing August 25, 2011.

## Other Developments

### New Chief Financial Officer appointed

Kinross has appointed Paul H. Barry as Executive Vice-President and Chief Financial Officer, effective April 4, 2011. Mr. Barry replaces Thomas M. Boehlert.

### Exploration update

Total exploration expenditures for the first quarter of 2011 were \$42.4 million including \$20.8 million of expensed exploration costs and \$21.6 million of capitalized exploration costs. In the first quarter of 2010, expensed exploration costs amounted to \$7.7 million, while \$3.2 million in exploration costs were capitalized.

Kinross was active on 31 mine site, near-mine and greenfields initiatives in the first quarter with drilling across all projects totalling 167,282 metres. Highlights of the first quarter exploration program include the following:

- **Tasiast:** Kinross is continuing its aggressive drilling campaign at Tasiast with 17 core and 9 reverse circulation rigs in operation on a 24-hour per day schedule. As of the end of March 2011, definition drilling was approximately 95% complete at West Branch, geotechnical drilling was approximately 80% complete, and condemnation work was approximately 40% complete. A total of 135,000 metres have been drilled since the beginning of the year, with 52,000 metres completed at West Branch since the last of the holes included in Kinross' year-end mineral reserve and mineral resource statement in its news release dated February 16, 2011.

Results from the infill and mineral resource expansion campaign continue to meet or exceed expectations. In addition, reconnaissance drilling has encountered encouraging gold results along the trend outside of the main Tasiast deposit, at the Charlize target, located 15 km south of Tasiast, and the C67 target, located 5 km north of Tasiast.

Completion of the feasibility drilling program is targeted during Q2. Drills will be redeployed to known targets on the mine trend testing potential for additional greenschist-style mineralization along strike north and south of West Branch. Follow-up drilling is scheduled in Q2 to test preliminary, positive results encountered at Charlize and C67.

- **Lobo-Marte:** Full results of recent exploration drilling at the Valy target were received during the quarter. Encouraging gold values (0.5 to 0.9 grams per tonne) over significant down hole thicknesses (75 to 210 metres) were encountered in the first five holes. Initial geological and drilling exploration has delineated two zones of gold mineralization associated with hydrothermal alteration and quartz veinlet assemblages analogous to the nearby Lobo and Marte deposits. The Valy prospect is located three kilometres to the south of the Lobo deposit along the same mineralized trend, and is one of seven prospects located within the Lobo-Marte concessions, in addition to the two principal deposits, Lobo and Marte. Further drilling is currently underway to delineate the extent and character of these new gold zones.
- **Fruta del Norte/Condor Project:** In the latter half of 2010, the Company restarted exploration on concessions outside of the FDN project area. Exploration is being concentrated along the prospective Las Peñas fault zone north and south of FDN. Soil and rock sampling programs on the Sachavaca license, north of FDN, have recently identified a number of new geochemical and alteration targets similar to those above and adjacent to FDN.
- **Dvoinoye:** Three core drills operated during the quarter with a total of 6,058 metres completed. The program is focused on upgrading resources to measured and indicated classification, and to expand resources along strike and down plunge of the main mineralized area at Zone 37. A total of 18,300 metres is planned for 2011 at Dvoinoye. A fourth rig and a bulldozer are being mobilized for the drilling and trenching programs on the Vodorazdelnaya licenses, scheduled to commence in the summer.

- **Chirano:** Two rigs (one core and one multi-purpose core/RC) were active at Chirano in the first quarter of 2011, completing 7,003 metres. Drilling was focused at the Akoti North, Akoti South, Obra and Ekyuiabo's EK1 targets. Strong gold results were encountered in deep holes under the pits at Obra and Akoti South. Additional rigs are being sourced to accelerate follow-up drilling at Obra and EK1, and to commence 2011 work programs planned at Tano and Kolua.
- **Kupol:** Drilling commenced at Kupol with a single core drill completing the first 2,300 metres of the resource definition program at the Northern Extension Zone. A second core drill was deployed to commence work at the Maroshka target on the Kupol West licence, 5 km east of the mine. A number of additional targets have been identified on the Kupol and Kupol West licenses. Work on the new targets will ramp up in late spring or early summer as weather conditions improve sufficiently to permit safe and effective fieldwork.
- **La Coipa:** Four rigs (two core and two RC) were active at La Coipa during the quarter completing 11,797 metres. Drilling was focused at Ladero Farallon, Portezuelo and Puren. A number of holes were completed at the Puren West and Pompeya satellite targets with the goal of following up encouraging results encountered in 2010 drilling programs.
- **North American operations:** Two RC drills are underway on the Phase 8 definition drilling at Fort Knox (600 metres completed), core drilling commenced at Buckhorn (1,460 metres completed) and four rigs (three RC and one core) started the 2011 pit drilling program at Round Mountain (5,800 metres completed).
- **White Gold:** Planning continued for the upcoming field season on the White Gold and JP Ross projects. The 2011 exploration program will focus on drilling at Arc, West Saddle and McKinnon targets on the White Gold Project, and at Sabotage, Frenzy and Rebecca targets on the JP Ross project.
- **Greenfields projects:** Preliminary drill programs were completed on the new Goldpine (Ontario) and Quebrada Valiente (Chile) joint venture projects announced in 2010 with Laurentian Goldfields and Codelco, respectively. A second phase of drilling is planned on the Camacho joint venture project in Mexico (Fortunate Sun Mining) to follow-up anomalous precious and base metals results encountered in the first phase of drilling. Work on the Humble project (Millrock Resources JV in Alaska) was limited to target development and planning. Field work and drilling is scheduled at Humble in the summer, subject to receipt of all necessary environmental and work permits.

## 5. CONSOLIDATED RESULTS OF OPERATIONS

### Operating highlights

(in millions, except ounces and per share amounts)	2011	Three months ended March 31,		
		2010	Change	% Change
<b>Operating Statistics</b>				
Total gold equivalent ounces <sup>(a)</sup>				
Produced <sup>(b)</sup>	<b>700,479</b>	592,364	108,115	18%
Sold <sup>(b)</sup>	<b>718,577</b>	618,746	99,831	16%
Attributable gold equivalent ounces <sup>(a)</sup>				
Produced <sup>(b)</sup>	<b>642,857</b>	544,134	98,723	18%
Sold <sup>(b)</sup>	<b>660,788</b>	567,097	93,691	17%
Gold ounces - sold	<b>634,791</b>	571,622	63,169	11%
Silver ounces - sold (000's)	<b>3,646</b>	3,087	559	18%
Average realized gold price (\$/ounce)	<b>\$ 1,327</b>	\$ 1,065	\$ 262	25%
<b>Financial Data</b>				
Metal sales	<b>\$ 937.0</b>	\$ 657.6	\$ 279.4	42%
Production costs	<b>\$ 380.7</b>	\$ 274.8	\$ 105.9	39%
Depreciation, depletion and amortization	<b>\$ 145.7</b>	\$ 130.6	\$ 15.1	12%
Operating earnings	<b>\$ 339.2</b>	\$ 210.7	\$ 128.5	61%
Net earnings attributed to common shareholders	<b>\$ 255.5</b>	\$ 181.3	\$ 74.2	41%

(a) Total includes 100% of Kupol and Chirano production. "Attributable" includes Kinross' share of Kupol (75%) and Chirano (90%) production.

(b) "Gold equivalent ounces" include silver ounces produced and sold converted to a gold equivalent based on the ratio of the average spot market prices for the commodities for each period. The ratio for the first quarter of 2011 was 43.51:1, compared with 65.66:1 for the first quarter of 2010.

### Operating earnings (loss) by segment

(in millions)	2011	Three months ended March 31,		
		2010	Change	% Change <sup>(d)</sup>
<b>Operating segments</b>				
Fort Knox	<b>\$ 33.8</b>	\$ 24.9	\$ 8.9	36%
Round Mountain	<b>18.5</b>	19.1	(0.6)	(3%)
Kettle River-Buckhorn	<b>26.9</b>	15.8	11.1	70%
Kupol	<b>120.2</b>	92.6	27.6	30%
Paracatu	<b>61.0</b>	53.5	7.5	14%
Crixás	<b>5.8</b>	9.1	(3.3)	(36%)
La Coipa	<b>30.3</b>	16.5	13.8	84%
Maricunga	<b>50.8</b>	22.3	28.5	128%
Tasiast <sup>(a)</sup>	<b>27.9</b>	-	27.9	nm
Chirano <sup>(a)</sup>	<b>28.7</b>	-	28.7	nm
<b>Non-operating segments</b>				
Fruta del Norte	<b>(1.6)</b>	(0.2)	(1.4)	700%
Cerro Casale <sup>(b)</sup>	<b>-</b>	(0.1)	0.1	(100%)
Corporate and Other <sup>(c)</sup>	<b>(63.1)</b>	(42.8)	(20.3)	47%
<b>Total</b>	<b>\$ 339.2</b>	\$ 210.7	\$ 128.5	61%

(a) The Tasiast and Chirano mines were acquired with the acquisition of Red Back on September 17, 2010.

(b) As of March 31, 2010, Cerro Casale is accounted for as an equity investment.

(c) "Corporate and Other" includes operating costs which are not directly related to individual mining properties such as general and administrative expenditures, gains on disposal of assets and investments and other operating costs.

(d) "nm" means not meaningful.

## Mining operations

### Fort Knox (100% ownership and operator) - USA

	2011	Three months ended March 31,		
		2010	Change	% Change
<b>Operating Statistics</b>				
Tonnes ore mined (000's)	<b>2,469</b>	5,249	(2,780)	(53%)
Tonnes processed (000's) <sup>(a)</sup>	<b>3,466</b>	3,969	(503)	(13%)
Grade (grams/tonne) <sup>(b)</sup>	<b>0.66</b>	0.71	(0.05)	(7%)
Recovery <sup>(b)</sup>	<b>76.5%</b>	79.9%	(3.4%)	(4%)
Gold equivalent ounces:				
Produced	<b>65,047</b>	69,640	(4,593)	(7%)
Sold	<b>64,666</b>	69,816	(5,150)	(7%)
<b>Financial Data</b> (in millions)				
Metal sales	<b>\$ 89.7</b>	\$ 77.5	\$ 12.2	16%
Production costs	<b>40.6</b>	36.1	4.5	12%
Depreciation, depletion and amortization	<b>15.0</b>	15.9	(0.9)	(6%)
	<b>34.1</b>	25.5	8.6	34%
Exploration and business development	<b>0.3</b>	0.6	(0.3)	(50%)
Segment operating earnings	<b>\$ 33.8</b>	\$ 24.9	\$ 8.9	36%

(a) Includes 364,000 tonnes placed on the heap leach pad for the first quarter of 2011, compared with 661,000 tonnes for the first quarter of 2010.

(b) Amount represents mill grade and recovery only. Ore placed on the heap leach pad had an average grade of 0.41 grams per tonne for the first quarter of 2011, compared with 0.22 grams per tonne for the first quarter of 2010. Due to the nature of heap leach operations, recovery rates cannot be accurately measured.

#### First quarter 2011 vs. First quarter 2010

Tonnes of ore mined was 53% lower in the first quarter of 2011 compared with the first quarter of 2010 primarily due to mine sequencing and planned increased reliance on stockpiled ore during 2011. Tonnes of ore processed during the period declined by 13% compared with the first quarter of 2010 due primarily to a decrease in tonnage placed on the heap leach. Grade and recovery declined compared with the first quarter of 2010 due to an increased ratio of lower grade stockpile material processed through the mill during the first quarter of 2011. Gold equivalent ounces produced were 7% lower than the first quarter of 2010 due to lower tonnes processed, grade and recoveries.

Metal sales were 16% higher than the same period in the prior year due to increased metal prices realized, offset by the decline in gold equivalent ounces sold. Production costs increased by 12% compared with the first quarter of 2010, despite the decline in gold equivalent ounces sold, due primarily to increases in power and diesel fuel costs. Depreciation, depletion and amortization was 6% lower than the first quarter of 2010, in line with the decrease in gold equivalent ounces sold.

**Round Mountain (50% ownership and operator; Barrick 50%) - USA**

	2011	Three months ended March 31,		
		2010	Change	% Change <sup>(c)</sup>
<b>Operating Statistics <sup>(a)</sup></b>				
Tonnes ore mined (000's) <sup>(b)</sup>	<b>6,236</b>	4,254	1,982	47%
Tonnes processed (000's) <sup>(b)</sup>	<b>7,130</b>	7,932	(802)	(10%)
Grade (grams/tonne) <sup>(b)</sup>	<b>0.49</b>	0.53	(0.04)	(8%)
Gold equivalent ounces:				
Produced	<b>42,121</b>	45,629	(3,508)	(8%)
Sold	<b>41,555</b>	45,532	(3,977)	(9%)
<b>Financial Data</b> (in millions)				
Metal sales	<b>\$ 58.1</b>	\$ 50.4	\$ 7.7	15%
Production costs	<b>32.9</b>	26.3	6.6	25%
Depreciation, depletion and amortization	<b>6.6</b>	5.0	1.6	32%
	<b>18.6</b>	19.1	(0.5)	(3%)
Exploration and business development	<b>0.1</b>	-	0.1	nm
Segment operating earnings	<b>\$ 18.5</b>	\$ 19.1	\$ (0.6)	(3%)

(a) Due to the nature of heap leach operations, recovery rates cannot be accurately measured.

(b) Tonnes of ore mined/processed represent 100%.

(c) "nm" means not meaningful.

*First quarter 2011 vs. First quarter 2010*

Tonnes of ore mined increased by 47% in the first quarter of 2011 compared with the first quarter of 2010 due to a decrease in stripping activities and an increase in mining activities on the exposed ore. Tonnes processed and grade were lower in the first quarter of 2011 than in the first quarter of 2010 due to planned mine sequencing and a relative increase in the processing of stockpile ore. Gold equivalent ounces produced were 8% lower due to declines in gold grades, tonnes processed and recoveries.

Metal sales were 15% higher compared with the first quarter of 2010 as increases in metal prices realized more than offset lower gold equivalent ounces sold. Production costs increased by 25% due primarily to higher diesel fuel prices. Depreciation, depletion and amortization increased by 32% as a result of machinery and equipment additions and the commencement of deferred development amortization on two new mine phases.

**Kettle River-Buckhorn (100% ownership and operator) - USA**

	2011	Three months ended March 31,		
		2010	Change	% Change
<b>Operating Statistics</b>				
Tonnes ore mined (000's)	<b>108</b>	88	20	23%
Tonnes processed (000's)	<b>106</b>	92	14	15%
Grade (grams/tonne)	<b>15.29</b>	19.58	(4.29)	(22%)
Recovery	<b>88.0%</b>	90.6%	(2.6%)	(3%)
Gold equivalent ounces:				
Produced	<b>45,852</b>	48,405	(2,553)	(5%)
Sold	<b>47,629</b>	46,080	1,549	3%
<b>Financial Data</b> (in millions)				
Metal sales	<b>\$ 66.4</b>	\$ 51.2	\$ 15.2	30%
Production costs	<b>17.9</b>	12.9	5.0	39%
Depreciation, depletion and amortization	<b>21.8</b>	21.7	0.1	0%
	<b>26.7</b>	16.6	10.1	61%
Exploration and business development	<b>0.8</b>	1.1	(0.3)	(27%)
Other	<b>(1.0)</b>	(0.3)	(0.7)	(233%)
Segment operating earnings	<b>\$ 26.9</b>	\$ 15.8	\$ 11.1	70%

*First quarter 2011 vs. First quarter 2010*

Tonnes of ore mined and processed were higher in the first quarter of 2011 compared with the first quarter of 2010 to offset lower planned grade and recovery levels. Grades were 22% lower compared with the first quarter of 2010 due to planned mine sequencing. Gold equivalent ounces produced declined by 5% compared with the first quarter of 2010 due to lower grades and recoveries, offset to some degree by an increase in tonnes processed.

Metal sales increased by 30% compared with 2010 due primarily to higher metal prices. Higher realized gold prices contributed \$13.5 million to the total \$15.2 million increase in metal sales, with the remaining increase resulting from the 3% increase in gold equivalent ounces sold. Production costs increased by 39% compared with the first quarter of 2010 due primarily to increases in tonnes of ore mined and processed.

## Kupol (75% ownership and operator) - Russian Federation

	2011	Three months ended March 31,		
		2010	Change	% Change <sup>(c)</sup>
<b>Operating Statistics</b>				
Tonnes ore mined (000's) <sup>(a)</sup>	<b>381</b>	313	68	22%
Tonnes processed (000's) <sup>(a)</sup>	<b>305</b>	283	22	8%
Grade (grams/tonne):				
Gold	<b>16.56</b>	20.20	(3.64)	(18%)
Silver	<b>237.90</b>	241.99	(4.09)	(2%)
Recovery:				
Gold	<b>94.5%</b>	95.3%	(0.8%)	(1%)
Silver	<b>84.0%</b>	83.1%	0.9%	1%
Gold equivalent ounces: <sup>(a), (b)</sup>				
Produced	<b>205,675</b>	192,921	12,754	7%
Sold	<b>203,338</b>	206,595	(3,257)	(2%)
Silver ounces: <sup>(a)</sup>				
Produced (000's)	<b>2,034</b>	1,756	278	16%
Sold (000's)	<b>1,894</b>	1,793	101	6%
<b>Financial Data</b> (in millions)				
Metal sales	<b>\$ 225.6</b>	\$ 201.1	\$ 24.5	12%
Production costs	<b>65.5</b>	64.9	0.6	1%
Depreciation, depletion and amortization	<b>39.5</b>	43.4	(3.9)	(9%)
	<b>120.6</b>	92.8	27.8	30%
Exploration and business development	<b>0.1</b>	0.2	(0.1)	(50%)
Other	<b>0.3</b>	-	0.3	nm
Segment operating earnings	<b>\$ 120.2</b>	\$ 92.6	\$ 27.6	30%

(a) Tonnes of ore mined/processed, production and sales represents 100%.

(b) "Gold equivalent ounces" include silver ounces produced and sold converted to a gold equivalent based on the ratio of the average spot market prices for the commodities for each period. The ratio for the first quarter of 2011 was 43.51:1, compared with 65.66:1 for the first quarter of 2010.

(c) "nm" means not meaningful.

### First quarter 2011 vs. First quarter 2010

Tonnes of ore mined were higher in the first quarter of 2011 compared with the first quarter of 2010 due to increased mill throughput, the addition of underground mine equipment during 2010 and a decreased stripping ratio at the open pit. Grades were lower in the first quarter of 2011 compared with the first quarter of 2010 due to mine sequencing and were consistent with plan. Gold equivalent ounces produced were 7% higher than in the first quarter of 2010 due to increased processing and a more favorable gold equivalent ratio, offset by lower grades.

Metal sales were 12% higher in the first quarter of 2011 compared with the first quarter of 2010 as higher metal prices more than offset the impact of lower gold equivalent ounces sold. Depreciation, depletion and amortization were lower due to a decline in gold ounces sold although gold equivalent ounces sold was higher than the prior period due to a more favorable gold equivalent ratio.

**Paracatu (100% ownership and operator) - Brazil**

	2011	Three months ended March 31,		
		2010	Change	% Change
<b>Operating Statistics</b>				
Tonnes ore mined (000's)	<b>9,766</b>	11,417	(1,651)	(14%)
Tonnes processed (000's)	<b>9,738</b>	10,110	(372)	(4%)
Grade (grams/tonne)	<b>0.41</b>	0.46	(0.05)	(11%)
Recovery	<b>77.5%</b>	76.1%	1.4%	2%
Gold equivalent ounces:				
Produced	<b>100,427</b>	117,472	(17,045)	(15%)
Sold	<b>107,957</b>	121,121	(13,164)	(11%)
<b>Financial Data</b> (in millions)				
Metal sales	<b>\$ 150.2</b>	\$ 134.2	\$ 16.0	12%
Production costs	<b>74.5</b>	67.2	7.3	11%
Depreciation, depletion and amortization	<b>14.4</b>	15.9	(1.5)	(9%)
	<b>61.3</b>	51.1	10.2	20%
Other	<b>0.3</b>	(2.4)	2.7	113%
Segment operating earnings	<b>\$ 61.0</b>	\$ 53.5	\$ 7.5	14%

*First quarter 2011 vs. First quarter 2010*

Tonnes of ore mined and tonnes of ore processed in the first quarter of 2011 declined compared with the first quarter of 2010 largely due to the availability of mining equipment and adverse weather conditions. Grades were 11% lower due to planned mine sequencing. Gold equivalent ounces produced were 15% lower than the first quarter of 2010 due to lower grades and tonnes processed, offset by a 2% increase in recoveries. Gold equivalent ounces sold during the first quarter of 2011 were higher than gold equivalent ounces produced due to timing of shipments as shipments that were produced at the end of 2010 were sold during the first quarter of 2011.

Metal sales increased by 12% in the first quarter of 2011 compared with the first quarter of 2010 due to an increase in metal prices realized, offsetting a decline in gold equivalent ounces sold. Production costs increased by 11% as a result of higher power, fuel and labour costs. Depreciation, depletion and amortization decreased due to a corresponding decline in gold equivalent ounces sold.

**Crixás (50% ownership; AngloGold Ashanti 50% and operator) - Brazil**

	2011	Three months ended March 31,		
		2010	Change	% Change <sup>(b)</sup>
<b>Operating Statistics</b>				
Tonnes ore mined (000's) <sup>(a)</sup>	<b>256</b>	276	(20)	(7%)
Tonnes processed (000's) <sup>(a)</sup>	<b>256</b>	276	(20)	(7%)
Grade (grams/tonne)	<b>3.85</b>	4.44	(0.59)	(13%)
Recovery	<b>92.5%</b>	94.9%	(2.4%)	(2%)
Gold equivalent ounces:				
Produced	<b>14,813</b>	18,856	(4,043)	(21%)
Sold	<b>13,619</b>	20,584	(6,965)	(34%)
<b>Financial Data</b> (in millions)				
Metal sales	<b>\$ 18.9</b>	\$ 22.1	\$ (3.2)	(14%)
Production costs	<b>10.1</b>	8.9	1.2	13%
Depreciation, depletion and amortization	<b>2.4</b>	4.2	(1.8)	(43%)
	<b>6.4</b>	9.0	(2.6)	(29%)
Exploration and business development	<b>0.3</b>	-	0.3	nm
Other	<b>0.3</b>	(0.1)	0.4	nm
Segment operating earnings	<b>\$ 5.8</b>	\$ 9.1	\$ (3.3)	(36%)

(a) Tonnes of ore mined/processed represents 100% of mine production.

(b) "nm" means not meaningful.

*First quarter 2011 vs. First quarter 2010*

Tonnes of ore mined and processed in the first quarter of 2011 were 7% lower than the first quarter of 2010, and grades declined by 13% over the same period, as a result of planned mine sequencing. Recoveries were lower in the first quarter of 2011 compared with the first quarter of 2010 and reflect the decline in ore grade. Gold equivalent ounces produced were 21% lower due to declines in tonnes processed, grades and recoveries.

Metal sales decreased by 14% compared with the first quarter of 2010 due to a 34% decline in gold equivalent ounces sold, offset to some degree by higher metal prices. Production costs increased by 13% despite lower production levels due primarily to increases in power and diesel fuel costs relative to the first quarter of 2010. Depreciation, depletion and amortization was 43% lower than the first three months of 2010 largely due to the decrease in gold equivalent ounces sold.

## La Coipa (100% ownership and operator) - Chile

	2011	Three months ended March 31,		
		2010	Change	% Change
<b>Operating Statistics</b>				
Tonnes ore mined (000's)	592	865	(273)	(32%)
Tonnes processed (000's)	1,076	1,231	(155)	(13%)
Grade (grams/tonne):				
Gold	0.83	1.08	(0.25)	(23%)
Silver	75.64	38.15	37.49	98%
Recovery:				
Gold	74.6%	77.9%	(3.3%)	(4%)
Silver	52.8%	62.0%	(9.2%)	(15%)
Gold equivalent ounces: <sup>(a)</sup>				
Produced	54,446	47,664	6,782	14%
Sold	62,931	58,688	4,243	7%
Silver ounces:				
Produced (000's)	1,418	945	473	50%
Sold (000's)	1,605	1,117	488	44%
<b>Financial Data</b> (in millions)				
Metal sales	\$ 80.0	\$ 65.1	\$ 14.9	23%
Production costs	37.5	30.0	7.5	25%
Depreciation, depletion and amortization	10.5	18.4	(7.9)	(43%)
	32.0	16.7	15.3	92%
Exploration and business development	1.7	0.2	1.5	750%
Segment operating earnings	\$ 30.3	\$ 16.5	\$ 13.8	84%

(a) "Gold equivalent ounces" include silver ounces produced and sold converted to a gold equivalent based on the ratio of the average spot market prices for the commodities for each period. The ratio for the first quarter of 2011 was 43.51:1, compared with 65.66:1 for the first quarter of 2010.

### First quarter 2011 vs. First quarter 2010

Tonnes of ore mined and processed were 32% and 13% lower, respectively, in the first quarter of 2011 compared with the same period in 2010 due to mine sequencing and to higher clay content in the mill feed. Ore was extracted from a different combination of pits and phases in the first quarter of 2011. Gold grades declined by 23% due to a greater reliance on stockpile ore as a result of wall stability issues and to mine sequencing. Gold equivalent ounces produced increased by 14% compared with the first quarter of 2010 due primarily to increases in silver production and grade due to the exploitation of a new high silver content pit phase, offset by declines in processing, gold grade and recoveries. Gold equivalent ounces sold increased by 7% in the first quarter of 2011 compared with the first quarter of 2010 due to increased production and to a more favorable gold equivalent ratio. Gold equivalent ounces sold were higher than production for the first quarter of 2011 due to timing of shipments as ounces produced at the end of 2010 were sold during the first quarter of 2011.

Metal sales increased by 23% to \$80.0 million in the first quarter of 2011 compared with the first quarter of 2010 due to higher metal prices and an increase in gold equivalent ounces sold. Increased metal prices realized accounted for \$10.2 million of the total \$14.9 million increase compared with the first quarter of 2010. Production costs were 25% higher in the first quarter of 2011 due to a 7% increase in gold equivalent ounces sold and to increases in power and diesel fuel costs. Depreciation, depletion and amortization was 43% lower than the first three months of 2010 due primarily to lower gold ounces sold although gold equivalent ounces sold was higher than the prior period due to a more favorable gold equivalent ratio.

### Maricunga (100% ownership and operator) - Chile

	2011	Three months ended March 31,		
		2010	Change	% Change <sup>(b)</sup>
<b>Operating Statistics <sup>(a)</sup></b>				
Tonnes ore mined (000's)	<b>4,104</b>	3,541	563	16%
Tonnes processed (000's)	<b>3,991</b>	3,604	387	11%
Grade (grams/tonne)	<b>0.85</b>	0.81	0.04	5%
Gold equivalent ounces:				
Produced	<b>58,740</b>	51,777	6,963	13%
Sold	<b>55,843</b>	50,330	5,513	11%
<b>Financial Data (in millions)</b>				
Metal sales	<b>\$ 79.7</b>	\$ 56.0	\$ 23.7	42%
Production costs	<b>26.9</b>	28.5	(1.6)	(6%)
Depreciation, depletion and amortization	<b>1.8</b>	4.6	(2.8)	(61%)
	<b>51.0</b>	22.9	28.1	123%
Exploration and business development	<b>0.1</b>	-	0.1	nm
Other	<b>0.1</b>	0.6	(0.5)	(83%)
Segment operating earnings	<b>\$ 50.8</b>	\$ 22.3	\$ 28.5	128%

(a) Due to the nature of heap leach operations, recovery rates cannot be accurately measured.

(b) "nm" means not meaningful.

#### First quarter 2011 vs. First quarter 2010

Tonnes of ore processed were 11% higher during the first quarter of 2011 compared with the first quarter of 2010 due to sequencing, consistent with the mine plan. Gold grades increased by 5% over the same period in the prior year due to mine sequencing and to ore being sourced from a new pit. Gold equivalent ounces produced increased by 13% in the first quarter of 2011 compared with the first quarter of 2010 due to higher processing levels, grades and recoveries.

Metal sales increased by 42% from \$56.0 million in the first three months of 2010 to \$79.7 million in the first three months of 2011. Higher metal prices realized accounted for 74% of the total \$23.7 million increase, with the remainder attributable to an increase in gold equivalent ounces sold. Production costs declined by 6% in the first quarter of 2011 compared with the first quarter of 2010 due to a reduction in the consumption of reagents. Depreciation, depletion and amortization decreased by \$2.8 million versus the prior year primarily due to an adjustment of depreciation in inventory in the first quarter of 2011.

**Tasiast (100% ownership and operator) - Mauritania**

	Three months ended March 31, 2011
<b>Operating Statistics</b>	
Tonnes ore mined (000's)	2,296
Tonnes processed (000's) <sup>(a)</sup>	2,204
Grade (grams/tonne) <sup>(b)</sup>	2.10
Recovery <sup>(b)</sup>	88.0%
Gold equivalent ounces:	
Produced	51,321
Sold	51,493
<b>Financial Data</b> (in millions)	
Metal sales	\$ 71.6
Production costs	25.7
Depreciation, depletion and amortization	15.0
	30.9
Exploration and business development	2.7
Other	0.3
Segment operating earnings	\$ 27.9

(a) Includes 1,517,000 tonnes placed on the heap leach pad for the first quarter of 2011.

(b) Amount represents mill grade and recovery only. Ore placed on the heap leach pad had an average grade of 0.66 grams per tonne for the first quarter of 2011. Due to the nature of heap leach operations, recovery rates cannot be accurately measured.

On September 17, 2010, Kinross acquired all of the outstanding common shares of Red Back that it did not previously own. As this purchase was a business acquisition with Kinross as the acquirer, results of operations of Red Back, including those of the Tasiast open pit mine, have been consolidated with those of Kinross commencing on September 17, 2010.

During the first quarter of 2011, ore mined and processed amounted to 2,296,000 and 2,204,000 tonnes, respectively. Tasiast produced 51,321 gold equivalent ounces, while selling 51,493 gold equivalent ounces during the period. Gold was milled at an average grade of 2.10 grams per tonne.

Metal sales of \$71.6 million, net of production costs, depreciation, depletion and amortization, exploration and business development, and other expenses, resulted in net operating earnings of \$27.9 million for the first quarter of 2011. Exploration and business development costs amounted to \$2.7 million during the first quarter of 2011 due to Kinross' continuation of the planned post-acquisition ramp up. The acquisition date inventory fair value adjustment of \$2.9 million recorded in the first quarter of 2011 represents 11% of total production costs.

### Chirano (90% ownership and operator) - Ghana

	Three months ended March 31, 2011
<b>Operating Statistics</b>	
Tonnes ore mined (000's) <sup>(a)</sup>	828
Tonnes processed (000's) <sup>(a)</sup>	848
Grade (grams/tonne)	2.42
Recovery	91.4%
Gold equivalent ounces: <sup>(a)</sup>	
Produced	62,037
Sold	69,546
<b>Financial Data</b> (in millions)	
Metal sales	\$ 96.8
Production costs	49.1
Depreciation, depletion and amortization	17.5
	30.2
Exploration and business development	1.4
Other	0.1
Segment operating earnings	\$ 28.7

(a) Tonnes of ore mined/processed, production and sales represents 100%.

On September 17, 2010, Kinross acquired all of the outstanding common shares of Red Back that it did not previously own. As this purchase was a business acquisition with Kinross as the acquirer, results of operations of Red Back, including those of the Chirano open pit and underground mine, have been consolidated with those of Kinross commencing on September 17, 2010. The Company owns a 90% interest in the Chirano mine. A 10% carried interest is held by the government of Ghana.

During the first quarter of 2011, ore mined and processed amounted to 828,000 and 848,000 tonnes, respectively. Grade amounted to 2.42 grams per tonne and recovery was 91.4% for the period. Chirano produced 62,037 gold equivalent ounces, while selling 69,546 gold equivalent ounces during the first quarter of 2011. Gold equivalent ounces sold exceeded production due to timing of shipments as shipments that were produced at the end of 2010 were sold during the first quarter of 2011.

Metal sales of \$96.8 million, net of production costs, depreciation, depletion and amortization, exploration and business development, and other expenses, resulted in net operating earnings of \$28.7 million for the period.

### Exploration and business development

(in millions)	2011	Three months ended March 31,		
		2010	Change	% Change
Exploration and business development	\$ 23.9	\$ 12.9	\$ 11.0	85%

In the first quarter of 2011, exploration and business development expenses were \$23.9 million, compared with \$12.9 million for the first quarter of 2010. Of the total exploration and business development expense, expenditures on exploration totaled \$20.8 million for the quarter. Capitalized exploration expenses, excluding capitalized evaluation expenditures, totaled \$21.6 million for the first quarter of 2011 compared with \$3.2 million in the first quarter of 2010. Kinross was active on 31 mine site and greenfields initiatives in the first quarter of 2011 with a total of 167,282 metres drilled.

## General and administrative

(in millions)	2011	Three months ended March 31,		
		2010	Change	% Change
General and administrative	\$ 43.3	\$ 29.0	\$ 14.3	49%

General and administrative costs include expenses related to the overall management of the business which are not part of direct mine operating costs. These are costs that are incurred at corporate offices located in Canada, the United States, Brazil, the Russian Federation, Chile, and the Canary Islands.

Costs for the first quarter of 2011 were \$43.3 million, compared with \$29.0 million for the same period in 2010. The increase in general and administrative costs was largely due to higher employee related costs.

## Other income (expense) - net

(in millions)	2011	Three months ended March 31,		
		2010	Change	% Change
Gain (loss) on acquisition/disposition of assets and investments - net	\$ 30.8	\$ 78.7	\$ (47.9)	(61%)
Foreign exchange gains	14.8	0.4	14.4	3600%
Net non-hedge derivative gains	41.0	34.9	6.1	17%
Working Interest in Diavik Diamond Mine	-	(1.1)	1.1	(100%)
Other	1.8	0.7	1.1	157%
	\$ 88.4	\$ 113.6	\$ (25.2)	(22%)

Other income (expense) decreased by 22% from income of \$113.6 million in the first quarter of 2010 to income of \$88.4 million in the first quarter of 2011. The discussion below details the changes in other income (expense) for the first quarter of 2011 compared with the first quarter of 2010.

## Gain (loss) on acquisition/disposition of assets and investments - net

The net gain on the acquisition/disposition of assets and investments declined from \$78.7 million in the first quarter of 2010 to \$30.8 million in the first quarter of 2011. Included in the first quarter of 2011 is a gain of \$30.9 million on the sale of the Company's interest in Harry Winston. Included in the first quarter of 2010 is a gain of \$78.1 million related to the sale of one-half of the Company's interest in Cerro Casale.

## Foreign exchange gains

In the first quarter of 2011, foreign exchange gains were \$14.8 million compared with a gain of \$0.4 million for the first three months of 2010. The increase in foreign exchange gains relates primarily to the translation and revaluation of a relative increase in net monetary assets denominated in foreign currencies to the US dollar during the first quarter of 2011 compared with the first quarter of 2010. This gain was further enhanced by a weakening of the US dollar relative to the Brazilian real, Chilean peso, Canadian dollar, and the Russian rouble compared with the same period in 2010.

## Net non-hedge derivative gains

Net non-hedge derivative gains of \$41.0 million were recognized during the first quarter of 2011, compared with non-hedge derivative gains of \$34.9 million in the first quarter of 2010. Gains increased in the first quarter of 2011 compared with the first quarter of 2010 largely due to the impact of the fair value adjustments related to the embedded derivatives on the Company's senior convertible notes and Canadian dollar denominated common share purchase warrants.

## Finance Expense

(in millions)	2011	Three months ended March 31,		
		2010	Change	% Change
Finance expense	\$ (16.2)	\$ (16.8)	\$ 0.6	(4%)

Finance expense includes accretion on reclamation and remediation obligations and interest expense. Interest expense decreased by \$2.3 million or 17% in the first quarter of 2011 compared with the first quarter of 2010 due primarily to the reduction in related debt balances. Partially offsetting this decrease, accretion on reclamation and remediation obligations increased by \$1.7 million in the first quarter of 2011 compared with the first quarter of 2010 due to the an increase in the underlying provisions. Capitalized interest for the first quarter of 2011 was \$0.3 million compared with \$nil in the first quarter of 2010.

## Income and mining taxes

Kinross is subject to tax in various jurisdictions including Canada, the United States, Brazil, Chile, Ecuador, the Russian Federation, Mauritania and Ghana. The Company recorded a tax provision of \$116.3 million on earnings before taxes of \$413.5 million in the first quarter of 2011, compared with a tax provision of \$100.2 million on earnings before taxes of \$306.7 million in the first quarter of 2010. Kinross' combined federal and provincial statutory tax rate was 28.3% for the first quarter of 2011. The Company's effective tax rate was 28.1% for the first quarter of 2011 compared with 32.7% for the same period in 2010.

The decrease in the Company's effective tax rate compared with 2010 was largely due to the tax free sale of our shares in Harry Winston in the first quarter of 2011 and a change in the income mix.

There are a number of factors that can significantly impact the Company's effective tax rate including the geographic distribution of income, varying rates in different jurisdictions, the non-recognition of tax assets, mining allowance, foreign currency exchange rate movements, changes in tax laws and the impact of specific transactions and assessments.

Due to the number of factors that can potentially impact the effective tax rate and the sensitivity of the tax provision to these factors, as discussed above, it is expected that the Company's effective tax rate will fluctuate in future periods.

## 6. LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes Kinross' cash flow activity:

(in millions)	2011	Three months ended March 31,		
		2010	Change	% Change <sup>(a)</sup>
<b>Cash flow:</b>				
Provided from operating activities - net	<b>\$ 335.1</b>	\$ 228.7	\$ 106.4	<b>47%</b>
Provided from (used in) investing activities	<b>(165.2)</b>	346.7	(511.9)	<b>(148%)</b>
Used in financing activities	<b>(80.7)</b>	(106.8)	26.1	<b>(24%)</b>
Effect of exchange rate changes on cash	<b>5.0</b>	0.1	4.9	<b>nm</b>
Increase in cash and cash equivalents	<b>94.2</b>	468.7	(374.5)	<b>(80%)</b>
Cash and cash equivalents, beginning of period	<b>1,466.6</b>	597.4	869.2	<b>145%</b>
Cash and cash equivalents, end of period	<b>\$1,560.8</b>	\$1,066.1	\$ 494.7	<b>46%</b>

(a) "nm" means not meaningful.

Cash and cash equivalent balances increased by \$494.7 million in the first quarter of 2011 compared with the first quarter of 2010. Detailed discussions regarding cash flow movements are noted below.

### Operating Activities

#### First quarter 2011 vs. First quarter 2010

Cash provided from operating activities increased by \$106.4 million to \$335.1 million in the first quarter of 2011 from \$228.7 million in the first quarter of 2010. The increase was primarily attributed to an increase in gross margin, offset to some degree by additional spending on inventories and increased receivables during the first quarter of 2011.

### Investing Activities

#### First quarter 2011 vs. First quarter 2010

Net cash used in investing activities during the first quarter of 2011 was \$165.2 million, compared with cash provided from investing activities of \$346.7 million in the first quarter of 2010. The primary use of cash during the first quarter of 2011 was for investment in property, plant and equipment. Additionally, net proceeds from the sale of long-term investments and other assets decreased by \$349.5 million compared with the first quarter of 2010. The Company received \$454.3 million in gross proceeds from the disposition of one-half of its interest in the Cerro Casale project in the first quarter of 2010. Net proceeds of \$100.6 million were received on the sale of Kinross' interest in Harry Winston in the first quarter of 2011.

The following table provides a breakdown of capital expenditures:

(in millions)	2011	Three months ended March 31,		
		2010	Change	% Change <sup>(c)</sup>
<b>Operating segments</b>				
Fort Knox	\$ 22.1	\$ 21.7	\$ 0.4	2%
Round Mountain	8.5	7.0	1.5	21%
Kettle River-Buckhorn	3.1	2.0	1.1	55%
Kupol	5.8	9.6	(3.8)	(40%)
Paracatu	36.7	9.8	26.9	274%
Crixás	2.9	6.2	(3.3)	(53%)
La Coipa	8.7	7.3	1.4	19%
Maricunga	41.1	12.5	28.6	229%
Tasiast <sup>(a)</sup>	84.2	-	84.2	nm
Chirano <sup>(a)</sup>	17.2	-	17.2	nm
<b>Non-operating segments</b>				
Fruta del Norte	13.3	8.8	4.5	51%
Cerro Casale <sup>(b)</sup>	-	4.0	(4.0)	(100%)
Corporate and other	12.3	5.2	7.1	137%
<b>Total</b>	<b>\$ 255.9</b>	<b>\$ 94.1</b>	<b>\$ 161.8</b>	<b>172%</b>

(a) The Tasiast and Chirano mines were acquired with the acquisition of Red Back on September 17, 2010.

(b) As of March 31, 2010, Cerro Casale was accounted for as an equity investment.

(c) "nm" means not meaningful.

## Financing Activities

### First quarter 2011 vs. First quarter 2010

Net cash used in financing activities during the first quarter of 2011 was \$80.7 million, compared with \$106.8 million in the first quarter of 2010. The primary source of cash between the first quarter of 2010 and the first quarter of 2011 was a net increase in the proceeds from the issuance of debt of \$85.5 million. Offsetting this cash infusion were net increases in the use of cash between periods relating to the repayment of debt and dividend payments. Debt repayments increased from \$64.1 million in the first quarter of 2010 to \$105.2 million in the first quarter of 2011 while dividends paid to common and non-controlling shareholders increased by \$22.0 million on a net basis over the same period.

## Balance Sheet

(in millions)	March 31, 2011	As at December 31, 2010
Cash and cash equivalents	\$ 1,560.8	\$ 1,466.6
Current assets	\$ 2,809.8	\$ 2,668.5
Total assets	\$ 18,068.0	\$ 17,866.6
Current liabilities	\$ 943.4	\$ 978.8
Total long-term financial liabilities <sup>(a)</sup>	\$ 1,132.5	\$ 1,196.3
Total debt, including current portion	\$ 469.6	\$ 474.4
Total liabilities	\$ 2,970.0	\$ 3,059.8
Common shareholders' equity	\$ 14,793.2	\$ 14,543.7
Non-controlling interest	\$ 304.8	\$ 263.1
Statistics		
Working capital	\$ 1,866.4	\$ 1,689.7
Working capital ratio <sup>(b)</sup>	2.98:1	2.73:1

(a) Includes long-term debt, provisions, unrealized fair value of derivative liabilities, and other long-term liabilities.

(b) Current assets divided by current liabilities.

At March 31, 2011, Kinross had cash and cash equivalents of \$1,560.8 million, an increase of \$94.2 million over the December 31, 2010 balance largely due to the proceeds from the disposition of the Company's interest in Harry Winston. Current assets increased to \$2,809.8 million largely due to the increase in cash. Total assets increased by \$201.4 million to \$18,068.0 million primarily due to additions to property, plant and equipment and an increase in prepaid expenses. Current liabilities were reduced to \$943.4 million largely due to a reduction in accounts payable and accrued liabilities and a decline in the unrealized fair value of derivative liabilities. Total debt decreased to \$469.6 million largely due to repayments made on the corporate term loan facility.

A \$0.05 dividend per common share was paid to shareholders of record on March 24, 2011.

As of May 2, 2011, there were 1,135.7 million common shares of the Company issued and outstanding. In addition, at the same date, the Company had 15.7 million share purchase options outstanding under its share option plan and 56.3 million common share purchase warrants outstanding (convertible to 50.3 million Kinross shares).

## Credit Facilities and Financing

### Convertible debentures

In January 2008, Kinross received net proceeds of \$449.9 million from the offering of \$460.0 million Convertible Senior Notes due March 15, 2028 (the "Convertible Notes"), after payment of commissions and expenses of the offering. The notes pay interest semi-annually at a rate of 1.75% per annum. The notes will be convertible on or after December 27, 2027, at the holder's option, equivalent to a conversion price of \$28.04 per share of common stock subject to adjustment. The Convertible Senior Notes may be converted, at the same conversion rate and at the option of the holder, prior to December 15, 2027 if certain events occur, including Kinross common shares trading at a level greater than 130% of the effective conversion price of the Convertible Senior Notes for any 20 trading days during the 30 consecutive trading day period ending on the last trading day of each calendar quarter ending on or after June 30, 2008. The Convertible Senior Notes are redeemable by the Company, in whole or part, for cash at any time on or after March 20, 2013, at a redemption price equal to par plus accrued and unpaid interest, if any, to the redemption date. Holders may require Kinross to repurchase the Convertible Senior Notes at a purchase price equal to par plus accrued and unpaid interest, if any, to the repurchase date, on March 15, 2013, March 15, 2018 and March 15, 2023, or upon certain fundamental changes. Subject to

certain conditions, Kinross may deliver, in lieu of cash, Kinross common shares, or a combination of cash and Kinross common shares, in satisfaction of the purchase price.

### **Credit facilities**

In November 2009, the Company entered into an amended revolving credit facility which provided credit of \$450.0 million on an unsecured basis and is to expire in November 2012. The term loan for the Paracatu property, which was part of the credit facility agreement the Company entered into in 2006, formed part of the amended revolving credit facility, and that credit will be available to the Company as the term loan is repaid. On June 17, 2010, the Company entered into a further amendment to increase availability under the facility to \$600.0 million. On September 17, 2010, the revolving credit facility was further amended to add Mauritania, Ghana, and Cote d'Ivoire as permitted jurisdictions as a result of the Red Back acquisition. All other terms and conditions under the existing revolving credit facility remained unchanged.

On March 31, 2011, the Company entered into a further amendment of the facility which included increasing the availability under the facility to \$1,200.0 million and extending the term of the facility from November 2012 to March 2015.

As at March 31, 2011, the Company had drawn \$78.7 million (December 31, 2010 - \$87.7 million) on the amended revolving credit facility, including drawings for the Paracatu term loan and \$28.7 million (December 31, 2010 - \$28.6 million) for letters of credit.

The amended credit agreement contains various covenants including limits on indebtedness, asset sales and liens. Significant financial covenants include a minimum tangible net worth of \$5,250 million and increasing by 50% of positive net income each quarter starting with the quarter ending March 31, 2011 (previously \$3,345.3 million starting September 30, 2009 and increasing by 50% of positive net income each quarter), an interest coverage ratio of at least 4.25:1, and net debt to EBITDA, as defined in the agreement, of no more than 3.5:1. The Company is in compliance with these covenants at March 31, 2011.

Loan interest is variable, set at LIBOR plus an interest rate margin which is dependent on the ratio of the Company's net debt to EBITDA as defined in the agreement.

The Company's current ratio of net debt to EBITDA, as defined in the agreement, is less than 1.00:1. At this ratio, interest charges are as follows:

Type of Credit	Credit Facility
Dollar based LIBOR loan	LIBOR plus 1.75%
Letters of credit	1.75%
Standby fee applicable to unused availability	0.44%

Also in November 2009, the Company entered into a separate Letter of Credit guarantee facility with Export Development Canada ("EDC") for \$125.0 million. Letters of credit guaranteed by this facility are solely for reclamation liabilities at Fort Knox, Round Mountain, and Kettle River-Buckhorn. On July 30, 2010, the Company entered into an amendment to increase the amount of the Letter of Credit guarantee facility from \$125.0 million to \$136.0 million. All other terms and conditions under this facility remain the same. As at December 31, 2010 and March 31, 2011, \$135.1 million was outstanding under this facility.

In addition, at March 31, 2011 the Company had approximately \$13.2 million (December 31, 2010 - \$11.5 million) in letters of credit outstanding in respect of its operations in Brazil. These letters of credit have been issued pursuant to arrangements with Brazilian and international banks.

Prior to the above noted amendments to the revolving credit facility, the Company had in place a revolving credit facility of \$300.0 million and a \$104.6 million term loan, under an agreement signed in 2006. The 2006 revolving credit facility supported the Company's liquidity and letters of credit requirements and, as amended in 2007, was to expire in August 2010. The purpose of the term loan was, and continues to be, to support the expansion program at the Paracatu mine in Brazil. The term loan expires in February 2012.

Loan interest under the 2006 revolving credit facility agreement was variable, set at LIBOR plus an interest rate margin dependent on the ratio of the Company's net debt to operating cash flow, as defined under the agreement.

The 2006 credit agreement contained various covenants that included limits on indebtedness, distributions, asset sales and liens. Significant financial covenants included a minimum tangible net worth of \$700.0 million, an interest coverage ratio of at least 4.5:1, net debt to operating cash flow of no more than 3.0:1 and minimum proven and probable reserves of 6 million gold equivalent ounces after repayment of the term loan. The financial covenants were based on the amounts recorded by the Company, less amounts recorded in EastWest Gold Corporation, a subsidiary of Kinross and formerly known as Bema Gold.

The following table outlines the credit facility utilization and availability:

(in millions)	March 31, 2011	As at December 31, 2010
Revolving credit facility	\$ (78.7)	\$ (87.7)
Utilization of EDC facility	(135.1)	(135.1)
<b>Borrowings</b>	<b>\$ (213.8)</b>	<b>\$ (222.8)</b>
Available under revolving credit facility	1,121.3	512.3
Available under EDC credit facility	0.9	0.9
<b>Available credit</b>	<b>\$ 1,122.2</b>	<b>\$ 513.2</b>

Total debt of \$469.6 million at March 31, 2011 consists of \$398.1 million for the debt component of the convertible debentures, \$48.0 million for the Corporate term loan and revolving credit facilities, and \$23.5 million in finance leases and other debt. The current portion of this debt is \$59.5 million at March 31, 2011.

### Liquidity Outlook

In 2011, the Company expects to repay \$48.4 million of long-term debt.

The Company's capital resources include existing cash and cash equivalents balances of \$1,560.8 million, available credit of \$1,122.2 million and expected operating cash flows based on current assumptions (as noted in Section 3 of this MD&A). We believe these capital resources are sufficient to fund operations, our forecasted exploration and capital expenditures (noted in Section 3 of this MD&A), debt repayments noted above and reclamation and remediation obligations in 2011. Prior to any capital investments, consideration is given to the cost and availability of various sources of capital resources.

With respect to the longer term capital expenditure funding requirements, the Company has begun discussions with lending institutions that have been active in the jurisdictions in which the Company's development projects are located. Some of the jurisdictions in which the Company operates have seen the participation of lenders including export credit agencies, development banks and multi lateral agencies. The Company believes the capital from these institutions combined with more traditional bank loans and capital available through debt capital market transactions will fund a portion of the longer term capital expenditure requirements. Another possible source of capital would be proceeds from the sale of non-core assets. These capital sources together with operating cash flow and the Company's active management of its operations and development activities will enable the Company to maintain an appropriate overall liquidity position.

## Contractual Obligations and Commitments

The Company manages its exposure to fluctuations in input commodity prices, currency exchange rates and interest rates, by entering into derivative financial instruments from time to time, in accordance with the Company's risk management policy. The Company also assumed gold and silver derivative financial instruments as required under the terms of the Kupol project financing and other contracts that were acquired with the acquisition of Bema.

The following table provides a summary of derivative contracts outstanding at March 31, 2011:

	2011	2012	Total
<b>Metals</b>			
Gold forward sell contracts (ounces)	239,995	74,075	314,070
Average price	621.34	674.44	633.86
Gold forward buy contracts (ounces)	239,995	74,075	314,070
Average price	1,203.05	1,381.77	1,245.21
Silver forward sell contracts (ounces 000's)	2,700	-	2,700
Average price	10.71	-	10.71
Purchase silver put contracts (ounces 000's)	1,769	-	1,769
Average price	13.00	-	13.00
Sold silver collar contracts (ounces 000's)	1,769	-	1,769
Average price	17.40	-	17.40
<b>Foreign currency</b>			
Brazil reias forward buy contracts (in millions of U.S. dollars)	275.5	56.0	331.5
Average price	1.93	2.00	1.94
Chilean pesos forward buy contracts (in millions of U.S. dollars)	170.2	60.0	230.2
Average price	508.37	503.45	507.09
Russian roubles forward buy contracts (in millions of U.S. dollars)	76.0	48.0	124.0
Average price	32.13	33.10	32.51
Canadian dollar forward buy contracts (in millions of U.S. dollars)	68.5	36.0	104.5
Average price	1.04	1.01	1.03
Euro forward buy contracts (in millions of U.S. dollars)	2.1	-	2.1
Average price	0.78	-	0.78
<b>Energy</b>			
Oil forward buy contracts (barrels)	171,000	-	171,000
Average price	87.62	-	87.62

During the first three months of 2011, the Company entered into gold forward purchase contracts as follows:

- 40,665 ounces of gold at an average price of \$1,364 per ounce which mature in 2011;
- 36,380 ounces of gold at an average price of \$1,363 per ounce which mature in 2012.

Commensurate with the engagement of these derivatives, the Company has de-designated the gold forward sale contract hedging relationship for 100% of the remaining 2011 maturities and 100% of 2012 maturities.

Additionally, the following new forward buy derivative contracts were engaged during the first three months of 2011:

- \$102 million at an average rate of 501 Chilean pesos, with maturities in 2011 and 2012;
- \$46 million at an average rate of 1.00 Canadian dollars, with maturities in 2011 and 2012;
- 99,000 barrels of oil at an average rate of \$95 per barrel, with maturities in 2011.

Acquired with the acquisition of Bema is an interest rate swap whereby the Company will pay a fixed rate of 4.4975% and receive a floating interest rate on a principal amount that varies from \$4.2 million to \$140.0 million, and an interest rate cap and floor whereby the Company will pay a maximum rate of 6.37% and a minimum of 4.75% on a principal amount that varies from \$3.7 million to \$70.0 million.

During 2008, the Company entered into an interest rate swap in order to fix the interest rates on 50% of the term loan for Paracatu. Under the contract, Kinross Brasil Mineração ("KBM"), a wholly-owned subsidiary of the Company, will pay a rate of 3.83% and receive LIBOR plus 1%.

### Fair value of derivative instruments

The fair value of derivative instruments are noted in the table below.

(in millions)	March 31, 2011	As at December 31, 2010
<i>Asset (liability)</i>		
Interest rate swap	\$ (3.9)	\$ (4.4)
Foreign currency forward contracts	66.5	55.0
Gold and silver forward contracts	(285.4)	(333.7)
Energy forward contract	3.4	1.7
Total return swap	(0.3)	-
Canadian \$ denominated common share purchase warrants liability	(30.2)	(48.4)
Senior convertible notes - conversion option	(12.4)	(38.9)
	<b>\$ (262.3)</b>	<b>\$ (368.7)</b>

### Contingent Liability

The Company was obligated to pay \$40 million to Barrick when a production decision is made relating to the Cerro Casale project. During the first quarter of 2010, this contingent liability was reduced to \$20 million in accordance with the agreement with Barrick under which the Company sold one-half of its 50% interest in the Cerro Casale project.

### Other legal matters

The Company is from time to time involved in legal proceedings, arising in the ordinary course of its business. Typically, the amount of ultimate liability with respect to these actions will not, in the opinion of management, materially affect Kinross' financial position, results of operations or cash flows.

## 7. SUMMARY OF QUARTERLY INFORMATION

(in millions, except per share amounts)	2011	2010				2009 <sup>(a)</sup>		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Metal sales	<b>\$ 937.0</b>	\$ 920.4	\$ 735.5	\$ 696.6	\$ 657.6	\$ 699.0	\$ 582.3	\$ 598.1
Net earnings (loss) attributed to common shareholders	<b>\$ 255.5</b>	\$ (62.0)	\$ 542.6	\$ 110.4	\$ 181.3	\$ 235.6	\$ (21.5)	\$ 19.3
Basic earnings (loss) per share	<b>\$ 0.23</b>	\$ (0.05)	\$ 0.71	\$ 0.16	\$ 0.26	\$ 0.34	\$ (0.03)	\$ 0.03
Diluted earnings (loss) per share	<b>\$ 0.22</b>	\$ (0.05)	\$ 0.69	\$ 0.16	\$ 0.26	\$ 0.34	\$ (0.03)	\$ 0.03
Net cash flow provided from (used in) operating activities	<b>\$ 335.1</b>	\$ 298.0	\$ 251.9	\$ 303.0	\$ 228.7	\$ 306.5	\$ 141.9	\$ 171.8

(a) 2009 quarterly information has not been restated to conform with IFRS and is presented in accordance with Canadian generally accepted accounting principles.

The Company's results over the past several quarters have been largely driven by increases in gold equivalent ounces produced. Additionally fluctuations in the gold and silver price and foreign exchange rates have impacted results.

## 8. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Pursuant to regulations adopted by the US Securities and Exchange Commission, under the Sarbanes-Oxley Act of 2002 and those of the Canadian Securities Administrators, Kinross' management evaluates the effectiveness of the design and operation of the Company's disclosure controls and procedures, and internal controls over financial reporting. This evaluation is done under the supervision of, and with the participation of, the President and Chief Executive Officer and the Chief Financial Officer.

Effective September 17, 2010, the Company acquired 100 percent of the outstanding common shares of Red Back by way of a plan of arrangement. The results of Red Back's operations have been included in these consolidated financial statements since the date of acquisition. However, the Company has not had sufficient time to appropriately assess the internal controls used by Red Back and integrate them with those of the Company. As a result, the Red Back operations have been excluded in the Company's annual assessment of disclosure controls and procedures and internal controls over financial reporting. The Company will be expanding its disclosure controls and procedures and internal control over financial reporting compliance program to include Red Back in the current year.

The acquisition date financial information for Red Back is included in the discussion regarding the acquisition contained in this MD&A and in Note 6 to the March 31, 2011 interim condensed consolidated financial statements. A summary of the financial information for Red Back, expressed in millions of dollars, which was included in the interim condensed consolidated financial statements of the Company at March 31, 2011, is provided below.

Financial Data (in millions)	Three months ended March 31, 2011
Metal sales	<b>\$ 168.4</b>
Operating income	<b>56.6</b>
Net assets	<b>8,292.4</b>

As of the end of the period covered by this MD&A and accompanying interim condensed consolidated financial statements, Kinross' management evaluated the effectiveness of its disclosure controls and procedures and internal control over

financial reporting. Based on that evaluation and subject to the scope exclusion described above, the President and Chief Executive Officer and the Chief Financial Officer have concluded that Kinross' disclosure controls and procedures and internal controls over financial reporting were effective as at March 31, 2011. There have not been any significant changes in internal controls for the three months ended March 31, 2011 other than as noted below.

During the first quarter of 2011, Fort Knox and Kettle River-Buckhorn converted to a new version of their ERP system. Additionally, Maricunga converted to a new ERP system during the first quarter of 2011. Management employed appropriate procedures to ensure internal controls were in place during and after the conversion.

## **9. INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Effective January 1, 2011, International Financial Reporting Standards ("IFRS") became Canadian GAAP ("CDN GAAP") for publicly accountable enterprises. As a result, Kinross' interim condensed consolidated financial statements for the first quarter of 2011 are reported in accordance with IFRS, with comparative information for 2010 restated.

The Company developed and executed a changeover plan in order to begin reporting in accordance with IFRS from January 1, 2011. The changeover plan included an assessment phase, a design phase, and an implementation phase, each of which set out activities to be performed over the life of the project, resulting in the Company's first interim reporting under IFRS for the first quarter of 2011. The implementation phase will continue to culminate in the preparation of our financial reporting under IFRS in 2011.

Throughout 2011, we will continue to execute the final phase of our changeover plan. Activities in this respect include continuing to execute business process and internal control changes, testing internal controls impacted by our IFRS changeover in connection with our 2011 annual internal controls program, monitoring accounting and regulatory developments and evaluating impacts on our financial reporting, and continuing to fulfill presentation and reporting requirements.

### **Reconciliations from CDN GAAP to IFRS**

Our interim consolidated financial statements for the first quarter of 2011 include reconciliations from our previous CDN GAAP reporting to IFRS for our opening balance sheet as at January 1, 2011, our balance sheets as at March 31, 2010 and December 31, 2010 and our statements of operations for the three months ended March 31, 2010 and the year ended December 31, 2010.

### **IFRS accounting policies**

Our significant accounting policies under IFRS are disclosed in our interim consolidated financial statements for the first quarter of 2011, and resulting accounting changes are highlighted in our reconciliations from previous CDN GAAP reporting. The exemptions from full retrospective application elected by the Company in accordance with IFRS 1 "First time adoption of International Financial Reporting Standards" are also disclosed in our interim condensed consolidated financial statements for the first quarter of 2011.

The Company adopted a new goodwill policy as a result of the adoption of IFRS. Under CDN GAAP, the Company recognized exploration potential acquired in a business combination (referred to as "Expected Additional Value" or "EAV") within goodwill. IFRS requires that exploration potential be classified separately from goodwill. As a result of the use of the optional exemption related to business combinations, exploration potential currently recognized within goodwill remained as goodwill on the date of transition and goodwill was assessed for impairment in accordance with IFRS.

Exploration potential acquired in business combinations effected on or after January 1, 2010 will be included within property, plant and equipment. As a result, the Company has adopted a new goodwill impairment model under IFRS. This model uses a

net asset valuation ("NAV") multiple methodology which applies a market multiple to the estimated present value of future cash flows for the Company's cash generating units to which goodwill is allocated. The resulting fair value estimate is then compared to the carrying value of the cash generating unit to determine and measure any impairment.

On transition to IFRS, and for the year ended December 31, 2010 we did not record any goodwill impairment charges.

## **10. CRITICAL ACCOUNTING POLICIES, ESTIMATES AND ACCOUNTING CHANGES**

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is a full discussion and description of the Company's critical accounting policies in the interim condensed consolidated financial statements for the three months ended March 31, 2011.

For a discussion of recent accounting pronouncements please refer to Note 4 of the accompanying interim unaudited condensed consolidated financial statements for the three month period ended March 31, 2011.

## **11. RISK ANALYSIS**

*The business of Kinross contains significant risk due to the nature of mining, exploration, and development activities. Certain risk factors listed below are related to the mining industry in general while others are specific to Kinross. Included in the risk factors below are details on how Kinross seeks to mitigate these risks wherever possible. For additional discussion of risk factors please refer to the Company's most recently filed Annual Information Form, which is available on the Company's web site [www.kinross.com](http://www.kinross.com) and on [www.sedar.com](http://www.sedar.com) or is available upon request from the Company.*

## **Cautionary Statement on Forward-Looking Information**

All statements, other than statements of historical fact, contained or incorporated by reference in this Management's Discussion and Analysis, but not limited to, any information as to the future financial or operating performance of Kinross, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, including the provisions of the Securities Act (Ontario) and the provisions for "safe harbour" under the United States Private Securities Litigation Reform Act of 1995 and are based on expectations, estimates and projections as of the date of this Management's Discussion and Analysis. Forward-looking statements include, without limitation, possible events, statements with respect to possible events, the future price of gold and silver, the estimation of mineral reserves and resources, the realization of mineral reserve and resource estimates, the timing and amount of estimated future production, costs of production, expected capital expenditures, costs and timing of the development of new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation and permitting of mining operations and development projects, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "guidance", "targets", "models", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might", or "will be taken", "occur" or "be achieved" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Kinross as of the date of such statements, are inherently subject to significant business, political, economic and competitive uncertainties and contingencies. The estimates and assumptions of Kinross contained or incorporated by reference in this Management's Discussion and Analysis, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in our most recently filed Annual Information Form, or as otherwise expressly incorporated herein by reference as well as: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (2) permitting, development, operations, expansion and acquisitions at Paracatu (including, without limitation, land acquisitions for and permitting and construction of new tailings facilities) being consistent with our current expectations; (3) development of the Phase 7 pit expansion and the heap leach project at Fort Knox continuing on a basis consistent with Kinross' current expectations; (4) the viability, permitting and development of the Fruta del Norte deposit being consistent with Kinross' current expectations; (5) political developments in any jurisdiction in which the Company operates being consistent with its current expectations including, without limitation, the implementation of Ecuador's new mining law and related regulations and policies being consistent with Kinross' current expectations; (6) permitting, construction, development and production at Cerro Casale being consistent with the approved feasibility study and the Company's current expectations; (7) the viability, permitting and development of the Lobo-Marte project, including, without limitation, the metallurgy and processing of its ore, being consistent with our current expectations; (8) the exchange rate between the Canadian dollar, Brazilian real, Chilean peso, Russian rouble, Mauritanian ouguiya, Ghanaian cedi and the U.S. dollar being approximately consistent with current levels; (9) certain price assumptions for gold and silver; (10) prices for natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; (11) production and cost of sales forecasts for the Company, and entities in which it now or hereafter directly or indirectly holds an investment, meeting expectations; (12) the accuracy of current mineral reserve and mineral resource estimates for the Company and any entity in which it now or hereafter directly or indirectly holds an interest; (13) labour and materials costs increasing on a basis consistent with Kinross' current expectations; (14) the development of the Dvoynoye and Vodorazdelnaya deposits being consistent with Kinross' expectations; and (15) the viability of the Tasiast and Chirano mines, and the development and expansion of the Tasiast and Chirano mines on a basis consistent with Kinross' current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or certain other commodities (such as diesel fuel and electricity); changes in interest rates

or gold or silver lease rates that could impact the mark-to-market value of outstanding derivative instruments and ongoing payments/receipts under any interest rate swaps and variable rate debt obligations; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, Chile, Brazil, Russia, Ecuador, Mauritania, Ghana or other countries in which the Company conducts business or may carry on business in the future; business opportunities that may be presented to, or pursued by, the Company; the Company's ability to successfully integrate acquisitions; operating or technical difficulties in connection with mining or development activities; employee relations; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in our credit rating; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect, and could cause, Kinross' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Kinross. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this Management's Discussion and Analysis are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada and the United States including, but not limited to, the cautionary statements made in the "Risk Factors" section of our most recently filed Annual Information Form. These factors are not intended to represent a complete list of the factors that could affect Kinross. Kinross disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

#### Key Sensitivities

Approximately 60%-70% of the Company's costs are denominated in U.S. dollars.

A 10% change in foreign exchange could result in an approximate \$7 impact in production cost per ounce <sup>(3)</sup>.

A \$10 change in the price of oil could result in an approximate \$3 impact on production cost per ounce.

The impact on royalties of a \$100 change in the gold price could result in an approximate \$3 impact on production cost per ounce.

#### Other information

Where we say "we", "us", "our", the "Company", or "Kinross" in this Management's Discussion and Analysis, we mean Kinross Gold Corporation and/or one or more or all of its subsidiaries, as may be applicable.

The technical information about the Company's material mineral properties contained in this Management's Discussion and Analysis has been prepared under the supervision of Mr. Rob Henderson, an officer of the Company who is a "qualified person" within the meaning of National Instrument 43-101.

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(3) Refers to all of the currencies in the countries where the Company has mining operations, fluctuating simultaneously by 10% in the same direction, either appreciating or depreciating, taking into consideration the impact of hedging and the weighting of each currency within our consolidated cost structure.

# CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited expressed in millions of United States dollars, except share amounts)	March 31, 2011	As at December 31, 2010	January 1, 2010
		(Note 20)	(Note 20)
<b>Assets</b>			
Current assets			
Cash and cash equivalents	Note 7 \$ 1,560.8	\$ 1,466.6	\$ 597.4
Restricted cash	2.1	2.1	24.3
Short-term investments	-	-	35.0
Accounts receivable and other assets	Note 7 360.7	329.4	135.5
Inventories	Note 7 749.4	737.0	554.4
Unrealized fair value of derivative assets	Note 10 136.8	133.4	44.3
	<b>2,809.8</b>	2,668.5	1,390.9
Non-current assets			
Property, plant and equipment	Note 7 8,333.8	8,222.6	4,836.7
Goodwill	Note 7 6,085.9	6,085.9	1,179.9
Long-term investments	Note 7 113.4	203.8	157.8
Investments in associates and Working Interest	Note 9 477.5	467.5	150.7
Unrealized fair value of derivative assets	Note 10 9.9	2.6	1.9
Deferred charges and other long-term assets	Note 7 224.3	204.6	158.4
Deferred tax assets	13.4	11.1	-
	<b>\$ 18,068.0</b>	\$ 17,866.6	\$ 7,876.3
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	Note 7 \$ 371.1	\$ 411.7	\$ 287.6
Current tax payable	121.7	87.6	24.4
Current portion of long-term debt	Note 12 59.5	48.4	177.0
Current portion of provisions	Note 13 21.8	23.4	17.1
Current portion of unrealized fair value of derivative liabilities	Note 10 369.3	407.7	214.6
	<b>943.4</b>	978.8	720.7
Non-current liabilities			
Long-term debt	Note 12 410.1	426.0	475.8
Provisions	Note 13 575.4	570.8	448.5
Unrealized fair value of derivative liabilities	Note 10 39.7	97.0	290.0
Other long-term liabilities	107.3	102.5	50.7
Deferred tax liabilities	894.1	884.7	234.3
	<b>2,970.0</b>	3,059.8	2,220.0
<b>Equity</b>			
Common shareholders' equity			
Common share capital and common share purchase warrants	Note 14 \$ 14,614.5	\$ 14,576.4	\$ 6,379.3
Contributed surplus	168.3	185.5	107.4
Retained earnings (accumulated deficit)	159.8	(38.9)	(740.6)
Accumulated other comprehensive loss	Note 8 (149.4)	(179.3)	(218.4)
	<b>14,793.2</b>	14,543.7	5,527.7
Non-controlling interest	Note 7 304.8	263.1	128.6
	<b>15,098.0</b>	14,806.8	5,656.3
<b>Commitments and contingencies</b>			
<b>Subsequent events</b>			
	<b>\$ 18,068.0</b>	\$ 17,866.6	\$ 7,876.3
<b>Common shares</b>			
Authorized	Unlimited	Unlimited	Unlimited
Issued and outstanding	1,135,354,559	1,133,294,930	696,027,270

The accompanying notes are an integral part of these interim consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited expressed in millions of United States dollars, except share and per share amounts)	Three months ended	
	March 31, 2011	March 31, 2010 (Note 20)
<b>Revenue</b>		
Metal sales	\$ 937.0	\$ 657.6
<b>Cost of sales</b>		
Production costs	380.7	274.8
Depreciation, depletion and amortization	145.7	130.6
<b>Total Cost of sales</b>	<b>526.4</b>	405.4
<b>Gross Profit</b>	<b>410.6</b>	252.2
Other operating costs (income)	4.2	(0.4)
Exploration and business development	23.9	12.9
General and administrative	43.3	29.0
<b>Operating earnings</b>	<b>339.2</b>	210.7
Other income (expense) - net <i>Note 7</i>	88.4	113.6
Equity in losses of associates <i>Note 7</i>	(0.2)	(1.5)
Finance income	2.3	0.7
Finance expense <i>Note 7</i>	(16.2)	(16.8)
<b>Earnings before taxes</b>	<b>413.5</b>	306.7
Income tax expense - net	(116.3)	(100.2)
<b>Net earnings</b>	<b>\$ 297.2</b>	\$ 206.5
<b>Attributed to non-controlling interest</b>	<b>\$ 41.7</b>	\$ 25.2
<b>Attributed to common shareholders</b>	<b>\$ 255.5</b>	\$ 181.3
<b>Earnings per share</b>		
Basic	\$ 0.23	\$ 0.26
Diluted	\$ 0.22	\$ 0.26
<b>Weighted average number of common shares outstanding (millions)</b> <i>Note 16</i>		
Basic	1,134.0	696.4
Diluted	1,139.4	699.7

The accompanying notes are an integral part of these interim consolidated financial statements

# CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited expressed in millions of United States dollars)	Three months ended	
	March 31, 2011	March 31, 2010 (Note 20)
<b>Net earnings</b>	\$ 297.2	\$ 206.5
<b>Other comprehensive income (loss), net of tax:</b>		
Change in fair value of investments <sup>(a)</sup>	9.3	24.0
Accumulated OCI related to investments sold <sup>(b)</sup>	(30.0)	0.9
Changes in fair value of derivative financial instruments designated as cash flow hedges <sup>(c)</sup>	(1.4)	(1.2)
Accumulated OCI related to in derivative settled <sup>(d)</sup>	52.0	22.1
	29.9	45.8
<b>Total comprehensive income</b>	\$ 327.1	\$ 252.3
<b>Attributed to non-controlling interest</b>	\$ 41.7	\$ 25.2
<b>Attributed to common shareholders</b>	\$ 285.4	\$ 227.1

(a) Net of tax of \$0.1 million (2010 - \$0.6 million, 3 months)

(b) Net of tax of \$nil million (2010 - \$nil, 3 months)

(c) Net of tax of \$5.7 million (2010 - \$1.4 million, 3 months)

(d) Net of tax of \$(1.8) million (2010 - \$(2.4) million, 3 months)

The accompanying notes are an integral part of these interim consolidated financial statements

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited expressed in millions of United States dollars)	Three months ended	
	March 31, 2011	March 31, 2010
		(Note 20)
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating:</b>		
Net earnings	\$ 297.2	\$ 206.5
Adjustments to reconcile net earnings to net cash provided from (used in) operating activities:		
Depreciation, depletion and amortization	145.7	130.6
Gain on acquisition/disposition of assets and investments - net	(30.8)	(78.7)
Equity in losses of associates	0.2	1.5
Non-hedge derivative gains - net	(41.0)	(34.9)
Share-based compensation expense	8.2	8.8
Accretion expense	12.6	13.1
Deferred tax expense	8.4	9.1
Foreign exchange gains and other	(2.9)	(17.5)
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(39.9)	(8.9)
Inventories	(16.0)	16.8
Accounts payable and accrued liabilities, excluding interest and taxes	64.0	24.4
<b>Cash flow provided from operating activities</b>	<b>405.7</b>	<b>270.8</b>
Income taxes paid	(70.6)	(42.1)
<b>Net cash flow provided from operating activities</b>	<b>335.1</b>	<b>228.7</b>
<b>Investing:</b>		
Additions to property, plant and equipment	(255.9)	(94.1)
Net proceeds from the sale of long-term investments and other assets	101.1	450.6
Disposals (additions) to long-term investments and other assets	(11.7)	2.1
Net proceeds from the sale of property, plant and equipment	0.2	0.2
Disposals of short-term investments	-	10.0
Increase in restricted cash	-	(22.0)
Interest received	1.4	0.7
Other	(0.3)	(0.8)
<b>Cash flow provided from (used in) investing activities</b>	<b>(165.2)</b>	<b>346.7</b>
<b>Financing:</b>		
Issuance of common shares on exercise of options and warrants	8.9	3.0
Proceeds from issuance of debt	93.0	7.5
Repayment of debt	(105.2)	(64.1)
Interest paid	(4.6)	(5.5)
Dividends paid to common shareholders	(56.8)	(34.8)
Dividends paid to non-controlling shareholder	-	(7.2)
Settlement of derivative instruments	(10.3)	(5.7)
Other	(5.7)	-
<b>Cash flow used in financing activities</b>	<b>(80.7)</b>	<b>(106.8)</b>
<b>Effect of exchange rate changes on cash</b>	<b>\$ 5.0</b>	<b>\$ 0.1</b>
<b>Increase in cash and cash equivalents</b>	<b>94.2</b>	<b>468.7</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,466.6</b>	<b>597.4</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,560.8</b>	<b>\$ 1,066.1</b>

The accompanying notes are an integral part of these interim consolidated financial statements

# CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited expressed in millions of United States dollars)	Three months ended	
	March 31, 2011	March 31, 2010
		(Note 20)
<b>Common share capital and common share purchase warrants</b>		
Balance beginning of period	\$ 14,576.4	\$ 6,379.3
Common shares issued on acquisition of properties	3.8	-
Common shares issued for employee share purchase plans	1.6	1.5
Transfer from contributed surplus on exercise of options and restricted shares	24.8	11.4
Options and warrants exercised, including cash	7.9	2.0
Balance at the end of the period	\$ 14,614.5	\$ 6,394.2
<b>Contributed surplus</b>		
Balance beginning of period	\$ 185.5	\$ 107.4
Share-based compensation	7.6	8.0
Transfer of fair value of exercised options and restricted shares	(24.8)	(11.4)
Balance at the end of the period	\$ 168.3	\$ 104.0
<b>Retained earnings (accumulated deficit)</b>		
Balance beginning of period	\$ (38.9)	\$ (740.6)
Dividends paid	(56.8)	(34.8)
Net earnings attributed to common shareholders	255.5	181.3
Balance at the end of the period	\$ 159.8	\$ (594.1)
<b>Accumulated other comprehensive loss</b>		
Balance beginning of period	\$ (179.3)	\$ (218.4)
Other comprehensive income	29.9	45.8
Balance at the end of the period	\$ (149.4)	\$ (172.6)
Total retained earnings (accumulated deficit) and accumulated other comprehensive loss	\$ 10.4	\$ (766.7)
<b>Total common shareholders' equity</b>	\$ 14,793.2	\$ 5,731.5
<b>Non-controlling interest</b>		
Balance beginning of period	\$ 263.1	\$ 128.6
Net earnings attributed to non-controlling interest	41.7	25.2
Dividends paid	-	(7.2)
Balance at the end of the period	\$ 304.8	\$ 146.6
<b>Total Equity</b>	\$ 15,098.0	\$ 5,878.1

The accompanying notes are an integral part of these interim consolidated financial statements

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2011 and 2010

(Unaudited and expressed in millions of United States dollars)

## 1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Kinross Gold Corporation and its subsidiaries and joint ventures (collectively, "Kinross" or the "Company") are engaged in gold mining and related activities, including exploration and acquisition of gold-bearing properties, extraction, processing and reclamation. Kinross Gold Corporation, the ultimate parent, is a public company incorporated and domiciled in Canada with a registered office at 25 York Street, 17<sup>th</sup> floor, Toronto, Ontario, Canada, M5J 2V5. Kinross' gold production and exploration activities are carried out principally in Canada, the United States, the Russian Federation, Brazil, Ecuador, Chile, Ghana and Mauritania. Gold is produced in the form of doré, which is shipped to refineries for final processing. Kinross also produces and sells a quantity of silver. The Company is listed on the Toronto Stock Exchange and the New York Stock Exchange.

## 2. BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements ("interim financial statements") are the Company's first financial statements under IFRS and have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") and IFRS 1 "First Time Adoption of International Financial Reporting Standards" ("IFRS 1"). The Company's first annual consolidated financial statements under IFRS will be presented for the year ending December 31, 2011. The accounting policies adopted in these interim financial statements are consistent with the accounting policies the Company expects to adopt in its IFRS consolidated financial statements for the year ending December 31, 2011, and are based on IFRS as issued by the International Accounting Standards Board ("IASB") that the Company expects to be applicable at that time.

The Company's date of transition to IFRS and its opening IFRS balance sheet is as at January 1, 2010 (the "transition date").

These interim financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are measured at fair value. The significant accounting policies are presented in Note 3 and have been consistently applied in each of the periods presented. Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these financial statements are presented in Note 5.

These interim financial statements do not include all disclosures required by IFRS for annual consolidated financial statements and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2010 presented under Canadian generally accepted accounting principles ("CDN GAAP") and in conjunction with the IFRS transition disclosures in Note 20 to these interim financial statements.

The Company's unaudited interim and audited annual consolidated financial statements were previously prepared in accordance with CDN GAAP which differs in some respects from IFRS. In preparing these IFRS financial statements, certain accounting and valuation methods previously applied under CDN GAAP were changed. The transition date balance sheet and the comparative amounts as at and for the three months ended March 31, 2010 and as at and for the year ended December 31, 2010 have been restated to reflect the accounting policies at March 31, 2011 with the exception of certain specific exemptions in accordance with IFRS 1. Significant first-time adoption optional exemptions chosen by the Company relate to the following:

- Business combinations;
- Reclamation and remediation obligations included in the cost of property, plant and equipment; and
- Borrowing Costs.

The effect of these exemptions and the effect of the adjustments to the previously reported March 31, 2010 interim and 2010 annual consolidated financial statements as a result of adopting IFRS are disclosed in Note 20 along with reconciliations between CDN GAAP and IFRS at the transition date, as at and for the three months ended March 31, 2010 and as at and for the year ended December 31, 2010.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### i. Principles of consolidation

The significant mining properties and entities of Kinross are listed below. With the exception of Harry Winston Diamond Corporation ("Harry Winston") and the Working Interest in Diavik Diamond Mines joint venture ("Diavik"), all operating activities involve gold mining and exploration. Each of the significant entities has a December 31 year end with the exception of Harry Winston which has a January 31 year end.

Entity	Property/Segment	Location	March 31, 2011	As at December 31, 2010	January 1, 2010
<b>Subsidiaries</b>					
(Consolidated)					
Fairbanks Gold Mining, Inc.	Fort Knox	USA	100%	100%	100%
Kinross Brasil Mineração S.A.	Paracatu	Brazil	100%	100%	100%
Compania Minera Maricunga	Maricunga	Chile	100%	100%	100%
Compania Minera Mantos de Oro	La Coipa	Chile	100%	100%	100%
Echo Bay Minerals Company	Kettle River	USA	100%	100%	100%
Chukotka Mining and Geological Company <sup>(a)</sup>	Kupol	Russian Federation	75%	75%	75%
Northern Gold LLC/Regionruda LLC <sup>(b)</sup>	Dvoynoye	Russian Federation	100%	100%	-
	(Corporate and Other)				
Aurelian Ecuador S.A.	Fruta del Norte	Ecuador	100%	100%	100%
Minera Santa Rosa SCM	Lobo-Marte	Chile	100%	100%	100%
	(Corporate and Other)				
Underworld Resources Inc. <sup>(c)</sup>	White Gold	Canada	100%	100%	-
	(Corporate and Other)				
Tasiast Mauritanie Ltd. S.A. <sup>(d)</sup>	Tasiast	Mauritania	100%	100%	-
Chirano Gold Mines Ltd. (Ghana) <sup>(d)</sup>	Chirano	Ghana	90%	90%	-
<b>Interests in jointly controlled entities</b>					
(Proportionately consolidated)					
Round Mountain Gold Corporation	Round Mountain	USA	50%	50%	50%
Mineração Serra Grande S.A.	Crixas	Brazil	50%	50%	50%
Compania Minera Casale <sup>(e)</sup>	Cerro Casale	Chile	-	-	50%
<b>Investments in associates</b>					
(Equity accounted)					
Compania Minera Casale <sup>(e)</sup>	Corporate and Other	Chile	25%	25%	-
Harry Winston Diamond Corporation <sup>(f)</sup>	Corporate and Other		-	-	19.9%
<b>Working Interest</b>					
(Pro-rata share of earnings)					
Diavik Diamond Mines joint venture <sup>(g)</sup>	Corporate and Other		-	-	22.5%

(a) As of April 27, 2011, Kinross' ownership in Chukotka Mining and Geological Company ("CMGC") increased to 100%. See Note 19.

(b) On August 27, 2010, Dvoynoye was acquired with the acquisition of Northern Gold LLC and Regionruda LLC.

(c) On April 26, 2010, 81.6% of White Gold was acquired with the acquisition of Underworld Resources Inc. ("Underworld"). The remaining 18.4% was acquired on June 30, 2010.

(d) Interests in the Tasiast and Chirano mines were acquired with the acquisition of Red Back Mining Inc. ("Red Back") on September 17, 2010. See Note 6(ii).

(e) On March 31, 2010, one-half of the Company's 50% interest in Cerro Casale was sold. The retained 25% interest as at December 31, 2010 and March 31, 2011 is accounted for using the equity method.

(f) On July 23, 2010, the Company sold its equity interest in Harry Winston.

(g) On August 25, 2010, the Company sold its Working Interest in Diavik.

**(a) Subsidiaries**

Subsidiaries are entities controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation.

**(b) Joint Ventures**

The Company conducts a portion of its business through joint ventures where the venturers are bound by contractual arrangements establishing joint control over the ventures requiring unanimous consent of each of the venturers regarding strategic, financial and operating policies of the venture. The Company undertakes its joint ventures through jointly controlled entities, being corporations, partnerships or other unincorporated entities in which each venturer has an interest. Jointly controlled entities operate in the same way as other entities, controlling the assets of the venture, earning its own income and incurring liabilities and expenses. The Company's interests in its jointly controlled entities are accounted for using proportionate consolidation.

**(c) Associates**

Associates are entities, including unincorporated entities such as partnerships, over which the Company has significant influence and that are neither subsidiaries nor interests in joint ventures. Significant influence is the ability to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by factors such as the Company's representation on the board of directors, participation in policy-making of the investee, material transactions with the investee, interchange of managerial personnel, or the provision of essential technical information. Associates are equity accounted for from the effective date of commencement of significant influence to the date that the company ceases to have significant influence.

Results of associates are equity accounted for using the results of their most recent audited annual financial statements or interim financial statements. Losses from associates are recognized in the consolidated financial statements until the interest in the associate is written down to nil. Thereafter, losses are recognized only to the extent that the Company is committed to providing financial support to such associates.

The carrying value of the investment in an associate represents the cost of the investment, including goodwill, a share of the post-acquisition retained earnings and losses, accumulated other comprehensive income ("AOCI") and any impairment losses. At the end of each reporting period, the Company assesses whether there is any objective evidence that its investments in associates are impaired.

**(d) Working Interest**

Until August 25, 2010, the date of disposition of the Company's Working Interest in Diavik, earnings from the Working Interest were accounted for based on Kinross' pro-rata share of earnings in the underlying entity. The cost of the Working Interest plus any funding contributions made, less any cash distributions received in excess of Kinross' share of post acquisition earnings were amortized on a units-of-production basis corresponding to the proven and probable reserves of the underlying entity Kinross had invested in. Changes in the investment in the Working Interest included changes as a result of Kinross' pro-rata share of net income or loss and were accounted for in the consolidated statement of operations as earnings from the Working Interest within other income (expense). Cash received from the Working Interest was accounted for as a reduction, while funding contributions into the Working Interest were accounted for as an increase, in the carrying value of the Working Interest on the balance sheet.

## **ii. Functional and presentation currency**

The functional and presentation currency of the Company is the United States dollar.

Transactions denominated in foreign currencies are translated into the United States dollar as follows:

- Foreign currency transactions are recognized initially at the exchange rate at the date of the transaction;
- Monetary assets and liabilities are translated at the rates of exchange at the consolidated balance sheet date;
- Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date;
- Revenue and expenses are translated at the average exchange rates throughout the reporting period, except depreciation, depletion and amortization, which are translated at the rates of exchange applicable to the related assets, and share-based compensation expense, which is translated at the rates of exchange applicable at the date of grant of the share-based compensation;
- Exchange gains and losses on translation are included in earnings.

When the gain or loss on certain non-monetary items, such as long-term investments classified as available-for-sale, is recognized in Other comprehensive income ("OCI"), the translation differences are also recognized in OCI.

For those subsidiaries, joint ventures or associates whose functional currency differs from the United States dollar, foreign currency balances and transactions are translated into the United States dollar as follows:

- Assets and liabilities are translated at the rates of exchange at the consolidated balance sheet date;
- Revenue and expenses are translated at average exchange rates throughout the reporting period or at rates that approximate the actual exchange rates; items such as depreciation are translated at the rate implicit in the historical rate applied to the related asset;
- Exchange gains and losses on translation are included in OCI.

The exchange gains and losses are recognized in earnings upon the substantial disposition, liquidation or closure of the entity that gave rise to such amounts.

## **iii. Cash and cash equivalents**

Cash and cash equivalents include cash and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash is cash held in banks that is not available for general corporate use.

## **iv. Short-term investments**

Short-term investments include short-term money market instruments with terms to maturity at the date of acquisition of between three and twelve months. The carrying value of short-term investments is equal to cost and accrued interest.

## **v. Long-term investments**

Investments in entities that are not subsidiaries, joint ventures or investments in associates are designated as available-for-sale investments. These investments are measured at fair value on acquisition and at each reporting date. Any unrealized holding gains and losses related to these investments are excluded from net earnings and are included in OCI until an investment is sold and gains or losses are realized, or there is objective evidence that the investment is impaired. When there is evidence that an investment is impaired, the cumulative loss that was previously recognized in OCI is reclassified from AOCI to the consolidated statement of operations.

#### **vi. Inventories**

Inventories consisting of metal in circuit ore, metal in-process and finished metal are valued at the lower of cost or net realizable value ("NRV"). NRV is calculated as the difference between the estimated gold prices based on prevailing and long-term metal prices and estimated costs to complete production into a saleable form.

Metal in circuit is comprised of ore in stockpiles and ore on heap leach pads. Ore in stockpiles is coarse ore that has been extracted from the mine and is available for further processing. Costs are added to stockpiles based on the current mining cost per tonne and removed at the average cost per tonne. Costs are added to ore on the heap leach pads based on current mining costs and removed from the heap leach pads as ounces are recovered, based on the average cost per recoverable ounce of gold on the leach pad. Ore in stockpiles not expected to be processed in the next twelve months is classified as long-term.

In-process inventories represent materials that are in the process of being converted to a saleable product.

The quantities of recoverable gold placed on the leach pads are reconciled by comparing the grades of ore placed on the leach pads to the quantities of gold actually recovered (metallurgical balancing), however, the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. Variances between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write downs to NRV are accounted for on a prospective basis. The ultimate recovery of gold from a leach pad will not be known until the leaching process has concluded. In the event that the Company determines, based on engineering estimates, that a quantity of gold contained in ore on leach pads is to be recovered over a period exceeding twelve months, that portion is classified as long-term.

In process and finished metal inventories, comprised of gold and silver doré and bullion, are valued at the lower of the average production cost applicable to the related processing cycle and NRV whereby the average does not exceed average production costs applicable to the related processing cycle. Average production cost represents the average cost of the respective in-process inventories incurred prior to the refining process, plus applicable refining costs and associated royalties.

Materials and supplies are valued at the lower of average cost and NRV.

Write downs of inventory are recognized in the statement of operations in the current period. The Company reverses write downs in the event that there is a subsequent increase in NRV.

#### **vii. Borrowing costs**

Borrowing costs are generally expensed as incurred except where they relate to the financing of qualifying assets that require a substantial period of time to get ready for their intended use. Qualifying assets include the cost of developing mining properties and constructing new facilities. Borrowing costs related to qualifying assets are capitalized up to the date when the asset is ready for its intended use.

Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred net of any investment income earned on the investment of those borrowings. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

#### **viii. Business combinations**

Business combinations occurring on or after January 1, 2010 are accounted for in accordance with IFRS as stated in the policy below. Business combinations occurring before this date have been accounted for in accordance with CDN GAAP and have not been restated (see Note 20).

A business combination is a transaction or other event in which control over one or more businesses is obtained. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits. A business consists of inputs and processes applied to those inputs that have the ability to create outputs that provide a return to the Company and its shareholders. A business need not include all of the inputs and processes that were used by the acquiree to produce outputs if the business can be integrated with the inputs and processes of the Company to continue to produce outputs. If the integrated set of activities and assets is in the exploration and development stage, and thus, may not have outputs, the Company considers other factors to determine whether the set of activities and assets is a business. Those factors include, but are not limited to, whether the set of activities and assets:

- has begun planned principal activities;
- has employees, intellectual property and other inputs and processes that could be applied to those inputs;
- is pursuing a plan to produce outputs; and
- will be able to obtain access to customers that will purchase the outputs.

Not all of the above factors need to be present for a particular integrated set of activities and assets in the development stage to qualify as a business.

Business acquisitions are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill and allocated to cash generating units. Non-controlling interest in an acquisition may be measured at either fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

If the fair value of the net assets acquired exceeds the purchase consideration, the difference is recognized immediately as a gain in the consolidated statement of operations.

Where a business combination is achieved in stages, previously held equity interests in the acquiree are re-measured at acquisition-date fair value and any resulting gain or loss is recognized in the consolidated statement of operations.

Acquisition related costs are expensed during the period in which they are incurred, except for the cost of debt or equity instruments issued in relation to the acquisition which is included in the carrying amount of the related instrument.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will not exceed one year from the acquisition date.

If the assets acquired are not a business, the transaction is accounted for as an asset acquisition.

#### **ix. Goodwill**

Business acquisitions are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the acquisition amount over such fair value being recorded as goodwill and allocated to cash generating units. Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each individual mineral property that is an operating or development stage mine is typically a cash generating unit for goodwill impairment testing purposes.

Goodwill arises principally because of the following factors: (1) the going concern value of the Company's capacity to sustain and grow by replacing and augmenting reserves through completely new discoveries; (2) the ability to capture buyer-specific synergies arising upon a transaction; (3) the optionality (real option value associated with the portfolio of acquired mines as well as each individual mine) to develop additional higher-cost reserves to intensify efforts to develop the more promising acquired properties and to reduce efforts at developing the less promising acquired properties in the future (this optionality may result from changes in the overall economics of an individual mine or a portfolio of mines, largely driven by changes in

the gold price); and (4) the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of the assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

On an annual basis, as at December 31, and at any other time if events or changes in circumstances indicate that the recoverable amount of a cash generating unit has been reduced below its carrying amount, the carrying amount of the cash generating unit is evaluated for potential impairment. If the carrying amount of the cash generating unit exceeds its recoverable amount, an impairment is considered to exist and an impairment loss is recognized to reduce the carrying value to its recoverable amount.

When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use and fair value less costs to sell ("fair value").

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result (usually lower) to a fair value calculation.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate to arrive at a net present value or net asset value ("NAV") of the asset.

Estimates of expected future cash flows reflect estimates of future revenues, cash costs of production and capital expenditures contained in the Company's long-term life of mine ("LOM") plans, which are updated for each cash generating unit on an annual basis. The Company's LOM plans are based on detailed research, analysis and modeling to maximize the NAV of each cash generating unit. As such, these plans consider the optimal level of investment, overall production levels and sequence of extraction taking into account all relevant characteristics of the ore body, including waste to ore ratios, ore grades, haul distances, chemical and metallurgical properties impacting process recoveries, capacities of available extraction, haulage and processing equipment, and other factors. Therefore, the LOM plan is an appropriate basis for forecasting production output in each future year and the related production costs and capital expenditures.

Projected future revenues reflect the forecast future production levels at each of the Company's cash generating units as detailed in the LOM plans. These forecasts may include the production of mineralized material that does not currently qualify for inclusion in reserve or resource classification. This is consistent with the methodology used to measure value beyond proven and probable reserves when allocating the purchase price of a business combination to acquired mining assets.

Projected future revenues also reflect the Company's estimates of future metals prices, which are determined based on current prices, forward prices and forecasts of future prices prepared by industry analysts. These estimates often differ from current price levels, but the methodology used is consistent with how a market participant would assess future long-term metals prices. For the transition date goodwill impairment analysis, estimated 2010, 2011, and long-term gold prices of \$1,075, \$1,100 and \$850 per ounce, respectively, and estimated 2010, 2011 and long-term silver prices of \$17.69, \$17.50 and \$13.43 per ounce, respectively were used. For the 2010 annual goodwill impairment analysis, estimated 2011, 2012 and long-term gold prices of \$1,400 \$1,300 and \$1,000 per ounce, respectively, and estimated 2011, 2012 and long-term silver prices of \$25.90, \$23.75 and \$16.63 per ounce, respectively were used.

The Company's estimates of future cash costs of production and capital expenditures are based on the LOM plans for each cash generating unit. Costs incurred in currencies other than the US dollar are translated to US dollar equivalents based on

long-term forecasts of foreign exchange rates, on a currency by currency basis, obtained from independent sources of economic data. Oil prices are a significant component of cash costs of production and are estimated based on the current price, forward prices, and forecasts of future prices from third party sources. For the transition date goodwill impairment analysis, an estimated 2010 and long-term oil price of \$75 and \$80 per barrel was used. For the 2010 annual goodwill impairment analysis, an estimated 2011 and long-term oil price of \$100 and \$100 per barrel was used.

The discount rate applied to present value the net future cash flows is based on a real weighted average cost of capital by country to account for geopolitical risk. For transition date goodwill impairment analysis, real discount rates of between 5.25% and 9.24% were used. For the 2010 annual goodwill impairment analysis, real discount rates of between 5.22% and 9.66% were used.

Since public gold companies typically trade at a market capitalization that is based on a multiple of their underlying NAV, a market participant would generally apply a NAV multiple when estimating the fair value of a gold mining property. Consequently, the Company estimates the fair value of each cash generating unit by applying a market NAV multiple to the NAV of each cash generating unit.

When selecting NAV multiples to arrive at fair value, the Company considered the trading prices and NAV estimates of comparable gold mining companies as at January 1, 2010 and December 31, 2010. The selected ranges of multiples to be applied to each cash generating unit took into consideration, among other factors: expected production growth in the near term; average cash costs over the life of the mine; potential remaining mine life; and stage of development of the asset. For the transition date goodwill impairment analysis, NAV multiples used in the assessment of the fair value of the cash generating units ranged from a low of 1.45x to a high of 2.00x. For the 2010 annual goodwill impairment analysis, NAV multiples used in the assessment of the fair value of the cash generating units ranged from a low of 1.35x to a high of 2.00x.

As at March 31, 2011, December 31, 2010, and January 1, 2010, the Company did not record any impairments of goodwill.

#### **x. Exploration and evaluation ("E&E") costs**

Exploration and evaluation costs are those costs required to find a mineral property and determine commercial viability. E&E costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves.

Exploration and evaluation costs consist of:

- gathering exploration data through topographical and geological studies;
- exploratory drilling, trenching and sampling;
- determining the volume and grade of the resource;
- test work on geology, metallurgy, mining, geotechnical and environmental; and
- conducting engineering, marketing and financial studies.

Project costs in relation to these activities are expensed as incurred until such time as the Company expects that mineral resources will be converted to mineral reserves within a reasonable period. Thereafter, costs for the project are capitalized prospectively as capitalized exploration and evaluation costs in property, plant and equipment.

The Company also recognizes exploration and evaluation costs as assets when acquired as part of a business combination, or asset purchase. These assets are recognized at fair value. Acquired capitalized exploration and evaluation costs consist of:

- fair value of the estimated mineral inventory, and
- exploration properties.

Capitalized exploration and evaluation costs for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized exploration and evaluation costs are transferred to capitalized development costs within property, plant and equipment. Technical feasibility and commercial viability generally coincides with the establishment of proven and probable reserves; however, this determination may be impacted by management's assessment of certain modifying factors including: legal, environmental, social and governmental factors.

**xi. Property, plant and equipment**

Property, plant and equipment are recorded at cost and carried net of accumulated depreciation, depletion and amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the estimate of reclamation and remediation and, for qualifying assets, capitalized borrowing costs.

Costs to acquire mineral properties are capitalized and represent the property's fair value at the time it was acquired, either as an individual asset purchase or as part of a business combination.

Interest expense attributable to the cost of developing mining properties and to constructing new facilities is capitalized until assets are ready for their intended use.

Capitalized exploration and evaluation costs may be included within mineral interests in development and operating properties or pre-development properties depending upon the nature of the cost or the property to which the costs relate. Repairs and maintenance costs are expensed as incurred. However, expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditures will extend the productive capacity or useful life of an asset.

**(a) Asset categories**

The Company categorizes property, plant and equipment based on the type of asset and/or the stage of operation or development of the property.

Land, plant and equipment includes land, mobile and stationary equipment, and refining and processing facilities for all properties regardless of their stage of development or operation.

Mineral interests consist of:

- Development and operating properties which include capitalized development and stripping costs, cost of assets under construction, exploration and evaluation costs and mineral interests for those properties currently in operation or for which development has commenced; and
- Pre-development properties which include exploration and evaluation costs and mineral interests for those properties for which development has not commenced.

**(b) Depreciation, depletion and amortization**

For plant and other facilities, stripping costs, reclamation and remediation costs, production stage mineral interests and plant expansion costs, the Company uses the units-of-production ("UOP") method for determining depreciation, depletion and amortization. The expected useful lives used in the UOP calculations are determined based on the facts and circumstances associated with the mineral interest. The Company evaluates the proven and probable reserves at least on an annual basis and adjusts the UOP calculation to correspond with the changes in reserves as necessary. The expected useful life used in determining UOP does not exceed the estimated life of the ore body based on recoverable ounces to be mined from estimated proven and probable reserves. Any changes in estimates of useful lives are accounted for prospectively from the date of the change.

Stripping and other costs incurred in a pit expansion are capitalized and amortized using the UOP method based on recoverable ounces to be mined from estimated proven and probable reserves contained in the pit expansion.

Land typically has an unlimited useful life and therefore is not depreciated.

Mobile and other equipment are depreciated, net of residual value, using the straight-line method, over the estimated useful life of the asset. Useful lives for mobile and other equipment range from 2 to 10 years, but do not exceed the related estimated mine life based on proven and probable reserves.

The Company reviews useful lives and estimated residual values of its property, plant and equipment annually.

Capitalized exploration and evaluation costs and assets under construction are not depreciated. These assets are depreciated when they are put into production in their intended use.

### **(c) Impairment**

The carrying amounts of the Company's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. In addition, capitalized exploration and evaluation costs are assessed for impairment upon demonstrating the technical feasibility and commercial viability of a project.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or groups of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes.

An impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the consolidated statement of operations. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased.

### **(d) Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal of the asset or when no future economic benefits are expected to accrue to the Company from its continued use. Any gain or loss arising on derecognition is included in the consolidated statement of operations in the period in which the asset is derecognized. The gain or loss is determined as the difference between the carrying value and the net proceeds on the sale of the assets, if any, at the time of disposal.

## **xii. Financial instruments and hedging activity**

### **(a) Financial instrument classification and measurement**

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as "fair value through profit and loss", directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit and loss", "available-for-sale", "held-to-maturity", or "loans and receivables" as defined by IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as fair value through profit and loss or "other financial liabilities".

Financial assets and financial liabilities at fair value through profit and loss include financial assets and financial liabilities that are held for trading or designated upon initial recognition as at fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the consolidated statement of operations. Financial assets classified as available-for-sale are measured at fair value, with changes in fair values recognized in OCI,

except when there is objective evidence that the asset is impaired, at which point the cumulative loss that had been previously recognized in OCI is recognized within the consolidated statement of operations. Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method. Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest method.

Cash and cash equivalents, restricted cash and short-term investments are designated as fair value through profit and loss and are measured at cost, which approximates fair value. Trade receivables, taxes recoverable and other assets are designated as loans and receivables. Long-term investments in equity securities, where the Company cannot exert significant influence, are designated as available-for sale. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities.

Derivative assets and liabilities include derivative financial instruments that do not qualify as hedges, or are not designated as hedges and are classified as fair value through profit and loss.

#### **(b) Hedges**

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Hedge effectiveness is assessed based on the degree to which the cash flows from the derivative contracts are expected to offset the cash flows of the underlying position or transaction being hedged. At the time of inception of the hedge and on an ongoing basis, the Company assesses whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivative contracts that have been designated as cash flow hedges have been entered into in order to effectively establish prices for future production of metals, to hedge exposure to exchange rate fluctuations of foreign currency denominated settlement of capital and operating expenditures, to establish prices for future purchases of energy or to hedge exposure to interest rate fluctuations. Unrealized gains or losses arising from changes in the fair value of these contracts are recorded in OCI, net of tax, and are only included in earnings when the underlying hedged transaction, identified at the contract inception, is completed. Any ineffective portion of a hedge relationship is recognized immediately in the consolidated statement of operations. The Company matches the realized gains or losses on contracts designated as cash flow hedges with the hedged expenditures at the maturity of the contracts.

When derivative contracts designated as cash flow hedges have been terminated or cease to be effective prior to maturity and no longer qualify for hedge accounting, any gains or losses recorded in OCI up until the time the contracts do not qualify for hedge accounting, remain in OCI. Amounts recorded in OCI are recognized in the consolidated statement of operations in the period in which the underlying hedged transaction is completed. Gains or losses arising subsequent to the derivative contracts not qualifying for hedge accounting are recognized in the consolidated statement of operations in the period in which they occur.

For hedges that do not qualify for hedge accounting, gains or losses are recognized in the consolidated statement of operations in the current period. Premiums received at the inception of written call options are recorded as a liability. Changes in the fair value of the liability are recognized in the consolidated statement of operations in the period in which the change occurs.

#### **xiii. Impairment of financial assets**

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, an evaluation is made as to whether a decline in fair value is significant or prolonged based on an analysis of indicators such as market price of the investment and significant adverse changes in the technological, market, economic or legal environment in which the investee operates.

If an available-for-sale financial asset is impaired, an amount equal to the difference between its carrying value and its current fair value is transferred from AOCI and recognized in the consolidated statement of operations. Reversals of impairment charges in respect of equity instruments classified as available-for-sale are not recognized in the consolidated statement of operations.

#### **xiv. Share-based payments**

The Company has a number of equity-settled and cash settled share-based compensation plans under which the Company issues either equity instruments or makes cash payments based on the value of the underlying equity instrument of the Company. The Company's share-based compensation plans are comprised of the following:

**Stock Option Plan:** Stock options are equity-settled. The fair value of stock options at the grant date is estimated using the Black-Scholes option pricing model. Compensation expense is recognized over the stock option vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest at the time of a grant and at each reporting date up to the vesting date. Annually, the estimated forfeiture rate is adjusted for actual forfeitures in the period.

**Restricted Share Unit Plan:** Restricted share units ("RSU") are equity-settled and are fair valued based on the market value of the shares at the grant date. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest on grant and at each reporting date up to the vesting date. Annually, the estimated forfeiture rate is adjusted for actual forfeitures in the period. On exercise of RSUs, the shares are issued from treasury.

**Restricted Performance Share Unit Plan:** Restricted Performance Share Units ("RPSU") are equity-settled and are awarded to certain employees as a percentage of their annual long-term incentive award grant. These units are subject to certain vesting requirements and vest at the end of three years. Vesting requirements are based on performance criteria established by the Company. RPSUs are fair valued as follows: The portion of the RPSUs related to market conditions is fair valued based on the application of a Monte Carlo pricing model at the date of grant and the portion related to non-market conditions is fair valued based on the market value of the shares at the date of grant. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest on grant and at each reporting date up to the vesting date. Annually, the estimated forfeiture rate is adjusted for actual forfeitures in the period. On exercise of RPSUs, the shares are issued from treasury.

**Deferred Share Unit Plan:** Deferred share units ("DSU") are cash-settled and accounted for as a liability at fair value which is based on the market value of the shares at the grant date. The fair value of the liability is re-measured each period based on the current market value of the underlying stock at period end and any changes in the liability are recorded as compensation expense each period.

**Employee Share Purchase Plan:** The Company's contribution to the Employee Share Purchase Plan ("ESPP") is recorded as compensation expense on a payroll cycle basis as the employer's obligation to contribute is incurred. The cost of the common shares issued under the ESPP is based on the average of the last twenty trading sessions prior to the end of the quarter.

#### **xv. Metal sales**

Metal sales includes sales of refined gold and silver, which are generally physically delivered to customers in the period in which they are produced, with their sales price based on prevailing spot market metal prices. Revenue from metal sales is recognized when all the following conditions have been satisfied:

- The significant risks and rewards of ownership have been transferred;
- Neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

These conditions are generally met when the sales price is fixed and title has passed to the customer.

#### **xvi. Provision for reclamation and remediation**

The Company records a liability and corresponding asset for the present value of the estimated costs of legal and constructive obligations for future site reclamation and closure where the liability is probable and a reasonable estimate can be made of the obligation. The estimated present value of the obligation is reassessed on an annual basis or when new material information becomes available. Increases or decreases to the obligation usually arise due to changes in legal or regulatory requirements, the extent of environmental remediation required, methods of reclamation, cost estimates, or discount rates. Changes to the provision for reclamation and remediation obligations related to operating mines are recorded with an offsetting change to the related asset. For properties where mining activities have ceased or are in reclamation, changes are charged directly to earnings. The present value is determined based on current market assessments of the time value of money using discount rates specific to the country in which the reclamation site is located and is determined as the risk-free rate of borrowing approximated by the yield on sovereign debt for that country, with a maturity approximating the end of mine life. The periodic unwinding of the discount is recognized in the consolidated statement of operations as a finance expense.

#### **xvii. Income tax**

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense is recognized in the consolidated statement of operations except to the extent it relates to a business combination or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the year of realization or settlement based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent it is probable future taxable profits will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes. Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the Corporation has the legal right and intent to offset.

#### **xviii. Earnings (loss) per share**

Earnings (loss) per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. Diluted earnings per share is calculated using the treasury method, except the if-converted method is used in assessing the dilution impact of convertible notes and restricted share units. The treasury method, which assumes that outstanding stock options, warrants and restricted share units with an average exercise price below the market price of the underlying shares, are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price of the common shares for the period. The if-converted method assumes that all convertible notes and restricted share units have been converted in determining fully diluted EPS if they are in-the-money except where such conversion would be anti-dilutive.

### **4. RECENT ACCOUNTING PRONOUNCEMENTS**

#### **Financial instruments**

The IASB has issued IFRS 9 "Financial Instruments" which proposes to replace IAS 39. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets - amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available for sale and loans and receivable categories.

This standard is effective for the Company's annual year end beginning January 1, 2013. The Company will evaluate the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.

IFRS 7 "Financial instruments - Disclosures" ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained.

The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

### **5. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

#### **i. Reserves**

Proven and probable reserves are the economically mineable parts of the Company's measured and indicated mineral resources demonstrated by at least a preliminary feasibility study. The Company estimates its proven and probable reserves and measured and indicated and inferred mineral resources based on information compiled by appropriately qualified persons. The information relating to the geological data on the size, depth and shape of the ore body requires complex

geological judgments to interpret the data. The estimation of future cash flows related to proven and probable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the proven and probable reserves or measured and indicated and inferred mineral resources estimates may impact the carrying value of property, plant and equipment, goodwill, reclamation and remediation obligations, recognition of deferred tax amounts and depreciation, depletion and amortization.

#### **ii. Purchase Price Allocation**

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of property, plant and equipment acquired generally require a high degree of judgment, and include estimates of mineral reserves acquired, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

#### **iii. Depreciation, depletion and amortization**

Plants and other facilities used directly in mining activities are depreciated using the UOP method over a period not to exceed the estimated life of the ore body based on recoverable ounces to be mined from proven and probable reserves. Mobile and other equipment is depreciated, net of residual value, on a straight-line basis, over the useful life of the equipment but does not exceed the related estimated life of the mine based on proven and probable reserves.

The calculation of the UOP rate, and therefore the annual depreciation, depletion and amortization expense, could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in gold price used in the estimation of mineral reserves.

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation, depletion and amortization and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

#### **iv. Impairment of goodwill and other assets**

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of property, plant and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of operations. The assessment of fair values, including those of the cash generating units for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, NAV multiples, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

#### **v. Inventories**

Expenditures incurred, and depreciation, depletion and amortization of assets used in mining and processing activities are deferred and accumulated as the cost of ore in stockpiles, ore on leach pads, in-process and finished metal inventories. These deferred amounts are carried at the lower of average cost or NRV. Write-downs of ore in stockpiles, ore on leach pads,

in-process and finished metal inventories resulting from NRV impairments are reported as a component of current period costs. The primary factors that influence the need to record write-downs include prevailing and long-term metal prices and prevailing costs for production inputs such as labour, fuel and energy, materials and supplies, as well as realized ore grades and actual production levels.

Costs are attributed to the leach pads based on current mining costs, including applicable depreciation, depletion and amortization relating to mining operations incurred up to the point of placing the ore on the pad. Costs are removed from the leach pad based on the average cost per recoverable ounce of gold on the leach pad as the gold is recovered. Estimates of recoverable gold on the leach pads are calculated from the quantities of ore placed on the pads, the grade of ore placed on the leach pads and an estimated percentage of recovery. Timing and ultimate recovery of gold contained on leach pads can vary significantly from the estimates. The quantities of recoverable gold placed on the leach pads are reconciled to the quantities of gold actually recovered (metallurgical balancing), by comparing the grades of ore placed on the leach pads to actual ounces recovered. The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. The ultimate recovery of gold from a pad will not be known until the leaching process is completed.

The allocation of costs to ore in stockpiles, ore on leach pads and in-process inventories and the determination of NRV involve the use of estimates. There is a high degree of judgment in estimating future costs, future production levels, proven and probable reserves estimates, gold and silver prices, and the ultimate estimated recovery for ore on leach pads. There can be no assurance that actual results will not differ significantly from estimates used in the determination of the carrying value of inventories.

#### **vi. Provision for reclamation and remediation obligations**

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

#### **vii. Deferred taxes**

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred income tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the balance sheet date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

## **6. ACQUISITIONS AND DISPOSITIONS**

### **i. Sale of Interest in Harry Winston**

On March 23, 2011, the Company completed the sale of its approximate 8.5% interest in Harry Winston, consisting of approximately 7.1 million common shares, for net proceeds of \$100.6 million and a resulting gain on sale of \$30.9 million. The

Company had acquired these shares as part of the proceeds received on the sale of the Company's 22.5% interest in the partnership holding Harry Winston's 40% interest in the Diavik Diamond mine joint venture. The Company continues to hold a note receivable in the amount of \$70.0 million (see Note 7(ii)).

**ii. Acquisition of Red Back Mining Inc.**

On September 17, 2010 (the "acquisition date"), Kinross completed its acquisition of Red Back Mining Inc. ("Red Back") through a plan of arrangement, whereby Kinross acquired all of the issued and outstanding common shares of Red Back that it did not already own. As a result of this acquisition, the Company expanded operations into West Africa. In Ghana, the Company holds a 90% interest in the Chirano Gold Mine with the Government of Ghana having the right to the remaining 10% interest. In Mauritania, the Company holds a 100% interest in the Tasiast Mine. Total consideration for the acquisition was approximately \$8,720.4 million, including the cost of the previously owned interest of \$789.6 million.

Red Back shareholders received 1.778 Kinross common shares, plus 0.11 of a Kinross common share purchase warrant for each Red Back common share held. As a result of the transaction, Kinross issued 416.4 million common shares and 25.8 million common share purchase warrants. The Company also issued 8.7 million fully vested replacement options to acquire Kinross common shares to previous Red Back option holders.

As the purchase is a business combination, with Kinross being the acquirer, results of operations of Red Back have been consolidated with those of Kinross commencing on the acquisition date.

Total consideration paid of \$8,720.4 million was calculated as follows:

Common shares issued (416.4 million)	<b>\$ 7,678.3</b>
Fair value of warrants issued (25.8 million)	<b>161.3</b>
Fair value of options issued (8.7 million)	<b>91.2</b>
Shares previously acquired	<b>789.6</b>
<b>Total Purchase Price</b>	<b>\$ 8,720.4</b>

The following table sets forth a preliminary allocation of the purchase price to assets and liabilities acquired, based on preliminary estimates of fair value. Final valuations of assets and liabilities are not yet complete due to the timing of the acquisition and the inherent complexity associated with the valuations. This is a preliminary purchase price allocation and therefore subject to adjustment over the period to completion of the valuation process and analysis of resulting tax effects.

<b>Preliminary Red Back Purchase Price Allocation</b>	
Cash and cash equivalents	<b>\$ 742.6</b>
Accounts receivable and other assets	<b>27.0</b>
Inventories	<b>115.2</b>
Property, plant and equipment (including mineral interests)	<b>3,527.1</b>
Accounts payable and accrued liabilities	<b>(103.4)</b>
Deferred tax liabilities	<b>(752.0)</b>
Other long-term liabilities	<b>(34.3)</b>
Non-controlling interest	<b>(68.8)</b>
Goodwill	<b>5,267.0</b>
<b>Total Purchase Price</b>	<b>\$ 8,720.4</b>

## 7. CONSOLIDATED FINANCIAL STATEMENT DETAILS

### Consolidated Balance Sheets

#### i Cash and cash equivalents:

	March 31, 2011	December 31, 2010	January 1, 2010
Cash on hand and balances with banks	\$ 1,270.4	\$ 873.3	\$ 352.8
Short-term deposits	290.4	593.3	244.6
	<b>\$ 1,560.8</b>	<b>\$ 1,466.6</b>	<b>\$ 597.4</b>

#### ii Accounts receivable and other assets:

	March 31, 2011	December 31, 2010	January 1, 2010
Trade receivables	\$ 12.1	\$ 24.3	\$ 9.9
Taxes recoverable	11.2	14.7	6.2
Prepaid expenses	65.2	45.0	26.7
VAT receivable	140.4	119.6	61.0
Note receivable <sup>(a)</sup>	70.0	70.0	-
Other	61.8	55.8	31.7
	<b>\$ 360.7</b>	<b>\$ 329.4</b>	<b>\$ 135.5</b>

(a) The note receivable is due from Harry Winston and matures on August 25, 2011. The note bears interest at a rate of 5% per annum and can be satisfied in cash or, subject to certain limitations, shares issued by Harry Winston to Kinross.

#### iii Inventories:

	March 31, 2011	December 31, 2010	January 1, 2010
Ore in stockpiles <sup>(a)</sup>	\$ 152.0	\$ 144.3	\$ 120.5
Ore on leach pads <sup>(b)</sup>	128.0	114.4	44.3
In-process	39.1	39.4	26.1
Finished metal	73.7	81.5	80.6
Materials and supplies	469.4	460.6	395.1
	<b>862.2</b>	<b>840.2</b>	<b>666.6</b>
Long-term portion of ore in stockpiles and ore on leach pads <sup>(a), (b)</sup>	<b>(112.8)</b>	<b>(103.2)</b>	<b>(112.2)</b>
	<b>\$ 749.4</b>	<b>\$ 737.0</b>	<b>\$ 554.4</b>

(a) Ore in stockpiles relates to the Company's operating mines. Ore in stockpiles includes low-grade material not scheduled for processing within the next twelve months which is included in deferred charges and other long-term assets on the consolidated balance sheet. See deferred charges and other long-term assets, Note 7 (viii).

(b) Ore on leach pads relates to the Company's Maricunga, Fort Knox, Tasiast and 50% owned Round Mountain mines. Based on current mine plans, the Company expects to place the last tonne of ore on its leach pads at Maricunga in 2026, Fort Knox in 2021, Tasiast in 2026 and 50% owned Round Mountain in 2017. Ore on leach pads includes material not scheduled for processing within the next twelve months which is included in deferred charges and other long-term assets on the consolidated balance sheet. See deferred charges and other long-term assets, Note 7(viii).

**iv Property, plant and equipment:**

		Mineral Interests		
	Land, plant and equipment	Development and operating properties	Pre-development properties <sup>(b)</sup>	Total
<b>Cost</b>				
Balance, at January 1, 2011	\$ 3,201.9	\$ 6,793.0	\$ 515.9	\$ 10,510.8
Additions	174.9	79.8	1.2	255.9
Acquisitions	–	–	3.8	3.8
Capitalized interest	–	0.3	–	0.3
Disposals	(1.9)	–	–	(1.9)
Other	0.8	2.7	(3.6)	(0.1)
Balance at March 31, 2011	3,375.7	6,875.8	517.3	10,768.8
<b>Accumulated depreciation, amortization and impairment</b>				
Balance, at January 1, 2011	\$ (1,312.7)	\$ (975.5)	\$ –	\$ (2,288.2)
Depreciation, depletion and amortization	(69.5)	(79.3)	–	(148.8)
Disposals	1.8	0.6	–	2.4
Other	(0.2)	(0.2)	–	(0.4)
Balance at March 31, 2011	(1,380.6)	(1,054.4)	–	(2,435.0)
Net book value	\$ 1,995.1	\$ 5,821.4	\$ 517.3	\$ 8,333.8
<b>Amounts included in above:</b>				
Assets under construction	527.2	177.4	4.6	709.2
Net book value of Finance leases	0.1	–	–	0.1
Assets not being depreciated <sup>(a)</sup>	552.6	3,194.0	517.3	4,263.9

(a) Assets not being depreciated relate to land, exploration and evaluation costs, assets under construction, which are the construction of expansion projects, assets paid for but not received, and other assets that are in various stages of being readied for use.

(b) The significant pre-development properties include Dvoinoye and White Gold.

	Mineral Interests			Total
	Land, plant and equipment	Development and operating properties	Pre-development properties <sup>(b)</sup>	
<b>Cost</b>				
Balance, at January 1, 2010	\$ 2,538.3	\$ 2,411.6	\$ 1,364.3	\$ 6,314.2
Additions	352.8	315.0	49.2	717.0
Acquisitions	319.1	3,233.1	479.8	4,032.0
Capitalized interest	–	1.1	–	1.1
Disposals	(9.9)	–	(545.2)	(555.1)
Transfers	–	832.2	(832.2)	–
Other	1.6	–	–	1.6
Balance at December 31, 2010	\$ 3,201.9	\$ 6,793.0	\$ 515.9	\$ 10,510.8
<b>Accumulated depreciation, amortization and impairment</b>				
Balance, at January 1, 2010	\$ (1,101.3)	\$ (376.2)	\$ –	\$ (1,477.5)
Depreciation, depletion and amortization	(206.2)	(319.6)	–	(525.8)
Impairment loss	–	–	(290.7)	(290.7)
Disposals	6.5	–	–	6.5
Transfers	–	(290.7)	290.7	–
Other	(11.7)	11.0	–	(0.7)
Balance at December 31, 2010	\$ (1,312.7)	\$ (975.5)	\$ –	\$ (2,288.2)
Net book value	\$ 1,889.2	\$ 5,817.5	\$ 515.9	\$ 8,222.6
<b>Amounts included in above:</b>				
Assets under construction				
January 1, 2010	\$ 614.3	\$ 79.8	\$ –	\$ 694.1
December 31, 2010	\$ 431.6	\$ 116.2	\$ –	\$ 547.8
Net book value of Finance leases				
January 1, 2010	\$ 0.1	\$ –	\$ –	\$ 0.1
December 31, 2010	\$ 0.1	\$ –	\$ –	\$ 0.1
Assets not being depreciated <sup>(a)</sup>				
January 1, 2010	\$ 632.6	\$ 453.6	\$ 1,364.3	\$ 2,450.5
December 31, 2010	\$ 528.4	\$ 2,893.0	\$ 515.9	\$ 3,937.3

(a) Assets not being depreciated relate to land, capitalized exploration and evaluation costs, assets under construction, which are the construction of expansion projects, assets paid for but not received, and other assets that are in various stages of being readied for use.

(b) The significant pre-development properties included Dvoynoye, White Gold and Fruta del Norte at January 1, 2010. Fruta del Norte transferred from pre-development properties to development and operating properties as at the end of 2010.

Capitalized interest relates to capital expenditures at Fort Knox and Round Mountain and had a weighted average rate of 2.3% during the three months ended March 31, 2011 and 2010.

At March 31, 2011, \$2,232.1 million of exploration and evaluation (“E&E”) assets were included in Mineral Interests (December 31, 2010 – \$2,210.3 million). During the three months ended March 31, 2011, the Company acquired \$3.8 million of E&E assets, capitalized \$21.6 million in E&E costs and transferred \$nil million from E&E assets to capitalized development. During the year ended December 31, 2010, the Company acquired \$2,174.2 million of E&E assets, capitalized \$49.2 million in other E&E costs and transferred \$541.5 million from E&E assets to capitalized development. The Company did not recognize any impairment as at March 31, 2011 (December 31, 2010 – \$290.7).

During the three months ended March 31, 2011, the Company expensed \$3.0 million (three months ended March 31, 2010 – \$0.2 million) of exploration and evaluation expenditures and had cash expenditures for exploration and evaluation included in investing cash flows of \$24.6 million (three months ended March 31, 2010 – \$8.8 million) in respect of pre-development properties.

The following table shows capitalized stripping costs included in development and operating properties for the three months ended March 31, 2011 and the year ended December 31, 2010:

	Three months ended March 31, 2011							Year ended December 31, 2010				
	Round	Fort	La		Chirano	Tasiast	Total	Round	Fort	Maricunga	Chirano	Total
	Mountain	Knox	Coipa	Maricunga				Mountain	Knox			
Balance at January 1	\$ 78.2	\$ 58.9	\$ -	\$ 5.8	\$ 2.4	\$ -	\$ 145.3	67.9	\$ 50.0	\$ -	\$ -	\$ 117.9
Additions	-	17.5	0.4	11.9	0.7	3.6	34.1	18.8	34.0	5.8	2.4	61.0
Amortization	(3.3)	(4.0)	-	(0.8)	(1.5)	-	(9.6)	(8.5)	(25.1)	-	-	(33.6)
Balance at end of period	\$ 74.9	\$ 72.4	\$ 0.4	\$ 16.9	\$ 1.6	\$ 3.6	\$ 169.8	78.2	\$ 58.9	\$ 5.8	\$ 2.4	\$ 145.3

#### v Goodwill:

The Goodwill allocated to the Company's CGUs and included in the respective operating segment assets is shown in the table below:

	Round Mountain	Paracatu	La Coipa	Kettle River	Kupol	Maricunga	Crixas	Other Operations <sup>(c)</sup>	Total
<b>Cost</b>									
Balance at January 1, 2011	\$ 145.9	\$ 164.9	\$ 190.3	\$ 20.9	\$ 827.2	\$ 396.1	\$ 80.5	\$ 5,549.2	\$ 7,375.0
Acquisitions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance at March 31, 2011	\$ 145.9	\$ 164.9	\$ 190.3	\$ 20.9	\$ 827.2	\$ 396.1	\$ 80.5	\$ 5,549.2	\$ 7,375.0
<b>Accumulated impairment</b>									
Balance, at January 1, 2011	\$ (87.2)	\$ (99.4)	\$ (65.9)	\$ -	\$ (668.4)	\$ (220.2)	\$ (42.5)	\$ (105.5)	\$ (1,289.1)
Impairment loss	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance at March 31, 2011	\$ (87.2)	\$ (99.4)	\$ (65.9)	\$ -	\$ (668.4)	\$ (220.2)	\$ (42.5)	\$ (105.5)	\$ (1,289.1)
<b>Net book value</b>	\$ 58.7	\$ 65.5	\$ 124.4	\$ 20.9	\$ 158.8	\$ 175.9	\$ 38.0	\$ 5,443.7	\$ 6,085.9

	Round Mountain	Paracatu	La Coipa	Kettle River	Kupol	Maricunga	Crixas	Other Operations <sup>(a)(b)(c)</sup>	Total
<b>Cost</b>									
Balance at January 1, 2010	\$ 145.9	\$ 164.9	\$ 190.3	\$ 20.9	\$ 827.2	\$ 396.1	\$ 80.5	\$ 643.2	\$ 2,469.0
Acquisitions	-	-	-	-	-	-	-	5,267.0	5,267.0
Disposals	-	-	-	-	-	-	-	(361.0)	(361.0)
Balance at December 31, 2010	\$ 145.9	\$ 164.9	\$ 190.3	\$ 20.9	\$ 827.2	\$ 396.1	\$ 80.5	\$ 5,549.2	\$ 7,375.0
<b>Accumulated impairment</b>									
Balance at January 1, 2010	\$ (87.2)	\$ (99.4)	\$ (65.9)	\$ -	\$ (668.4)	\$ (220.2)	\$ (42.5)	\$ (105.5)	\$ (1,289.1)
Impairment loss	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance at December 31, 2010	\$ (87.2)	\$ (99.4)	\$ (65.9)	\$ -	\$ (668.4)	\$ (220.2)	\$ (42.5)	\$ (105.5)	\$ (1,289.1)
<b>Net book value</b>	\$ 58.7	\$ 65.5	\$ 124.4	\$ 20.9	\$ 158.8	\$ 175.9	\$ 38.0	\$ 5,443.7	\$ 6,085.9

(a) At January 1, 2010, Other operations includes goodwill related to Quebrada Seca with a net book value of \$168.8 million, Jiboia with a net book value of \$7.9 million, and Cerro Casale with a net book value of \$361.0 million.

(b) On March 31, 2010, the Company disposed of one-half of its interest in the Cerro Casale project. As a result, goodwill was reduced by \$361.0 million which represents the entire goodwill previously allocated to Cerro Casale. As the Company continues to retain a 25% interest in the project, one-half of the goodwill balance previously allocated, amounting to \$180.5 million, now forms part of the carrying value of the investment in the Cerro Casale project.

(c) On September 17, 2010, the Company acquired all of the outstanding common shares of Red Back that it did not previously own. Goodwill of \$5,267.0 million was recorded on the transaction based on the preliminary purchase price allocation. Goodwill will be allocated among the Red Back properties once the purchase price allocation is finalized.

#### vi Long-term investments:

Unrealized gains and losses on investments classified as available-for-sale investments are recorded in OCI as follows:

	March 31, 2011		December 31, 2010		January 1, 2010	
	Fair Value	Gains (losses) in AOCI	Fair Value	Gains (losses) in AOCI	Fair Value	Gains (losses) in AOCI
Securities in an unrealized gain position	\$ 111.4	\$ 50.6	\$ 203.3	\$ 71.9	\$ 115.1	\$ 50.4
Securities in an unrealized loss position	2.0	(0.2)	0.5	(0.8)	42.7	(4.9)
	\$ 113.4	\$ 50.4	\$ 203.8	\$ 71.1	\$ 157.8	\$ 45.5

#### vii Accounts payable and accrued liabilities:

	March 31, 2011	December 31, 2010	January 1, 2010
Trade payables	\$ 109.2	\$ 153.3	\$ 92.5
Accrued liabilities	211.6	203.9	150.9
Employee related accrued liabilities	50.3	54.5	44.2
	\$ 371.1	\$ 411.7	\$ 287.6

#### viii Deferred charges and other long-term assets:

	March 31, 2011	December 31, 2010	January 1, 2010
Long-term ore in stockpiles and on leach pads <sup>(a)</sup>	\$ 112.8	\$ 103.2	\$ 112.2
Deferred charges, net of amortization	8.8	0.9	1.3
Long-term receivables	52.4	52.7	42.8
Advances on the purchase of capital equipment	26.3	23.2	-
Other	24.0	24.6	2.1
	\$ 224.3	\$ 204.6	\$ 158.4

(a) Ore in stockpiles and on leach pads represents low-grade material not scheduled for processing within the next twelve months. Long-term ore in stockpiles is at the Company's Fort Knox, Kupol, Paracatu, Tasiast, and 50% owned Round Mountain mines. Long-term ore on leach pads is at the Company's Maricunga, Fort Knox, Tasiast, and 50% owned Round Mountain mines.

#### ix Non-controlling interests:

	Kupol <sup>(a)</sup>	Chirano <sup>(b)</sup>	Total
Balance at January 1, 2010	\$ 128.6	\$ -	\$ 128.6
Addition upon acquisition	-	68.8	68.8
Share of net earnings	110.2	3.2	113.4
Dividends paid	(47.7)	-	(47.7)
Balance at December 31, 2010	191.1	72.0	263.1
Share of net earnings	39.7	2.0	41.7
Dividends paid	-	-	-
Balance at March 31, 2011	\$ 230.8	\$ 74.0	\$ 304.8

(a) Represents non-controlling interest in Chukotka Mining and Geological Company.

(b) Represents non-controlling interest in Chirano Gold Mines Limited.

**x Other income (expense) – net:**

	Three months ended March 31,	
	2011	2010
Gain (loss) on acquisition/disposition of assets and investments – net	\$ 30.8	\$ 78.7
Foreign exchange gains	14.8	0.4
Net non-hedge derivative gains	41.0	34.9
Working Interest in Diavik Diamond Mine	-	(1.1)
Other	1.8	0.7
	<b>\$ 88.4</b>	<b>\$ 113.6</b>

**xi Gain (loss) on acquisition/disposition of assets and investments – net:**

	Three months ended March 31,	
	2011	2010
<i>Assets:</i>		
Cerro Casale <sup>(a)</sup>	\$ -	\$ 78.1
<i>Investments:</i>		
Harry Winston <sup>(b)</sup>	30.9	-
Other investments	(0.9)	0.6
Other assets	0.8	-
	<b>\$ 30.8</b>	<b>\$ 78.7</b>

(a) On March 31, 2010, the Company sold one-half of its interest in Cerro Casale.

(b) On March 23, 2011, the Company sold its remaining interest in Harry Winston. See Note 6(i).

**xii Equity in losses of associates:**

	Three months ended March 31,	
	2011	2010
Cerro Casale <sup>(a)</sup>	\$ (0.2)	\$ -
Harry Winston Diamond Corporation <sup>(b)</sup>	-	(1.5)
	<b>\$ (0.2)</b>	<b>\$ (1.5)</b>

(a) On March 31, 2010, the Company sold one-half of its interest in Cerro Casale. Subsequent to the disposition, the Company continues to hold a 25% interest in the project and the investment is accounted for under the equity method.

(b) On July 28, 2010, the Company sold its original investment in Harry Winston.

**xiii Finance expense:**

	Three months ended March 31,	
	2011	2010
Accretion on reclamation and remediation obligations	\$ 5.1	\$ 3.4
Interest expense <sup>(a)</sup>	11.1	13.4
	<b>\$ 16.2</b>	<b>\$ 16.8</b>

(a) During the first three months of 2011, \$0.3 million (three months ended March 31, 2010: \$nil) of interest was capitalized to property, plant and equipment, respectively. See Note 7(iv).

## 8. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Investments <sup>(a)</sup>	Financial derivatives <sup>(b)</sup>	Total
Balance at January 1, 2010	\$ 45.5	\$ (263.9)	\$ (218.4)
Other comprehensive income before tax	29.6	13.2	42.8
Tax	(4.0)	0.3	(3.7)
Balance at January 1, 2011	\$ 71.1	\$ (250.4)	\$ (179.3)
Other comprehensive income before tax	(20.6)	54.5	33.9
Tax	(0.1)	(3.9)	(4.0)
Balance at March 31, 2011	\$ 50.4	\$ (199.8)	\$ (149.4)

(a) Balance at January 1, 2010 net of tax of \$4.0 million

(b) Balance at January 1, 2010 net of tax of \$9.6 million

## 9. INVESTMENTS IN ASSOCIATES AND WORKING INTEREST

The carrying values of the Company's investments in associates as at March 31, 2011, December 31, 2010 and the transition date are as follows:

	Carrying Value		
	March 31, 2011	December 31, 2010	January 1, 2010
Cerro Casale <sup>(a)</sup>	\$ 477.5	\$ 467.5	\$ –
Harry Winston	–	–	41.3
Working Interest in Diavik	–	–	109.4
	\$ 477.5	\$ 467.5	\$ 150.7

(a) At January 1, 2010, Cerro Casale was accounted for as a joint venture.

There are no publicly quoted market prices for Cerro Casale or for Diavik. The market value of the Company's investment in Harry Winston at January 1, 2010 was \$146.0 million.

Contingent liabilities related to investments in associates are included in Note 18(ii).

Disclosures for the year ended December 31, 2010 for the Company's investments in associates are provided in Note 20(v) – Supplementary annual disclosure under IFRS.

## 10. FINANCIAL INSTRUMENTS

### i Fair values of financial instruments

Carrying values for primary financial instruments, including cash and cash equivalents, short-term investments and accounts receivable, accounts payable and accrued liabilities, approximate fair values due to their short-term maturities.

Fair value estimates for derivative contracts are based on quoted market prices for comparable contracts and represent the amount the Company would have received from, or paid to, a counterparty to unwind the contract at the market rates in effect at the balance sheet date.

The Company categorizes each of its fair value measurements in accordance with a fair value hierarchy. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals,

forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Assets (liabilities) measured at fair value on a recurring basis as at March 31, 2011 include:

	Level 1	Level 2	Level 3	Aggregate Fair Value
Available-for-sale investments	\$ 113.4	\$ -	\$ -	\$ 113.4
Embedded derivatives	(30.2)	(12.4)	-	(42.6)
Derivative instruments	-	(219.7)	-	(219.7)
	\$ 83.2	\$ (232.1)	\$ -	\$ (148.9)

The valuation techniques that are used to measure fair value are as follows:

Available-for-sale investments:

The fair value of available-for-sale investments is determined based on a market approach reflecting the closing price of each particular security at the balance sheet date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore available-for-sale investments are classified within Level 1 of the fair value hierarchy.

Embedded derivatives:

The Company determines the fair value of the embedded derivative related to its Canadian dollar denominated common share purchase warrants based on the closing price that is a quoted market price obtained from the exchange that is the principal active market for the warrants, and therefore is classified within Level 1 of the fair value hierarchy.

The Company determines the fair value of the embedded derivative related to the conversion options on its convertible notes based on pricing models which use a number of observable market-determined variables. These embedded derivatives are classified within Level 2 of the fair value hierarchy.

Derivative instruments:

The fair value of derivative instruments is based on quoted market prices for comparable contracts and represents the amount the Company would have received from, or paid to, a counterparty to unwind the contract at the market rates in effect at the balance sheet dates and therefore derivative instruments are classified within Level 2 of the fair value hierarchy.

## ii Derivative instruments

	March 31, 2011		December 31, 2010		January 1, 2010	
	Asset/ (Liability) Fair Value	AOCI <sup>(d)</sup>	Asset/ (Liability) Fair Value	AOCI <sup>(d)</sup>	Asset/ (Liability) Fair Value	AOCI <sup>(d)</sup>
<b>Interest rate contracts</b>						
Interest rate swap <sup>(a)</sup>	\$ (3.9)	\$ (0.2)	\$ (4.4)	\$ (0.3)	\$ (8.3)	\$ (6.7)
<b>Currency contracts</b>						
Foreign currency forward contracts <sup>(b)</sup>	66.5	48.1	55.0	39.9	38.1	27.2
<b>Commodity contracts</b>						
Gold and silver forward contracts <sup>(c)</sup>	(285.4)	(250.4)	(333.7)	(291.3)	(332.8)	(285.3)
Gold contract related to Julietta sale	-	-	-	-	4.3	-
Energy forward contract <sup>(a)</sup>	3.4	2.7	1.7	1.3	1.3	0.9
<b>Other contracts</b>						
Total return swap	(0.3)	-	-	-	(0.2)	-
	<b>\$(282.3)</b>	<b>\$(247.7)</b>	<b>\$ (332.0)</b>	<b>\$ (290.0)</b>	<b>\$ (327.4)</b>	<b>\$ (284.4)</b>
Canadian \$ denominated common share purchase warrant liability						
	(30.2)	-	(48.4)	-	(83.6)	-
Conversion feature of convertible notes						
	(12.4)	-	(38.9)	-	(77.2)	-
Total all contracts	<b>\$(262.3)</b>	<b>\$(199.8)</b>	<b>\$ (368.7)</b>	<b>\$ (250.4)</b>	<b>\$ (458.4)</b>	<b>\$ (263.9)</b>
Unrealized fair value of derivative assets						
Current	136.8		133.4		44.3	
Non-current	9.9		2.6		1.9	
	<b>\$ 146.7</b>		<b>\$ 136.0</b>		<b>\$ 46.2</b>	
Unrealized fair value of derivative liabilities						
Current	(369.3)		(407.7)		(214.6)	
Non-current	(39.7)		(97.0)		(290.0)	
	<b>\$(409.0)</b>		<b>\$ (504.7)</b>		<b>\$ (504.6)</b>	
Total net fair value	<b>\$(262.3)</b>		<b>\$ (368.7)</b>		<b>\$ (458.4)</b>	

(a) The entire amount recorded in AOCI will be reclassified to net earnings within the next 12 months as a result of settling the contracts.

(b) Of the total amount recorded in AOCI, \$42.7 million will be reclassified to net earnings within the next 12 months as a result of settling the contracts.

(c) Of the total amount recorded in AOCI, \$230.2 million will be reclassified to net earnings within the next 12 months as a result of settling the contracts.

(d) AOCI refers to accumulated other comprehensive income (loss).

### Canadian \$ denominated common share purchase warrant liability

The Company's Canadian dollar denominated common share purchase warrants are considered derivative instruments and are measured at fair value on initial recognition and subsequently at each reporting date, with changes in fair value recognized in the consolidated statement of operations. For the three months ended March 31, 2011, the Company recognized a gain of \$18.2 million (three months ended March 31, 2010 – \$21.9 million) in the consolidated statement of operations.

### **Senior convertible notes – conversion option**

The Company's option to settle its convertible notes in cash upon conversion is considered an embedded derivative which must be recognized at fair value on initial recognition and subsequently at each reporting date with changes in the fair value recognized in the consolidated statement of operations. For the three months ended March 31, 2011, the Company recognized a gain of \$26.5 million (three months ended March 31, 2010 – \$19.0 million) in the consolidated statement of operations.

## **11. CAPITAL AND FINANCIAL RISK MANAGEMENT**

The Company manages its capital to ensure that it will be able to continue to meet its financial and operational strategies and obligations, while maximizing the return to shareholders through the optimization of debt and equity financing. The Board of Directors has established a number of quantitative measures related to the management of capital. Management continuously monitors its capital position and periodically reports to the Board of Directors.

The Company is sensitive to changes in commodity prices, foreign exchange and interest rates. The Company manages its exposure to changes in currency exchange rates, energy and interest rates by periodically entering into derivative financial instrument contracts in accordance with the formal risk management policy approved by the Company's Board of Directors. The Company's policy is to not hedge metal sales. However in certain circumstances the Company may use derivative contracts to hedge against the risk of falling prices for a portion of its forecasted metal sales. The Company may also assume derivative contracts as part of a business acquisition or they may be required under financing arrangements.

The Company has gold and silver and interest rate derivative instruments acquired with the Bema acquisition, primarily related to Kupol financing requirements. All of the Company's hedges are cash flow hedges. The Company applies hedge accounting whenever hedging relationships exist and have been documented.

### **i Capital Management**

The Company's objectives when managing capital are to:

- Ensure the Company has sufficient cash available to support the mining, exploration, and other areas of the business in any gold price environment;
- Ensure the Company has the capital and capacity to support a long-term growth strategy;
- Provide investors with a superior rate of return on their invested capital;
- Ensure compliance with all bank covenant ratios; and
- Minimize counterparty credit risk.

Kinross adjusts its capital structure based on changes in forecasted economic conditions and based on its long term strategic business plan. Kinross has the ability to adjust its capital structure by issuing new equity, drawing on existing credit facilities, issuing new debt, and by selling or acquiring assets. Kinross can also control how much capital is returned to shareholders through dividends and share buybacks.

The Company is not subject to any externally imposed capital restrictions.

The Company's quantitative capital management objectives are largely driven by the requirements under its debt agreements and are noted in the tables below:

	March 31, 2011	December 31, 2010	January 1 2010
Long-term debt	\$ 410.1	\$ 426.0	\$ 475.8
Current portion of long-term debt	59.5	48.4	177.0
Total debt	469.6	474.4	652.8
Common shareholders' equity	14,793.2	14,543.5	5,527.7
Gross debt / common shareholders' equity ratio	3.2%	3.3%	11.8%
Company target	0 - 30%	0 - 30%	0 - 30%
Rolling 12 month EBITDA <sup>(a)</sup>	\$ 1,638.6	\$ 1,466.5	\$ 1,193.4
Rolling 12 month cash interest expense <sup>(b)</sup>	47.6	49.7	36.3
Interest coverage ratio	34.4:1	29.5:1	32.9:1
Company target ratio	> 4.25:1	> 4.25:1	> 4.25:1

(a) EBITDA is a defined term under the Company's current credit facility.

(b) Interest expense includes interest expense included in finance expense on the statement of operations in addition to capitalized interest.

## 12. LONG-TERM DEBT AND CREDIT FACILITIES

Interest Rates	March 31, 2011				December 31, 2010		January 1, 2010	
	Nominal amount	Deferred Financing Costs	Carrying Amount <sup>(a)</sup>	Fair Value	Carrying Amount <sup>(a)</sup>	Fair Value	Carrying Amount <sup>(a)</sup>	Fair Value
Corporate revolving credit facility (i) Variable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior convertible notes (iii) 1.75%	398.1	-	398.1	451.7	390.9	450.5	363.2	403.1
Kupol project loan (iv) Variable	-	-	-	-	-	-	158.4	157.9
Corporate term loan facility (i) Variable	50.0	(2.0)	48.0	48.1	56.8	57.1	92.0	92.6
Paracatu finance leases (ii) 5.62%	19.8	-	19.8	20.7	22.3	23.2	31.8	32.2
Maricunga finance leases (ii) 6.04%	-	-	-	-	-	-	0.2	0.2
Kettle River - Buckhorn finance leases (ii) 7.70%	0.1	-	0.1	0.1	0.1	0.1	0.1	0.1
Crixás bank loan and other Variable	3.6	-	3.6	3.6	4.3	4.3	7.1	7.1
	471.6	(2.0)	469.6	524.2	474.4	535.2	652.8	693.2
Less: current portion	(61.5)	2.0	(59.5)	(59.5)	(48.4)	(48.4)	(177.0)	(177.0)
Long-term debt	\$ 410.1	\$ -	\$ 410.1	\$ 464.7	\$ 426.0	\$ 486.8	\$ 475.8	\$ 516.2

(a) Includes transaction costs on debt financings.

### i Corporate Revolving Credit and Term Loan Facilities

In November 2009, the Company entered into an amended revolving credit facility which provides credit of \$450.0 million on an unsecured basis and expires in November 2012. The term loan (corporate term loan facility) for the Paracatu property forms part of the amended revolving credit facility, and that credit will be available to the Company as the term loan is repaid.

On June 17, 2010, the Company entered into a further amendment to increase availability under the facility to \$600.0 million. On September 17, 2010, the revolving credit facility was further amended to add Mauritania, Ghana, and Cote d'Ivoire as permitted jurisdictions as a result of the Red Back acquisition. All other terms and conditions under the existing revolving credit facility remain unchanged.

On March 31, 2011, the company entered into a further amendment to increase the availability under the facility to \$1,200.0 million. The term of the facility was also extended from November 2012 to March 2015.

As at March 31, 2011, the Company had drawn \$78.7 million (December 31, 2010 – \$87.7 million) on the amended revolving credit facility, including drawings for the Paracatu term loan and \$28.7 million (December 31, 2010 – \$28.6 million) for letters of credit.

The amended revolving credit facility agreement contains various covenants including limits on indebtedness, asset sales and liens. Significant financial covenants include a minimum tangible net worth of \$5,250.0 million and increasing by 50% of positive net income each quarter, starting with the quarter ending March 31, 2011, (previously \$3,345.3 million starting September 30, 2009 and increasing by 50% of positive net income each quarter), an interest coverage ratio of at least 4.25:1, and net debt to EBITDA, as defined in the agreement, of no more than 3.5:1. The Company is in compliance with these covenants at March 31, 2011.

Loan interest is variable, set at LIBOR plus an interest rate margin which is dependent on the ratio of the Company's net debt to EBITDA as defined in the agreement.

The Company's current ratio of net debt to EBITDA, as defined in the agreement, is less than 1.00:1. At this ratio, interest charges are as follows:

Type of credit	Credit facility
Dollar based LIBOR loan	LIBOR plus 1.75%
Letters of credit	1.75%
Standby fee applicable to unused availability	0.44%

Also in November 2009, the Company entered into a separate Letter of Credit guarantee facility with Export Development Canada for \$125.0 million. Letters of credit guaranteed by this new facility are solely for reclamation liabilities at Fort Knox, Round Mountain, and Kettle River-Buckhorn. Fees related to letters of credit under this facility are 1.00% to 1.25%.

On July 30, 2010, the Company entered into an amendment to increase the amount of the Letter of Credit guarantee facility from \$125.0 million to \$136.0 million. As at March 31, 2011, the amount outstanding under this facility was \$135.1 million (December 31, 2010 – \$135.1 million). All other terms and conditions under this agreement remain the same.

In addition, at March 31, 2011, the Company had approximately \$13.2 million (December 31, 2010 – \$11.5 million) in letters of credit outstanding, in respect of its operations in Brazil. These letters of credit have been issued pursuant to arrangements with Brazilian and international banks.

## ii Finance Leases

At March 31, 2011, the Company had equipment under finance leases totaling \$19.9 million (December 31, 2010 – \$22.4 million). Repayments on the finance leases end in 2013.

## iii Senior convertible notes

In January 2008, the Company completed a public offering of \$460.0 million senior convertible notes due March 15, 2028, each in the amount of one thousand dollars. The notes will pay interest semi-annually at a rate of 1.75% per annum. The

notes will be convertible, at the holder's option, equivalent to a conversion price of \$28.04 per share of common stock subject to adjustment. Kinross received net proceeds of \$449.9 million from the offering of convertible notes, after payment of the commissions of the initial purchasers and expenses of the offering. The convertible notes are convertible into Kinross common shares at a fixed conversion rate, subject to certain anti-dilution adjustments, only in the event that (i) the market price of Kinross common shares exceeds 130% of the effective conversion price of the convertible notes, (ii) the trading price of the convertible notes falls below 98% of the amount equal to Kinross' then prevailing common share price, times the applicable conversion rate, (iii) the convertible notes are called for redemption, (iv) upon the occurrence of specified corporate transactions or (v) if Kinross common shares cease to be listed on a specified stock exchange or eligible for trading on an over-the-counter market. The convertible notes will also be convertible on and after December 15, 2027. The convertible senior notes are redeemable by the Company, in whole or part, for cash at any time on or after March 20, 2013, at a redemption price equal to par plus accrued and unpaid interest, if any, to the redemption date. Holders of the convertible notes will have the right to require Kinross to repurchase the convertible notes on March 15, 2013, 2018 and 2023, and, on or prior to March 20, 2013, upon certain fundamental changes. The redemption price will be equal to 100% of the principal amount of the convertible notes plus accrued and unpaid interest to the redemption date, if any.

#### iv Kupol project financing

The Kupol project financing loan was repaid in full in December 2010.

### 13. Provisions

	Reclamation and remediation	Other	Total
Balance at January 1, 2011	\$ 548.4	\$ 45.8	\$ 594.2
Additions	-	0.8	0.8
Reductions	-	(0.2)	(0.2)
Reclamation spending	(2.7)	-	(2.7)
Accretion	5.1	-	5.1
Reclamation capitalized	-	-	-
Balance at March 31, 2011	\$ 550.8	\$ 46.4	\$ 597.2
Current portion	21.8	-	21.8
Non-current portion	529.0	46.4	575.4
	\$ 550.8	\$ 46.4	\$ 597.2

#### i Reclamation and Remediation

The Company conducts its operations so as to protect the public health and the environment, and to comply with all applicable laws and regulations governing protection of the environment. Reclamation and remediation obligations arise throughout the life of each mine. The Company estimates future reclamation costs based on the level of current mining activity and estimates of costs required to fulfill the Company's future obligation. The above table details the items that affect the reclamation and remediation obligations.

Regulatory authorities in certain jurisdictions require that security be provided to cover the estimated reclamation and remediation obligations. As at March 31, 2011, letters of credit totaling \$155.3 million (December 31, 2010 – \$155.4 million) had been issued to various regulatory agencies to satisfy financial assurance requirements for this purpose. The letters of credit were issued against the Company's Letter of Credit guarantee facility with Export Development Canada and the revolving credit facility. The Company believes it is in compliance with all applicable requirements under these facilities.

## 14. COMMON SHARE CAPITAL AND COMMON SHARE PURCHASE WARRANTS

### i. Common shares

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value. A summary of common share transactions for the three months ended March 31, 2011 and year ended December 31, 2010 is as follows:

	Three months ended March 31, 2011		Year ended December 31, 2010	
	Number of shares ('000's)	Amount (\$)	Number of shares ('000's)	Amount (\$)
Common shares				
Balance at January 1,	1,133,295	\$ 14,414.2	696,027	\$ 6,377.4
Issued (cancelled):				
On acquisition of properties	223	3.8	-	-
On acquisition of Underworld	-	-	6,501	117.7
On acquisition of Dvoynoye	-	-	10,558	173.9
On acquisition of Red Back	-	-	416,358	7,678.3
Under employee share purchase plan	102	1.6	304	5.1
Under stock option and restricted share plan	752	14.8	1,152	20.8
Under Aurelian options	154	2.3	316	4.6
Under Bema options	23	0.3	11	0.1
Under Underworld options	-	-	214	3.8
Under Red Back options	806	15.3	1,632	30.1
Conversions:				
Bema warrants	-	-	222	2.4
Balance at end of period	1,135,355	\$ 14,452.3	1,133,295	\$ 14,414.2
Common share purchase warrants <sup>(a)</sup>				
Balance at January 1,	50,262	\$ 162.2	24,725	\$ 1.9
On acquisition of Red Back	-	-	25,759	161.3
Conversion of warrants	-	-	(222)	(1.0)
Expiry of warrants	-	-	-	-
Balance at end of period	50,262	\$ 162.2	50,262	\$ 162.2
Total common share capital and common share purchase warrants		\$ 14,614.5		\$ 14,576.4

(a) Amount includes only the value of the U.S. \$ denominated warrants. Canadian \$ denominated warrants are considered an embedded derivative and classified as a liability (see Note 10).

### i. Dividends on Common shares

The following summarizes dividends paid during the three months ended March 31, 2011. There were no dividends declared but unpaid at March 31, 2011.

	Per share	Amount (millions)
Dividends paid during the period	\$ 0.05	\$ 56.8

### ii. Common share purchase warrants

The Company has issued both Canadian \$ denominated and U.S. \$ denominated common share purchase warrants.

**(a) Canadian \$ denominated common share purchase warrants**

A summary of the status of the common share purchase warrants and changes during the three months ended March 31, 2011 are as follows:

	Share equivalents of warrants ('000's)	Weighted average exercise price (CDN\$)
Balance at January 1, 2011	24,392	30.17
Issued	-	-
Exercised	-	-
Balance at March 31, 2011	24,392	30.17

These Canadian \$ denominated common share purchase warrants are accounted for as an embedded derivative and classified as a liability (see Note 10).

**(b) U.S. \$ denominated common share purchase warrants**

A summary of the status of the common share purchase warrants and changes during the three months ended March 31, 2011 is as follows:

	Share equivalents of warrants ('000's)	Weighted average exercise price (\$)
Balance at January 1, 2011	25,870	21.26
Issued	-	-
Exercised	-	-
Balance at March 31, 2011	25,870	21.26

**15. SHARE-BASED PAYMENTS**

**i. Stock option plan**

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2011:

**Canadian \$ denominated options**

	Three months ended March 31, 2011	
	Number of options ('000's)	Weighted average exercise price (CDN\$)
Balance at January 1	15,246	14.86
Granted	1,810	16.25
Exercised	(1,027)	7.47
Forfeited	(74)	18.91
Outstanding at end of period	15,955	15.48

The following weighted average assumptions were used in computing the fair value of stock options granted during the three months ended March 31, 2011:

	2011
Black-Scholes weighted-average assumptions	
Weighted average share price	\$ 16.25
Expected dividend yield	0.62%
Expected volatility	38.5%
Risk-free interest rate	2.6%
Estimated forfeiture rate	3.0%
Expected option life in years	4.5
Weighted average fair value per stock option granted CDN\$	\$ 5.49

The expected volatility used in the Black-Scholes option pricing model is based on the historical volatility of the Company's shares.

**ii. Restricted share unit plan**

	Three months ended March 31, 2011	
	Number of units (000's)	Weighted average exercise price (CDN\$)
Balance, January 1	2,132	\$ 20.44
Granted	1,339	16.25
Reinvested	9	18.01
Redeemed	(708)	21.85
Forfeited	(67)	19.73
Outstanding at end of period	2,705	\$ 18.01

**iii. Restricted performance share unit plan**

	Three months ended March 31, 2011	
	Number of units (000's)	Weighted average exercise price (CDN\$)
Balance, January 1	223	\$ 19.94
Granted	357	16.25
Reinvested	2	17.66
Forfeited	(5)	19.23
Outstanding at end of period	577	\$ 17.69

**iv. Deferred share unit plan**

	Three months ended March 31, 2011
DSUs granted ('000s)	15
Weighted average grant-date fair value (CDN\$)	\$ 15.35

There were 270,100 DSUs outstanding, for which the Company had recognized a liability of \$4.2 million, as at March 31, 2011.

## v. Employee share purchase plan

	Three months ended March 31, 2011
Common shares issued ('000s)	102
Average price of shares issued	\$ 15.56

## 16. EARNINGS PER SHARE

<i>(Number of common shares in thousands)</i>	Three months ended March 31,	
	2011	2010
Basic weighted average shares outstanding:	1,134,024	696,385
Weighted average shares dilution adjustments:		
Dilutive stock options <sup>(a)</sup>	3,185	1,010
Restricted shares	1,776	1,965
Performance shares	366	131
Common share purchase warrants <sup>(a)</sup>	23	177
Diluted weighted average shares outstanding	1,139,374	699,668
Weighted average shares dilution adjustments – exclusions: <sup>(b)</sup>		
Stock options	8,087	5,680
Common share purchase warrants	50,152	24,393
Convertible notes	28,181	16,152

(a) Dilutive stock options and warrants were determined using the Company's average share price for the period. For the three months ended March 31, 2011 and 2010 the average share price used was \$16.32 and \$18.14, respectively.

(b) These adjustments were excluded, as they were anti-dilutive.

## 17. SEGMENTED INFORMATION

The Company operates primarily in the gold mining industry and its major product is gold. Its activities include gold production, acquisition, exploration and development of gold properties. The Company's primary mining operations are in the United States, the Russian Federation, Brazil, Equador, Chile, and Ghana and Mauritania.

The reportable segments are those operations whose operating results are reviewed by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance provided those operations pass certain quantitative thresholds. Operations whose revenues, earnings or losses or assets exceed 10% of the total consolidated revenue, earnings or losses or assets are reportable segments.

In order to determine reportable operating segments, management reviewed various factors, including geographical location and managerial structure. It was determined by management that a reportable operating segment consists of an individual mining property managed by a single general manager and management team. Certain properties that are in development or have not reached commercial production levels are considered reportable segments because they have reached quantitative thresholds. These have been identified as non-operating segments. There are no material intersegment transactions.

Non-mining and other operations are reported in Corporate and other.

## i. Operating segments

The following tables set forth operating results by reportable segment for the following periods:

Three months ended March 31, 2011:	Operating segments										Non-operating segments		Total
	Fort Knox	Round Mountain	Paracatu	La Coipa	Maricunga	Crixas	Kupol	Kettle River	Tasiast	Chirano	Fruta del Norte	Corporate and other <sup>(a)</sup>	
Revenue													
Metal sales	\$ 89.7	\$ 58.1	\$ 150.2	\$ 80.0	\$ 79.7	\$ 18.9	\$ 225.6	\$ 66.4	\$ 71.6	\$ 96.8	\$ -	\$ -	\$ 937.0
Cost of sales													
Production costs	40.6	32.9	74.5	37.5	26.9	10.1	65.5	17.9	25.7	49.1	-	-	380.7
Depreciation, depletion and amortization	15.0	6.6	14.4	10.5	1.8	2.4	39.5	21.8	15.0	17.5	-	1.2	145.7
Total Cost of sales	55.6	39.5	88.9	48.0	28.7	12.5	105.0	39.7	40.7	66.6	-	1.2	526.4
Gross Profit	\$ 34.1	\$ 18.6	\$ 61.3	\$ 32.0	\$ 51.0	\$ 6.4	\$ 120.6	\$ 26.7	\$ 30.9	\$ 30.2	\$ -	\$ (1.2)	\$ 410.6
Other operating costs (income)	-	-	0.3	-	0.1	0.3	0.2	(1.0)	0.3	0.1	-	3.9	4.2
Exploration and business development	0.3	0.1	-	1.7	0.1	0.3	0.1	0.8	2.7	1.4	1.5	14.9	23.9
General and administrative	-	-	-	-	-	-	0.1	-	-	-	0.1	43.1	43.3
Operating earnings (loss)	\$ 33.8	\$ 18.5	\$ 61.0	\$ 30.3	\$ 50.8	\$ 5.8	\$ 120.2	\$ 26.9	\$ 27.9	\$ 28.7	\$ (1.6)	\$ (63.1)	\$ 339.2
Other income (expense) - net													88.4
Equity in losses of associates													(0.2)
Finance income													2.3
Finance expense													(16.2)
Earnings before taxes													413.5
Property, plant and equipment at:													
March 31, 2011	\$ 335.9	\$ 179.3	\$ 1,317.1	\$ 178.0	\$ 396.7	\$ 79.5	\$ 589.8	\$ 211.8	\$ 2,806.7	\$ 797.5	\$ 559.9	\$ 881.6	\$ 8,333.8
Total assets at:													
March 31, 2011	\$ 497.1	\$ 285.8	\$ 1,658.3	\$ 465.8	\$ 714.4	\$ 146.4	\$ 1,346.8	\$ 249.1	\$ 2,967.3	\$ 954.6	\$ 572.1	\$ 8,210.3	\$ 18,068.0
Capital expenditures for three months ended March 31, 2011	\$ 22.1	\$ 8.5	\$ 36.7	\$ 8.7	\$ 41.1	\$ 2.9	\$ 5.8	\$ 3.1	\$ 84.2	\$ 17.2	\$ 13.3	\$ 12.3	\$ 255.9

(a) Includes corporate, shutdown and other non-core operations. Corporate and other includes unallocated goodwill relating to the acquisition of Red Back of \$5,267.0 million.

Three months ended March 31, 2010:	Operating segments										Non-operating segments			Total
	Fort Knox	Round Mountain	Paracatu	La Coipa	Maricunga	Crixas	Kupol	Kettle River	Tasiast	Chirano	Fruta del Norte	Cerro Casale <sup>(a)</sup>	Corporate and other <sup>(b)</sup>	
Revenue														
Metal sales	\$ 77.5	\$ 50.4	\$ 134.2	\$ 65.1	\$ 56.0	\$ 22.1	\$ 201.1	\$ 51.2	\$ -	\$ -	\$ -	\$ -	\$ 657.6	
Cost of sales														
Production costs	36.1	26.3	67.2	30.0	28.5	8.9	64.9	12.9	-	-	-	-	274.8	
Depreciation, depletion and amortization	15.9	5.0	15.9	18.4	4.6	4.2	43.4	21.7	-	-	0.1	-	130.6	
Total Cost of sales	52.0	31.3	83.1	48.4	33.1	13.1	108.3	34.6	-	-	0.1	-	405.4	
Gross Profit	\$ 25.5	\$ 19.1	\$ 51.1	\$ 16.7	\$ 22.9	\$ 9.0	\$ 92.8	\$ 16.6	\$ -	\$ -	(0.1)	\$ -	\$ 252.2	
Other operating costs (income)	-	-	(2.4)	-	0.6	(0.1)	-	(0.3)	-	-	-	-	(0.4)	
Exploration and business development	0.6	-	-	0.2	-	-	0.2	1.1	-	-	-	-	12.9	
General and administrative	-	-	-	-	-	-	-	-	-	-	0.1	-	29.0	
Operating earnings (loss)	\$ 24.9	\$ 19.1	\$ 53.5	\$ 16.5	\$ 22.3	\$ 9.1	\$ 92.6	\$ 15.8	\$ -	\$ -	(0.2)	\$ -	\$ 210.7	
Other income (expense) – net													113.6	
Equity in losses of associates													(1.5)	
Finance income													0.7	
Finance expense													(16.8)	
Earnings before taxes													306.7	
Property, plant and equipment at:														
December 31, 2010	\$ 328.1	\$ 177.7	\$ 1,293.7	\$ 178.9	\$ 361.4	\$ 79.6	\$ 624.8	\$ 229.6	\$ 2,739.4	\$ 795.5	\$ 546.7	\$ -	\$ 8,222.6	
January 1, 2010	295.2	160.9	1,130.1	188.6	313.9	70.9	695.2	306.2	-	-	799.2	544.2	4,836.7	
Total assets at:														
December 31, 2010	\$ 487.6	\$ 285.8	\$ 1,608.7	\$ 483.3	\$ 627.0	\$ 150.0	\$ 1,328.7	\$ 269.5	\$ 2,866.4	\$ 930.8	\$ 558.6	\$ -	\$ 17,866.6	
January 1, 2010	441.8	262.3	1,359.1	463.2	560.1	139.0	1,399.5	343.0	-	-	804.6	914.6	7,876.3	
Capital expenditures for three months ended														
March 31, 2010	\$ 21.7	\$ 7.0	\$ 9.8	\$ 7.3	\$ 12.5	\$ 6.2	\$ 9.6	\$ 2.0	\$ -	\$ -	\$ 8.8	\$ 4.0	\$ 94.1	

(a) As of March 31, 2010, Cerro Casale was reclassified to investments in associates.

(b) Includes corporate, shutdown and other non-core operations. Corporate and other includes unallocated goodwill relating to the acquisition of Red Back of \$5,267.0 million.

## **18. COMMITMENTS AND CONTINGENCIES**

### **i. Commitments**

#### **Operating leases**

The Company has a number of operating lease agreements involving office space and equipment. The operating leases for equipment provide that the Company may, after the initial lease term, renew the lease for successive yearly periods or may purchase the equipment at its fair market value. One of the operating leases for office facilities contains escalation clauses for increases in operating costs and property taxes. A majority of these leases are cancelable and are renewable on a yearly basis.

### **ii. Contingencies**

#### **General**

Estimated losses from contingencies are accrued by a charge to earnings when information available prior to the issuance of the financial statements indicates that it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

#### **Cerro Casale Contingency**

The Company was obligated to pay \$40 million to Barrick when a production decision is made relating to the Cerro Casale project. During the first quarter of 2010, this contingent liability was reduced to \$20 million in accordance with the agreement with Barrick under which the Company sold one-half of its 50% interest in the Cerro Casale project.

#### **Other**

The Company is involved in legal proceedings from time to time, arising in the ordinary course of its business. Typically, the amount of ultimate liability with respect to these actions will not, in the opinion of management, materially affect Kinross' financial position, results of operations or cash flows.

#### **Income taxes**

The Company operates in numerous countries around the world and accordingly is subject to, and pays annual income taxes under the various regimes in countries in which it operates. These tax regimes are determined under general corporate income tax laws of the country. The Company has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. The tax rules and regulations in many countries are complex and subject to interpretation. From time to time the Company will undergo a review of its historic tax returns and in connection with such reviews, disputes can arise with the taxing authorities over the Company's interpretation of the country's income tax rules.

## **19. SUBSEQUENT EVENTS**

On April 27, 2011, Kinross' 75%-owned subsidiary, Chukotka Mining and Geological Company (CMGC), completed the previously announced Share Purchase Agreement with the State Unitary Enterprise of the Chukotka Autonomous Okrug, or "CUE", to repurchase the 2,292,348 shares of CMGC currently held by CUE, representing 25.01% of CMGC's outstanding share capital, for gross consideration of approximately \$350.0 million, subject to adjustments equal to the amount of the attributable dividend payments.

Kinross now owns 100% of CMGC, consolidating the Company's ownership of Kupol and the Kupol East-West exploration licences in the Chukotka region of the Russian Federation.

## 20. TRANSITION TO IFRS

The Company's financial statements for the year ending December 31, 2011 will be the first annual consolidated financial statements to comply with IFRS. These interim financial statements are the first IFRS financial statements to be presented for part of the period to be covered by the Company's first IFRS annual financial statements. The adoption of IFRS has not materially changed the Company's overall cash flows or operations, however, it has resulted in certain differences in recognition, measurement and disclosure as compared to CDN GAAP.

In preparing the interim financial statements for the three months ended March 31, 2011 and the disclosures included in these financial statements, all comparative amounts have been restated to comply with IFRS, except where the Company has applied the optional and mandatory exemptions under IFRS 1. The Company has reconciled the following financial statements as prepared under CDN GAAP to those prepared under IFRS for the following periods:

- Consolidated balance sheets as at January 1, 2010, March 31, 2010 and December 31, 2010.
- Consolidated shareholders' equity as at January 1, 2010, March 31, 2010 and December 31, 2010.
- Consolidated statements of operations for the three months ended March 31, 2010 and the year ended December 31, 2010.
- Consolidated statements of comprehensive income (loss) for the three months ended March 31, 2010 and the year ended December 31, 2010.

The adoption of IFRS did not have a material impact on the Company's consolidated statements of cash flows under IFRS as compared to CDN GAAP. Certain cash flows, however, were reclassified. For the three months ended March 31, 2010 net operating cash flows increased by \$11.9 million with a corresponding decrease in investing cash flows related to the capitalization of exploration and evaluation costs. As well, operating cash flows increased by \$4.8 million, as a result of the reclassification of \$5.5 million in interest paid to financing cash flows and \$0.7 million in interest received to investing cash flows.

For the year ended December 31, 2010 net operating cash flows increased by \$76.7 million with a corresponding decrease in investing cash flows related to the capitalization of exploration and evaluation costs. This amount was offset by a reduction in net operating cash flows and a corresponding increase in investing cash flows as a result of the expensing of \$41.5 million in transaction costs related to the Red Back acquisition. As well, net operating cash flows increased by \$10.7 million, as a result of the reclassification of \$15.7 million in interest paid to financing cash flows and \$5.0 million in interest received to investing cash flows.

### i Mandatory exceptions

Mandatory exceptions applicable to the Company are as follows:

#### (a) Hedge accounting

Hedge accounting can only be applied to those transactions that satisfy conditions under IAS 39 at the transition date. Transactions entered into before the transition date are not permitted to be retrospectively designated as hedges if they did not meet the conditions for hedge accounting in IAS 39. All hedging relationships to which the Company applied hedge accounting under CDN GAAP also qualify for hedge accounting under IFRS at the transition date. As a result, hedge accounting has been applied under IFRS to the same relationships as it was applied to under CDN GAAP.

**(b) Estimates**

Estimates made at the transition date under CDN GAAP must be consistent with estimates made under IFRS unless they require adjustment to reflect a revised accounting policy. At the transition date, hindsight has not been used to create or revise estimates.

**ii Optional exemptions**

The significant optional exemptions elected and applied by the Company are as follows:

**(a) Business combinations**

Business combinations that occurred prior to the transition date have not been restated. Business combinations that occurred during the year ended December 31, 2010 have been restated to comply with IFRS 3 "Business Combinations". The impact of the restatement of business combinations is described in the explanatory notes following the reconciliations between CDN GAAP and IFRS.

**(b) Provision for reclamation and remediation**

The provision for reclamation and remediation (decommissioning liability) as at the transition date has been measured in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". The Company estimated the amount that would have been included in the cost of the related asset when the liability first arose by discounting the liabilities to that date using its best estimate of the historical risk-adjusted discount rates that would have applied for the liabilities over periods prior to the transition date. Accumulated depreciation on the cost at the transition date was determined using the UOP depreciation method based on the current estimate of the life of mine and the recoverable ounces to be mined from estimated proven and probable reserves. The impact of the restatement of the provision for reclamation and remediation is described in the explanatory notes following the reconciliations between CDN GAAP and IFRS.

**(c) Borrowing costs**

IAS 23 "Borrowing Costs" has been applied prospectively from the transition date. As a result, the carrying value at the transition date of previously capitalized borrowing costs, as determined under CDN GAAP, has been reversed with an adjustment to opening accumulated deficit and property, plant and equipment. The impact of the restatement of borrowing costs is described in the explanatory notes following the reconciliations between CDN GAAP and IFRS.

**iii Reconciliations between CDN GAAP and IFRS**

The following reconciliations summarize the impact on the Company's CDN GAAP financial statements as a result of adopting IFRS. Explanations of the impact of the adjustments are provided in the explanatory notes following the reconciliations.

**Kinross Gold Corporation**  
**Reconciliation of Condensed Consolidated Balance Sheet**  
**at January 1, 2010**

(Unaudited and expressed in millions of United States dollars)

CDN GAAP Accounts	Reference	CDN GAAP	IFRS adjustments	Re- classifications	IFRS	IFRS Accounts
				Note (a)		
<b>Assets</b>						<b>Assets</b>
Current assets						Current assets
Cash, cash equivalents and short-term investments		\$ 632.4	\$ -	\$ (35.0)	\$ 597.4	Cash and cash equivalents
Restricted Cash		24.3	-	-	24.3	Restricted cash
				35.0	35.0	Short term investments
Accounts receivable and other assets		135.5	-	-	135.5	Accounts receivable and other assets
Inventories		554.4	-	-	554.4	Inventories
Unrealized fair value of derivative assets		44.3	-	-	44.3	Unrealized fair value of derivative assets
		1,390.9	-	-	1,390.9	
Property, plant and equipment	(e)(f)(g)(h)(k)	4,989.9	(153.2)	-	4,836.7	Non-current assets
Goodwill		1,179.9	-	-	1,179.9	Property, plant and equipment
Long-term investments	(m)	292.2	16.3	(150.7)	157.8	Goodwill
				150.7	150.7	Long-term investments
						Investments in associates and Working Interest
Unrealized fair value of derivative assets		1.9	-	-	1.9	Unrealized fair value of derivative assets
Deferred charges and other long-term assets		158.4	-	-	158.4	Deferred charges and other long-term assets
		\$ 8,013.2	\$ (136.9)	\$ -	\$ 7,876.3	
<b>Liabilities</b>						<b>Liabilities</b>
Current liabilities						Current liabilities
Accounts payable and accrued liabilities	(j)	\$ 312.9	\$ (0.9)	\$ (24.4)	\$ 287.6	Accounts payable and accrued liabilities
				24.4	24.4	Current tax payable
Current portion of long-term debt		177.0	-	-	177.0	Current portion of long-term debt
Current portion of reclamation and remediation obligations		17.1	-	-	17.1	Current portion of provisions
Current portion of unrealized fair value of derivative liabilities	(d)	131.0	83.6	-	214.6	Current portion of unrealized fair value of derivative liabilities
		638.0	82.7	-	720.7	
Long-term debt	(c)	515.2	(39.4)	-	475.8	Non-current liabilities
	(e)(n)		169.0	279.5	448.5	Long-term debt
	(c)		77.2	212.8	290.0	Provisions
						Unrealized fair value of derivative liabilities
Other long-term liabilities		543.0	-	(492.3)	50.7	Other long-term liabilities
Future income and mining taxes	(e)(f)(g)(h)(i)(k)(n)	624.6	(390.3)	-	234.3	Deferred tax liabilities
		2,320.8	(100.8)	-	2,220.0	
<b>Non-controlling interest</b>		132.9	-	(132.9)	-	
<b>Common shareholders' equity</b>						<b>Equity</b>
Common share capital and common share purchase warrants	(d)	6,448.1	(68.8)	-	6,379.3	Common shareholders' equity
Contributed surplus	(c)(j)	169.6	(62.2)	-	107.4	Common share capital and common share purchase warrants
Accumulated deficit		(838.1)	97.5	-	(740.6)	Contributed surplus
Accumulated other comprehensive loss	(n)	(220.1)	1.7	-	(218.4)	Accumulated deficit
		5,559.5	(31.8)	-	5,527.7	Accumulated other comprehensive loss
	(e)(f)(g)		(4.3)	132.9	128.6	Non-controlling interest
		5,559.5	(36.1)	132.9	5,656.3	
		\$ 8,013.2	\$ (136.9)	\$ -	\$ 7,876.3	

**Kinross Gold Corporation**  
**Reconciliation of Condensed Consolidated Balance Sheet**  
**at March 31, 2010**

(Unaudited and expressed in millions of United States dollars)

CDN GAAP Accounts	Reference	CDN GAAP	Opening balance sheet adjustments	IFRS adjustments	Re-classifications	IFRS	IFRS Accounts
					Note (a)		
<b>Assets</b>							<b>Assets</b>
Current assets							Current assets
Cash, cash equivalents and short-term investments		\$ 1,091.1	\$ -	\$ -	\$ (25.0)	\$ <b>1,066.1</b>	Cash and cash equivalents
Restricted Cash		46.3	-	-	-	<b>46.3</b>	Restricted cash
Accounts receivable and other assets		143.6	-	-	25.0	<b>143.6</b>	Short term investments
Inventories		528.4	-	-	-	<b>528.4</b>	Accounts receivable and other assets
Unrealized fair value of derivative assets		42.2	-	-	-	<b>42.2</b>	Inventories
		1,851.6	-	-	-	<b>1,851.6</b>	Unrealized fair value of derivative assets
Property, plant and equipment	(e)(f)(g)	4,402.8	(153.2)	7.4	-	<b>4,257.0</b>	Non-current assets
Goodwill		818.9	-	-	-	<b>818.9</b>	Property, plant and equipment
Long-term investments	(m)	718.9	16.3	7.4	(558.1)	<b>184.5</b>	Goodwill
	(l)		-	41.4	558.1	<b>599.5</b>	Long-term investments
Unrealized fair value of derivative assets		7.5	-	-	-	<b>7.5</b>	Investments in associates and Working Interest
Deferred charges and other long-term assets		179.9	-	-	-	<b>179.9</b>	Unrealized fair value of derivative assets
		\$ 7,979.6	\$ (136.9)	\$ 56.2	\$ -	<b>\$ 7,898.9</b>	Deferred charges and other long-term assets
<b>Liabilities</b>							<b>Liabilities</b>
Current liabilities							Current liabilities
Accounts payable and accrued liabilities	(i)(j)	\$ 290.6	\$ (0.9)	\$ (2.4)	\$ (59.6)	\$ <b>227.7</b>	Accounts payable and accrued liabilities
Current portion of long-term debt	(i)	132.6	-	2.3	59.6	<b>61.9</b>	Current tax payable
Current portion of reclamation and remediation obligations		15.9	-	-	-	<b>15.9</b>	Current portion of long-term debt
Current portion of unrealized fair value of derivative liabilities	(d)	148.8	83.6	(21.9)	-	<b>210.5</b>	Current portion of provisions
		587.9	82.7	(22.0)	-	<b>648.6</b>	Current portion of unrealized fair value of derivative liabilities
Long-term debt	(c)	507.4	(39.4)	2.5	-	<b>470.5</b>	Non-current liabilities
	(e)		169.0	(1.8)	287.7	<b>454.9</b>	Long-term debt
	(c)		77.2	(19.0)	178.0	<b>236.2</b>	Provisions
Other long-term liabilities		517.7	-	-	(465.7)	<b>52.0</b>	Unrealized fair value of derivative liabilities
Future income and mining taxes	(e)(f)(g)(h)(i)(l)	529.6	(390.3)	19.3	-	<b>158.6</b>	Other long-term liabilities
		2,142.6	(100.8)	(21.0)	-	<b>2,020.8</b>	Deferred tax liabilities
<b>Non-controlling interest</b>		150.6	-	-	(150.6)	-	
<b>Common shareholders' equity</b>							<b>Equity</b>
Common share capital and common share purchase warrants		6,463.0	(68.8)	-	-	<b>6,394.2</b>	Common shareholders' equity
Contributed surplus	(j)	165.7	(62.2)	0.5	-	<b>104.0</b>	Common share capital and common share purchase warrants
Accumulated deficit		(762.3)	97.5	70.7	-	<b>(594.1)</b>	Contributed surplus
Accumulated other comprehensive loss	(m)	(180.0)	1.7	5.7	-	<b>(172.6)</b>	Accumulated deficit
		5,686.4	(31.8)	76.9	-	<b>5,731.5</b>	Accumulated other comprehensive loss
	(e)(f)(g)		(4.3)	0.3	150.6	<b>146.6</b>	Non-controlling interest
		5,686.4	(36.1)	77.2	150.6	<b>5,878.1</b>	
		\$ 7,979.6	\$ (136.9)	\$ 56.2	\$ -	<b>\$ 7,898.9</b>	

**Kinross Gold Corporation**  
**Reconciliation of Condensed Consolidated Balance Sheet**  
**at December 31, 2010**

(Unaudited and expressed in millions of United States dollars)

CDN GAAP Accounts	Reference	CDN GAAP	Opening balance sheet adjustments	IFRS adjustments	Re-classifications	IFRS	IFRS Accounts
							Note (a)
<b>Assets</b>							
<b>Current assets</b>							
Cash, cash equivalents and short-term investments		\$ 1,466.6	\$ -	\$ -	\$ -	\$ <b>1,466.6</b>	Cash and cash equivalents
Restricted Cash		2.1	-	-	-	<b>2.1</b>	Restricted cash
Accounts receivable and other assets		329.4	-	-	-	<b>329.4</b>	Accounts receivable and other assets
Inventories		737.0	-	-	-	<b>737.0</b>	Inventories
Unrealized fair value of derivative assets		133.4	-	-	-	<b>133.4</b>	Unrealized fair value of derivative assets
		2,668.5	-	-	-	<b>2,668.5</b>	
Property, plant and equipment	(b)(e)(f)(g)(h)(k)	6,911.5	(153.2)	1,464.3	-	<b>8,222.6</b>	Property, plant and equipment
Goodwill	(b)	5,980.0	-	105.9	-	<b>6,085.9</b>	Goodwill
Long-term investments	(m)	629.9	16.3	(16.3)	(426.1)	<b>203.8</b>	Long-term investments
	(l)		-	41.4	426.1	<b>467.5</b>	Investments in associates and Working Interest
Unrealized fair value of derivative assets		2.6	-	-	-	<b>2.6</b>	Unrealized fair value of derivative assets
Deferred charges and other long-term assets		204.6	-	-	-	<b>204.6</b>	Deferred charges and other long-term assets
	(i)		-	11.1	-	<b>11.1</b>	Deferred tax assets
		\$ 16,397.1	\$ (136.9)	\$ 1,606.4	\$ -	<b>\$17,866.6</b>	
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities	(i)(j)	\$ 496.6	\$ (0.9)	\$ (7.8)	\$ (76.2)	\$ <b>411.7</b>	Accounts payable and accrued liabilities
Current portion of long-term debt	(i)	48.4	-	11.4	76.2	<b>87.6</b>	Current tax payable
Current portion of reclamation and remediation obligations	(e)	23.1	-	0.3	-	<b>23.4</b>	Current portion of long-term debt
Current portion of unrealized fair value of derivative liabilities	(d)	359.3	83.6	(35.2)	-	<b>407.7</b>	Current portion of provisions
		927.4	82.7	(31.3)	-	<b>978.8</b>	Current portion of unrealized fair value of derivative liabilities
Long-term debt	(c)	454.6	(39.4)	10.8	-	<b>426.0</b>	Non-current liabilities
	(e)		169.0	30.0	371.8	<b>570.8</b>	Long-term debt
	(c)		77.2	(38.3)	58.1	<b>97.0</b>	Provisions
Other long-term liabilities		532.4	-	-	(429.9)	<b>102.5</b>	Unrealized fair value of derivative liabilities
Future income and mining taxes	(b)(e)(f)(g)(h)(i)(k)(l)	883.8	(390.3)	391.2	-	<b>884.7</b>	Other long-term liabilities
		2,798.2	(100.8)	362.4	-	<b>3,059.8</b>	Deferred tax liabilities
<b>Non-controlling interest</b>		198.4	-	-	(198.4)	-	
<b>Common shareholders' equity</b>							
Common share capital and common share purchase warrants	(b)(j)	13,468.6	(68.8)	1,176.6	-	<b>14,576.4</b>	Common shareholders' equity
Contributed surplus	(b)(j)	231.7	(62.2)	16.0	-	<b>185.5</b>	Common share capital and common share purchase warrants
Accumulated deficit		(137.1)	97.5	0.7	-	<b>(38.9)</b>	Contributed surplus
Accumulated other comprehensive loss	(m)	(162.7)	1.7	(18.3)	-	<b>(179.3)</b>	Accumulated deficit
		13,400.5	(31.8)	1,175.0	-	<b>14,543.7</b>	Accumulated other comprehensive loss
	(e)(f)(g)		(4.3)	69.0	198.4	<b>263.1</b>	Non-controlling interest
		13,400.5	(36.1)	1,244.0	198.4	<b>14,806.8</b>	
		\$ 16,397.1	\$ (136.9)	\$ 1,606.4	\$ -	<b>\$17,866.6</b>	

**Kinross Gold Corporation**  
**Reconciliation of Condensed Consolidated Shareholders' Equity**

(Unaudited and expressed in millions of United States dollars)

		December 31, 2010	As at March 31, 2010	January 1, 2010
<b>Common shareholders' equity under Canadian GAAP</b>	Reference	\$ 13,400.5	\$ 5,686.4	\$ 5,559.5
<b>Differences increasing (decreasing) reported shareholders' equity:</b>				
Business combinations	(b)	1,359.7	-	-
Convertible notes	(c)	27.5	16.5	(37.8)
Warrants	(d)	35.2	21.9	(83.6)
Reclamation and remediation obligations	(e)	2.0	(0.2)	(59.0)
Borrowing costs	(f)	(4.0)	(0.9)	(38.8)
Capitalized E&E costs	(g)	62.4	9.9	63.1
Deferred taxes on prior asset acquisitions	(h)	(39.9)	(2.5)	(26.7)
Income taxes	(i)	12.4	(9.4)	131.4
Share-based payments	(j)	(0.9)	(0.2)	0.9
Impairment of property, plant and equipment	(k)	(297.5)	-	6.8
Interest in joint ventures	(l)	34.4	34.4	-
Investment in associates	(m)	(16.3)	7.4	16.3
Other	(n)	-	-	(4.4)
IFRS adjustments		1,175.0	76.9	(31.8)
Impact of January 1, 2010 IFRS adjustments		(31.8)	(31.8)	-
<b>Equity attributed to Common shareholders</b>		<b>14,543.7</b>	<b>5,731.5</b>	<b>5,527.7</b>
Non-controlling interests	(a)(e)(f)(g)	263.1	146.6	128.6
<b>Equity under IFRS</b>		<b>\$ 14,806.8</b>	<b>\$ 5,878.1</b>	<b>\$ 5,656.3</b>

**Kinross Gold Corporation**  
**Reconciliation of Condensed Consolidated Statement of Operations**  
**for the three months ended March 31, 2010**

(Unaudited and expressed in millions of United States dollars)

CDN GAAP Accounts	Reference	CDN GAAP	IFRS adjustments	Re- classifications	IFRS	IFRS Accounts
				Note (a)		
<b>Revenue</b>						<b>Revenue</b>
Metal sales		\$ 657.6	\$ -	\$ -	\$ 657.6	Metal sales
<b>Operating costs and expenses</b>						<b>Cost of sales</b>
Cost of sales (excludes reclamation, depreciation and amortization)	(i)	277.4	(2.6)	-	274.8	Production costs
Accretion and reclamation expense		5.2	-	(5.2)	-	
Depreciation, depletion and amortization	(e)(f)(g)	128.9	1.7		130.6	Depreciation, depletion and amortization
			(0.9)	(5.2)	405.4	<b>Total Cost of sales</b>
		246.1	0.9	5.2	252.2	<b>Gross Profit</b>
Other operating costs	(g)	6.2	(6.6)	-	(0.4)	Other operating costs (income)
Exploration and business development	(g)	18.2	(5.3)	-	12.9	Exploration and business development
General and administrative	(j)	28.3	0.7	-	29.0	General and administrative
<b>Operating earnings</b>		193.4	12.1	5.2	210.7	<b>Operating earnings</b>
Other income (expense) – net	(c)(d)(i)(l)	24.1	80.9	8.6	113.6	Other income (expense) – net
	(m)		1.7	(3.2)	(1.5)	Equity in losses of associates
			-	0.7	0.7	Finance income
	(c)(e)(f)		(3.5)	(13.3)	(16.8)	Finance expense
<b>Earnings before taxes and other items</b>		217.5	91.2	(2.0)	306.7	<b>Earnings before taxes</b>
Income and mining taxes expense - net	(e)(f)(g)(h)(i)(l)	(78.8)	(20.2)	(1.2)	(100.2)	Income tax expense - net
Equity in losses of associated companies		(3.2)	-	3.2	-	
Non-controlling interest of subsidiary		(24.9)	-	24.9	-	
<b>Net earnings</b>		\$ 110.6	\$ 71.0	\$ 24.9	\$ 206.5	<b>Net earnings</b>
	(e)(f)(g)		0.3	24.9	25.2	Attributed to non-controlling interest
					\$ 181.3	<b>Attributed to common shareholders</b>
<b>Earnings per share</b>						<b>Earnings per share</b>
Basic		\$ 0.16			\$ 0.26	Basic
Diluted		\$ 0.16			\$ 0.26	Diluted
<b>Weighted average number of common shares outstanding (millions)</b>						<b>Weighted average number of common shares outstanding (millions)</b>
Basic		696.4			696.4	Basic
Diluted		699.7			699.7	Diluted

**Kinross Gold Corporation**  
**Reconciliation of Condensed Consolidated Statement of Comprehensive Income (Loss)**  
**for the three months ended March 31, 2010**

*(Unaudited and expressed in millions of United States dollars)*

<b>CDN GAAP Accounts</b>	Reference	CDN GAAP	IFRS adjustments	Re- classifications	IFRS	<b>IFRS Accounts</b>	
Net earnings	\$	110.6	\$	71.0	\$	206.5	Net earnings
<b>Other comprehensive income (loss), net of tax:</b>				Note (a)			<b>Other comprehensive income, net of tax:</b>
Change in fair value of investments	(m)	18.3	5.7	-	24.0	24.0	Change in fair value of investments
Accumulated OCI related to investments sold		0.9	-	-	0.9	0.9	Accumulated OCI related to investments sold
Change in fair value of derivative financial instruments designated as cash flow hedges		(1.2)	-	-	(1.2)	(1.2)	Change in fair value of derivative financial instruments designated as cash flow hedges
Accumulated OCI related to derivatives settled		22.1	-	-	22.1	22.1	Accumulated OCI related to derivatives settled
		40.1	5.7	-	45.8	45.8	
<b>Total comprehensive income</b>	\$	150.7	\$	76.7	\$	252.3	<b>Total comprehensive income</b>
					\$	25.2	<b>Attributed to non-controlling interest</b>
					\$	227.1	<b>Attributed to common shareholders</b>

**Kinross Gold Corporation**  
**Reconciliation of Condensed Consolidated Statement of Operations**  
**for the year ended December 31, 2010**

(Unaudited and expressed in millions of United States dollars)

CDN GAAP Accounts	Reference	CDN GAAP	IFRS adjustments	Re- classifications	IFRS	IFRS Accounts
				Note (a)		
<b>Revenue</b>						<b>Revenue</b>
Metal sales		\$ 3,010.1	\$ -	\$ -	\$ 3,010.1	Metal sales
<b>Operating costs and expenses</b>						<b>Cost of sales</b>
Cost of sales (excludes reclamation, depreciation and amortization)	(e)(i)	1,255.4	(10.3)	8.1	1,253.2	Production costs
Accretion and reclamation expense		29.0	-	(29.0)	-	Depreciation, depletion and amortization
Depreciation, depletion and amortization	(b)(e)(f)(g)(k)	517.5	16.6		534.1	
			6.3	(20.9)	1,787.3	<b>Total Cost of sales</b>
		1,208.2	(6.3)	20.9	1,222.8	<b>Gross Profit</b>
Other operating costs	(g)	53.8	(43.9)	-	9.9	Other operating costs
Exploration and business development	(g)	142.7	(32.8)	-	109.9	Exploration and business development
General and administrative	(j)	144.5	(0.5)	-	144.0	General and administrative
	(k)		290.7	-	290.7	Impairment charges
<b>Operating earnings</b>		867.2	(219.8)	20.9	668.3	<b>Operating earnings</b>
Other income (expense) - net	(b)(c)(d)(i)(l)	293.0	295.2	26.1	614.3	Other income (expense) - net
	(m)		2.0	(3.9)	(1.9)	Equity in losses of associates
	(i)		-	5.8	5.8	Finance income
	(c)(e)(f)		(15.7)	(46.6)	(62.3)	Finance expense
<b>Earnings before taxes and other items</b>		1,160.2	61.7	2.3	1,224.2	<b>Earnings before taxes</b>
Income and mining taxes expense - net	(b)(e)(f)(g)(h)(i)(k)(l)	(275.4)	(56.9)	(6.2)	(338.5)	Income tax expense - net
Equity in losses of associated companies		(3.9)	-	3.9	-	
Non-controlling interest of subsidiary		(109.3)	-	109.3	-	
<b>Net earnings</b>		\$ 771.6	\$ 4.8	\$ 109.3	\$ 885.7	<b>Net earnings</b>
	(e)(f)(g)		4.1	109.3	113.4	<b>Attributed to non-controlling interest</b>
					\$ 772.3	<b>Attributed to common shareholders</b>
<b>Earnings per share</b>						<b>Earnings per share</b>
Basic		\$ 0.94			\$ 0.94	Basic
Diluted		\$ 0.94			\$ 0.93	Diluted
<b>Weighted average number of common shares outstanding (millions)</b>						<b>Weighted average number of common shares outstanding (millions)</b>
Basic		824.5			824.5	Basic
Diluted		829.2			829.2	Diluted

**Kinross Gold Corporation**  
**Reconciliation of Consolidated Statement of Comprehensive Income (Loss)**  
**for the year ended December 31, 2010**

*(Unaudited and expressed in millions of United States dollars)*

CDN GAAP Accounts	Reference	CDN GAAP	IFRS adjustments	Re- classifications	IFRS	IFRS Accounts	
<b>Net earnings</b>		\$ 771.6	\$ 4.8	\$ 109.3	<b>\$ 885.7</b>	Net earnings (loss)	
<b>Other comprehensive income (loss), net of tax:</b>				Note (a)		<b>Other comprehensive income (loss), net of tax:</b>	
Change in fair value of investments	(m)	331.4	(18.3)	-	<b>313.1</b>	Change in fair value of investments	
Accumulated OCI related to investments sold		(70.8)	-	-	<b>(70.8)</b>	Accumulated OCI related to investments sold	
Reclassification of accumulated OCI related to the investment in Redback		(209.3)	-	-	<b>(209.3)</b>	Reclassification of accumulated OCI related to the investment in Redback	
Reclassification of accumulated OCI related to the investment in Underworld		(7.4)	-	-	<b>(7.4)</b>	Reclassification of accumulated OCI related to the investment in Underworld	
Change in fair value of derivative financial instruments designated as cash flow hedges		(75.2)	-	-	<b>(75.2)</b>	Change in fair value of derivative financial instruments designated as cash flow hedges	
Accumulated OCI related to derivatives settled		88.7	-	-	<b>88.7</b>	Accumulated OCI related to derivatives settled	
			57.4	(18.3)	-	<b>39.1</b>	
<b>Total comprehensive income</b>		<b>\$ 829.0</b>	<b>\$ (13.5)</b>	<b>\$ 109.3</b>	<b>\$ 924.8</b>	<b>Total comprehensive income</b>	
					<b>\$ 113.4</b>	<b>Attributed to non-controlling interest</b>	
					<b>\$ 811.4</b>	<b>Attributed to common shareholders</b>	

#### iv. Explanatory notes

##### (a) Reclassifications

The following items have been reclassified from their presentation under CDN GAAP to conform to the presentation under IFRS:

Consolidated balance sheets:

- Cash and cash equivalents is separately disclosed under IFRS; therefore, short-term investments which were grouped with Cash and cash equivalents under CDN GAAP have been reclassified to Short-term investments;
- Current tax payable is now presented on the face of the consolidated balance sheets, reclassified from Accounts payable and accrued liabilities;
- Investments accounted for using the equity method under CDN GAAP are defined as associates under IFRS and have been reclassified from Long-term investments to Investments in associates and Working Interest;
- Non-current portion of unrealized fair value of derivative liabilities have been reclassified from Other long-term liabilities to a separate line item;
- Reclamation and remediation obligations, current and long-term portions, have been reclassified to Provisions;
- Non-controlling interest has been reclassified to Equity.

Consolidated statements of operations:

- Accretion and interest expenses, other than those related to income taxes, included in Other income (expense) under CDN GAAP are considered Finance expense and have been reclassified as such;
- Reclamation expenses included in Accretion and reclamation expense under CDN GAAP have been reclassified to Production costs;
- Interest, penalties and foreign exchange on income taxes included in Other income (expense) under CDN GAAP has been reclassified to Income tax expense - net;
- Interest income included in Other income (expense) under CDN GAAP has been reclassified to Finance income;
- Non-controlling interest has been eliminated as a line item to arrive at net income as under IFRS net earnings are attributed common shareholders and non-controlling interests.

##### (b) Business combinations

On September 17, 2010, the Company completed the acquisition of all of the issued and outstanding shares of Red Back Mining Inc. ("Red Back") that it did not previously own. Details of the consideration paid and preliminary purchase price allocation for the acquisition of Red Back under CDN GAAP and IFRS is presented below:

Red Back Purchase Price	Reference	CDN GAAP	IFRS Adj	IFRS
Common shares issued (416.4 million)	(i)	\$ 6,549.3	\$ 1,129.0	\$ 7,678.3
Fair value of warrants issued (25.8 million)	(i)	117.7	43.6	161.3
Fair value of options issued (8.7 million)	(i)	69.8	21.4	91.2
Shares previously acquired	(ii)	580.3	209.3	789.6
Acquisition costs	(iii)	41.5	(41.5)	-
Total Purchase Price		7,358.6	1,361.8	8,720.4

<b>Preliminary Red Back Purchase Price Allocation</b>	Reference	CDN GAAP	IFRS Adj	IFRS
Cash and cash equivalents		\$ 742.6	\$ -	\$ 742.6
Accounts receivable and other assets		27.0	-	27.0
Inventories		115.2	-	115.2
Property, plant and equipment (including mineral interests)	(iv)	1,765.8	1,761.3	3,527.1
Accounts payable and accrued liabilities		(103.4)	-	(103.4)
Future income and mining tax liabilities/Deferred tax liabilities	(v)	(311.5)	(440.5)	(752.0)
Other long-term liabilities		(34.3)	-	(34.3)
Non-controlling interest	(vi)	(3.9)	(64.9)	(68.8)
Goodwill	(vii)	5,161.1	105.9	5,267.0
<b>Total Purchase Price</b>		<b>7,358.6</b>	<b>1,361.8</b>	<b>8,720.4</b>

- i. As consideration for the acquisition, the Company issued 416.4 million common shares and 25.8 million US\$ warrants to the shareholders of Red Back, as well as 8.7 million fully vested replacement options to the option holders of Red Back.

Under CDN GAAP, the equity consideration was measured at its fair value at the date the acquisition was announced, August 2, 2010. The fair value of the common shares issued was \$6,549.3 million and the fair values of warrants, and replacement options issued were \$117.7 million, and \$69.8 million, respectively, resulting in a total fair value of \$6,736.8 million.

Under IFRS, the equity consideration was measured at its fair value on the acquisition date, September 17, 2010. The fair value of the common shares issued was \$7,678.3 million and the fair values of the warrants, and replacement options issued were \$161.3 million, and \$91.2 million, respectively, resulting in a total fair value of \$7,930.8 million. The differences in the measurement of the total equity consideration under IFRS resulted in an increase in the purchase price of \$1,194.0 million with a corresponding increase in goodwill. As a result, Common share capital and common share purchase warrants increased by \$1,172.6 million and Contributed surplus by \$21.4 million.

- ii. Under CDN GAAP, the Company's initial investment in Red Back was included in the total purchase price of the acquisition at its original cost of \$580.3 million. Under IFRS, the Company's initial investment in Red Back was included in the total purchase price of the acquisition at its fair value on the acquisition date, September 17, 2010. The fair value of the Company's initial investment in Red Back on the acquisition date was \$789.6 million. The difference in the measurement of Kinross' initial investment in Red Back under IFRS resulted in an increase in the purchase price of \$209.3 million with a corresponding increase in goodwill.

Prior to the acquisition, the Company accounted for its investment in Red Back shares as an available-for-sale investment under both CDN GAAP and IFRS. For CDN GAAP, unrealized gains recorded in OCI were reversed against the carrying value of the investment. Under IFRS, unrealized gains recorded in OCI of \$209.3 million were reversed through net earnings in Other income (expense).

- iii. Under CDN GAAP, \$41.5 million of acquisition-related costs were included in the determination of the purchase price of the acquisition. Under IFRS, acquisition-related costs were expensed in Other income (expense) in the period and were not included in the determination of the purchase price. This difference in the treatment of acquisition-related costs under IFRS resulted in a decrease in the purchase price of \$41.5 million with a corresponding decrease in goodwill.
- iv. Under CDN GAAP, a portion of the purchase price relating to expected additional value is allocated to goodwill. Under IFRS, the amount related to expected additional value is allocated to mineral interests within property, plant and equipment. As a result, \$1,694.4 million was reallocated from goodwill to property, plant and equipment (including mineral interests). Also, under CDN GAAP, the fair values of the Chirano assets were measured at 90% of their fair value. However, for IFRS, these fair values were measured at 100% of their fair value. The difference in the measurement of the fair value of the Chirano assets for IFRS resulted in an increase in property, plant and equipment (including mineral interests) of \$66.9 million, and a corresponding decrease in goodwill of \$66.9 million.

- v. As a result of the adjustments to the purchase equation and fair value allocations under IFRS, future income tax under IFRS increased by \$440.5 million and goodwill increased by a corresponding amount.
- vi. Under IFRS, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree is measured at fair values on the acquisition date. The Company holds a 90% interest in the Chirano mine with the Government of Ghana having the right to the remaining 10%.

Under CDN GAAP, non-controlling interest was measured at its book value of \$3.9 million. Under IFRS, non-controlling interest was measured at its fair value of \$68.8 million, being 10% of the fair value of the net assets acquired on September 17, 2010, the acquisition date. This difference in the measurement of non-controlling interest under IFRS resulted in an increase in non-controlling interest of \$64.9 and a corresponding increase in goodwill.

- vii. As a result of the above entries, the total adjustments under IFRS resulted in a \$105.9 million net increase in goodwill as compared to CDN GAAP.

Until such time as the purchase price allocation is finalized, all of the goodwill was assigned to the Corporate and Other segment. None of the goodwill recognized is expected to be deductible for tax purposes.

During the period subsequent to the acquisition of Red Back to December 31, 2010, the accounting under IFRS resulted in an increase in Depreciation, depletion and amortization of \$3.0 million with a corresponding decrease in Property, plant and equipment (including mineral interests) and a decrease of \$0.9 million in both Income tax expense and Deferred income tax. In addition, on the exercise of options granted as part of the acquisition, \$4.4 million of the option valuation adjustment to Contributed surplus under IFRS described in (i), above, was reallocated from Contributed surplus to Common share capital.

## **Pro forma Information**

### *Basis of Presentation*

The following unaudited pro forma results of operations, prepared in accordance with IFRS, have been prepared as if the Red Back acquisition had occurred at January 1, 2010. The unaudited pro forma consolidated financial statement information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Any potential synergies that may be realized and integration costs that may be incurred have been excluded from the unaudited pro forma financial statement information, including Red Back transaction costs.

### Pro Forma Assumptions and Adjustments

Certain adjustments have been reflected in this unaudited pro forma consolidated statement of operations to illustrate the effects of purchase accounting where the impact could be reasonably estimated.

- a) To increase depreciation expense to reflect depreciation of the fair value increment on property, plant, and equipment (including mineral interests).
- b) To expense exploration costs that had been deferred in accordance with the Company's E&E policy under IFRS.
- c) To adjust accretion on asset retirement obligations for the period prior to acquisition to reflect the impact of IFRS.

d) To tax effect all the above listed adjustments.

<i>(Unaudited and Expressed in millions of United States dollars)</i>	<b>Year ended December 31, 2010</b>
Revenue	3,337.9
Net Earnings	853.5

**(c) Convertible notes**

Under IFRS, the conversion options attached to the convertible notes which provide the Company with the option to settle the conversions in cash are treated as embedded derivatives. As these embedded derivatives are not closely related to the underlying debt, they are separated from the underlying debt and classified as a derivative liability. On initial recognition, this derivative liability was measured at fair value. The difference between the proceeds of the convertible debt and the fair value of the derivative liability was determined to be the carrying value of the underlying debt. Subsequent to initial recognition, the derivative liability is recorded at fair value each reporting period with changes in its fair value being recognized in the consolidated statement of operations. The underlying debt is accreted to its face value using the effective interest method.

Under CDN GAAP, the value of the convertible notes consisted of a debt component and an equity component. On initial recognition, the fair value of the debt component was determined, and the difference between the proceeds and the fair value of the debt component was treated as equity. Subsequent to initial recognition, the debt component was accreted to its face value using the effective interest method. The equity component was not revalued.

On transition, the accounting under IFRS resulted in an increase in Unrealized fair value of derivative liabilities of \$77.2 million, a decrease Long-term debt of \$39.4 million, and a decrease in Contributed surplus of \$76.6 million. As a result, the accumulated deficit decreased by \$38.8 million.

During the three months ended March 31, 2010, the accounting under IFRS resulted in an increase of \$19.0 million in income included in Other income (expense) with a corresponding decrease in Unrealized fair value of derivative liabilities. Finance expense increased by \$2.5 million with a corresponding increase in Long-term debt.

During the year ended December 31, 2010, the accounting under IFRS resulted in an increase of \$38.3 million in income included in Other income (expense) with a corresponding decrease in Unrealized fair value of derivative liabilities. Finance expense increased by \$10.8 million with a corresponding increase in Long-term debt.

**(d) Warrants**

Under IFRS, the outstanding CDN\$ denominated common share purchase warrants, related to the Bema and Aurelian acquisitions, are considered derivative instruments and have been reclassified as a liabilities measured at fair value. On initial recognition and at each subsequent reporting date the derivatives are adjusted to fair value and changes in fair value are recognized in the consolidated statement of operations.

Under CDN GAAP, the Company accounted for its CDN\$ denominated warrants as equity instruments measured at their historical cost.

On transition, the accounting under IFRS resulted in an increase of \$83.6 million in current unrealized fair value of derivative liabilities, a decrease of \$68.8 million in Common share capital and common share purchase warrants and an increase of \$14.8 million in accumulated deficit.

During the three months ended March 31, 2010, the accounting under IFRS resulted in an increase of \$21.9 million in income included in Other income (expense) with a corresponding decrease in Current portion of unrealized fair value of derivative liabilities, representing a decrease in the fair value of the warrants as determined under IFRS.

During the year ended December 31, 2010, the decrease in the fair value of the warrants as determined under IFRS resulted in an increase of \$35.2 million in income included in Other income (expense) with a corresponding decrease in current portion of unrealized fair value of derivative liabilities.

**(e) Provision for reclamation and remediation**

Under IFRS, the Company recognizes a provision based on the estimated amount to be paid out at the time of decommissioning, discounted using a pre-tax discount rate that reflects the market's assessment of the time value of money and the risks specific to the liability at the reporting date. IFRS also requires changes in the liability to be recorded each period based on changes in discount rates in addition to changes in estimated timing or amount of future cash flows.

As a result of applying the IFRS 1 election related to reclamation and remediation obligations, the Company estimated the amount that would have been included in the cost of the reclamation and remediation asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rate that would have applied for that liability over the periods prior to the transition date. Accumulated depreciation on the cost at the transition date was determined using the UOP method based on the current estimate of the life of mine and the recoverable ounces to be mined from estimated proven and probable reserves.

Under CDN GAAP, the Company recorded a provision for reclamation and remediation based on the estimated amount to be paid out at the time of decommissioning discounted to the current date using a credit adjusted risk free rate. Subsequent to a provision for reclamation and remediation being recorded, changes to the estimated liability, other than accretion, were recorded only as a result of changes in the timing or amount of future cash flows to settle the obligations.

On transition to IFRS, the provision for reclamation and remediation was increased by \$163.4 million in the opening balance sheet. The application of the IFRS 1 exemption resulted in an increase of \$85.4 million to the carrying value of Property, plant and equipment in the opening balance sheet. These adjustments resulted in an increase in the Company's Accumulated deficit of \$59.0 million, net of related income tax of \$18.5 million and non-controlling interest of \$0.5 million.

During the three months ended March 31, 2010, the accounting under IFRS resulted in an increase of \$2.3 million in Depreciation, depletion and amortization with a corresponding decrease in Property, plant and equipment. Finance expense (accretion) and Provisions decreased by \$1.8 million, and both net earnings attributed to non-controlling interest and non-controlling interest decreased by \$0.1 million. Income tax expense and Deferred income tax liabilities both decreased by \$0.2 million.

During the year ended December 31, 2010, the accounting under IFRS resulted in an increase of \$8.1 million in Depreciation, depletion and amortization and a decrease of \$1.9 million in production costs. Property, plant and equipment increased by \$31.3 million and provisions increased by \$30.3 million. Finance expense (accretion) decreased by \$7.2 million and both income attributed to non-controlling interest and non-controlling interest decreased by \$0.2 million. Income tax expense and Deferred income tax liabilities both decreased by \$0.8 million.

**(f) Borrowing costs**

Under IFRS, IAS 23 "Borrowing Costs" ("IAS 23") provides specific guidance on the requirement to capitalize borrowing costs related to qualifying assets. IFRS 1 provides an optional exemption permitting the application of IAS 23 prospectively. In applying this exemption, the Company reversed the amount of capitalized interest included in the balance sheet at the transition date under CDN GAAP with a corresponding adjustment to Accumulated deficit on the transition date.

Under CDN GAAP, the Company may choose to adopt a policy to capitalize borrowing costs attributable to property, plant and equipment under certain conditions. In addition, CDN GAAP does not provide specific guidance as to identifying qualifying assets.

On transition to IFRS, the Company elected to apply IAS 23 prospectively as permitted under IFRS 1. The reversal of previously capitalized borrowing costs resulted in a reduction in the carrying value of Property, plant and equipment of \$59.5 million in the Company's opening balance sheet. This adjustment resulted in an increase in the Company's Accumulated deficit of \$38.8 million, net of related income tax of \$15.2 million and non-controlling interest of \$5.5 million.

During the three months ended March 31, 2010, the accounting under IFRS resulted in decreases of \$2.1 million in Depreciation, depletion and amortization, \$0.7 million in Property, plant and equipment, and \$0.1 million in Deferred tax liabilities and Income tax expense. Interest expense included in Finance expense increased by \$2.8 million and income attributed to non-controlling interest and non-controlling interest were each increased by \$0.3 million.

During the year ended December 31, 2010, the accounting under IFRS resulted in decreases of \$8.7 million in Depreciation, depletion and amortization, \$3.4 million in Property, plant and equipment and \$0.9 million in Deferred tax liabilities and Income tax expense. Interest expense included in Finance expense increased by \$12.1 million and income attributed to non-controlling interest and non-controlling interest were each increased by \$1.5 million.

**(g) Exploration and evaluation**

Under IFRS, except in the case of acquired exploration assets, E&E costs are expensed as incurred until such time as the Company expects that mineral resources will be converted to mineral reserves within a reasonable period. Thereafter, exploration and evaluation costs are capitalized prospectively. Upon demonstration of technical feasibility and commercial viability, capitalized E&E costs are transferred to capitalized development costs within Property, plant and equipment. Acquired exploration assets are always capitalized.

Under CDN GAAP, except in the case of acquired exploration assets, exploration and evaluation costs incurred prior to establishing proven and probable reserves for an exploration property or to expand existing properties were expensed as incurred. Once proven and probable reserves for a project were established and the Company determined that the property could be economically developed, further exploration and evaluation costs were capitalized prospectively.

On transition to IFRS, in the opening balance sheet, the change in accounting policy resulted in an increase of \$74.4 million in Property, plant and equipment and \$9.6 million in Deferred tax liabilities and a decrease of \$63.1 million in the Accumulated deficit. Non-controlling interest increased by \$1.7 million. Of the amount capitalized to Property, plant and equipment, \$25.8 million related to capitalized E&E costs, the balance related to capitalized development costs.

During the three months ended March 31, 2010, the accounting under IFRS resulted in increases of \$10.4 million in Property plant and equipment, \$1.5 million in Depreciation, depletion and amortization and \$0.4 million in Deferred tax liabilities. Other operating costs and Exploration and business development expenses decreased by \$6.6 million and \$5.3 million, respectively. Income tax expense increased by \$0.4 million. In addition, net earnings attributed to non-controlling interest

and non-controlling interest both increased by \$0.1 million. Of the amount capitalized to Property, plant and equipment, \$8.6 million related to capitalized E&E costs, the balance related to capitalized development costs.

During the year ended December 31, 2010, the accounting under IFRS resulted in increases of \$71.8 million in Property plant and equipment, \$4.9 million in Depreciation, depletion and amortization and \$6.6 million in Deferred tax liabilities. Other operating costs and Exploration and business development expenses decreased by \$43.9 million and \$32.8 million, respectively. Income tax expense increased by \$6.6 million with a corresponding increase in Deferred income tax. In addition, net earnings attributed to non-controlling interest and non-controlling interest both increased by \$2.8 million. Of the amount capitalized to Property, plant and equipment, \$45.5 million related to capitalized E&E costs, the balance related to capitalized development costs.

#### **(h) Deferred tax on prior asset acquisitions**

Under IFRS, a deferred tax liability or asset is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination.

Under CDN GAAP, when an asset is acquired other than in a business combination and the tax basis of that asset is less than or more than its cost, the cost or benefit of future income taxes recognized at the time of acquisition should be added to or deducted from the cost of the asset and the future tax liability or asset recognized.

On transition, the accounting required under IFRS resulted in a decrease in Property, plant and equipment of \$262.8 million and future income tax liabilities by \$236.1 million. The difference of \$26.7 million was an increase to the Accumulated deficit.

During the three months ended March 31, 2010, the accounting required under IFRS resulted in increases of \$2.5 million in Deferred tax liabilities and Income tax expense.

During the year ended December 31, 2010, the Company reversed additional deferred tax assets recognized under CDN GAAP on the Dvoynoye and B2 Gold asset acquisitions resulting in a decrease in Property, plant and equipment of \$93.7 million and a decrease in Deferred income tax of \$53.5 million. As a result of the reversal of deferred tax on transition and during the year, the Company recorded an increase of \$39.9 million in Income tax expense and an increase in Accounts payable and accrued liabilities of \$0.3 million.

#### **(i) Income taxes**

Under IFRS, in the determination of temporary differences, the carrying value of non-monetary assets and liabilities is translated into the functional currency at the historical rate and compared to its tax value translated into the functional currency at the current rate. The resulting temporary difference (measured in the functional currency) is then multiplied by the appropriate tax rate to determine the related deferred tax balance.

Under CDN GAAP, in the determination of temporary differences related to non monetary assets and liabilities, the temporary differences computed in local currency are multiplied by the appropriate tax rate. The resulting future income tax amount is then translated into the Company's functional currency if it is different from the local currency.

On transition, the accounting under IFRS related to the determination of temporary differences of foreign currency non-monetary assets and liabilities resulted in an opening balance sheet adjustment to decrease future income taxes and the Accumulated deficit by approximately \$98.0 million on transition to IFRS.

In addition, on transition, other changes in the determination of timing differences under IFRS resulted in a decrease to future tax liabilities of \$33.4 million, with a corresponding decrease to the Accumulated deficit.

During the three months ended March 31, 2010, the accounting required under IFRS resulted in increases of \$10.6 million in Income tax expense; \$2.3 million in Current tax payable; \$9.7 million in Deferred tax liabilities and \$1.4 million in expenses included in Other income (expense). In addition, Accounts payable and accrued liabilities and Production costs both decreased by \$2.6 million.

During the year ended December 31, 2010, Income tax expense was increased by \$8.5 million. Current tax payable was increased by \$11.4 million, Deferred tax assets were increased by \$11.1 million, and Deferred tax liabilities were decreased by \$4.3 million. In addition, Accounts payable and accrued liabilities and Production costs decreased by \$8.4 million. Expenses included in Other income (expense) were decreased by \$12.5 million.

#### **(j) Share-based payments**

Under IFRS, IFRS 2 "Share-based Payment" has been applied to equity instruments granted after November 7, 2002 that had not vested prior to the transition date. Where options and restricted share units issued under the Company's share-based compensation plans that vest over a number of periods, each vesting amount is valued as a separate tranche and each tranche is amortized over its vesting period. The result of the treatment under IFRS as compared with CDN GAAP is generally to accelerate the recognition of compensation costs.

Under CDN GAAP, stock options and restricted share units that were subject to graded vesting, i.e. that vest in equal increments over a three year period were treated as a single grant for purposes of valuation. The value of the grant was then amortized evenly over the vesting period.

On transition, the accounting under IFRS resulted in decreases of \$0.9 million in Accounts payable and accrued liabilities and increases of \$14.4 million in Contributed surplus and \$13.5 million in accumulated deficit.

During the three months ended March 31, 2010, the accounting under IFRS resulted in increases of \$0.7 million in General and administrative expense, \$0.2 million in Accounts payable and accrued liabilities and \$0.5 million in Contributed surplus.

During the year ended December 31, 2010, the accounting required under IFRS resulted in a decrease of \$0.5 million in General and administrative expense, and a increase of \$0.9 million in Accounts payable and accrued liabilities. Common share capital decreased by \$0.4 million and Contributed surplus decreased by \$1.0 million.

#### **(k) Impairment of property, plant and equipment**

Under IFRS, IAS 36, Impairment of Assets ("IAS 36") requires an impairment charge to be recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or value in use, is less than the carrying amount. The impairment charge under IFRS is the amount by which the carrying amount exceeds the recoverable amount. In addition, impairment losses for assets other than goodwill are required to be reversed where circumstances requiring the impairment charge have changed and support the reversal.

Under CDN GAAP whenever the estimated future cash flows on an undiscounted basis of a property are less than the carrying amount of the property, an impairment loss is measured and recorded based on fair values. CDN GAAP does not permit the reversal of impairment losses recognized in prior periods under any circumstances.

Under CDN GAAP, no impairment charge was recognized for either goodwill or property, plant and equipment at December 31, 2010.

On transition to IFRS, following a comprehensive review of historical impairment charges, the Company determined that a portion of the previously recognized impairment loss relating to the Fort Knox mine should be reversed. The reversal was attributed to mineral interests in Property, plant and equipment as a result of favourable changes in gold price and the

introduction of the heap leach process enabling more economic gold recovery at the Fort Knox mine since the impairment charge was recorded in 2005. The impairment reversal resulted in increases of \$9.3 million in Property, plant and equipment and \$2.5 million in Deferred tax liabilities, and a decrease of \$6.8 million in accumulated deficit.

During the three months ended March 31, 2010, no adjustment was required.

During the year ended December 31, 2010, the amount of the impairment reversed on transition was fully amortized resulting in an increase in Depreciation, depletion and amortization of \$9.3 million with a corresponding decrease in Property, plant and equipment and a decrease of \$2.5 million in both Deferred tax liabilities and income tax expense.

Under IFRS, the Company conducts an annual goodwill impairment test in accordance with the methodology described in Note 3(ix). In addition, the carrying value of property, plant and equipment is tested for impairment when there are events and circumstances that indicate that the carrying value of the underlying assets might not be recoverable.

At December 31, 2010, the Company completed its annual goodwill impairment testing under IFRS in accordance with the methodology described in Note 3(ix) and it was determined that there was no impairment to goodwill. As at December 31, 2010, the Company determined that the recoverable amount determined as the fair value less costs to sell of Fruta del Norte, a pre-development project in Ecuador, was less than its carrying amount. The estimate of fair value less costs to sell was based on the accounting policy described in Note 3(ix). As such, an impairment charge of \$290.7 million was recorded in Impairment charges on the consolidated statement of operations for the year ended December 31, 2010 with a corresponding decrease in property, plant and equipment. Under CDN GAAP, no such impairment was recorded because the estimated future cash flows, on an undiscounted basis, of Fruta del Norte exceeded its carrying amount.

#### **(l) Interest in joint ventures**

Under IFRS, in accordance with IAS 31 "Interests in Joint Ventures", when a jointly controlled entity becomes an associate as a result of a partial disposal, the investment retained is remeasured to fair value. As a result, the gain or loss on disposal is equal to the difference between the net proceeds and the carrying value for the interest disposed of plus the difference between the fair value of the retained interest and its carrying value prior to the disposal.

Under CDN GAAP, following a partial disposition of an investment where joint control is lost and the investment is to be accounted for using the equity method, the gain or loss on disposal is calculated as the difference between the net proceeds from the partial disposal and the carrying value of the investment disposed of. The retained interest in the investment is transferred to an equity method investment at its carrying value.

On transition, the accounting required under IFRS did not result in an adjustment.

On March 31, 2010, Kinross sold one half of its 50% interest in the Cerro Casale project, which was accounted for as a joint venture. As a result of the sale, the Company's interest was accounted for as an investment in an associate prospectively from March 31, 2010. The accounting under IFRS for the transfer from a joint venture to an investment in an associate resulted in an increase of \$41.4 million in Investments in associates with a corresponding increase in income included in Other income (expense) related to the difference between the fair value of the retained interest in Cerro Casale and its carrying value prior to the disposition. Income tax expense and Deferred tax liabilities were each increased by \$7.0 million. There was no additional impact during the remainder of the year.

**(m) Investments in associates**

Under IFRS, determining whether significant influence exists considers, among other things, the Company's equity interest in an investment inclusive of potential voting rights, after giving effect to shares issued and those presently issuable by the investee.

Under CDN GAAP, the Company's investment in an investee is determined based on the number of shares issued and outstanding at the time the determination is made. CDN GAAP does not consider potential voting rights in determining whether an investor has significant influence over an investment.

On transition to IFRS, the Company recorded an adjustment to increase the carrying value of Long-term investments by \$16.3 million in the Company's opening balance sheet as a result of the change in classification of an investment from equity method to available-for-sale. As a result, the Accumulated deficit was decreased by \$16.3 million.

During the three months ended March 31, 2010, the accounting under IFRS resulted in an increase of \$7.4 million in Long-term investments and an increase of \$5.7 million in Accumulated other comprehensive income. Equity in losses of associates was decreased by \$1.7 million relating to the reversal of the equity losses in the associate under CDN GAAP.

During the year ended December 31, 2010, the accounting under IFRS resulted in decreases in Equity in losses of associates of \$2.0 million. In addition, during the year, the investment was reclassified as available for sale under Canadian GAAP aligning the accounting treatment under CDN GAAP with IFRS. As a result, the opening IFRS adjustment was reversed and Accumulated other comprehensive loss was increased by \$18.3 million.

**(n) Other**

Other IFRS adjustments on transition resulted in increases of \$5.6 million in Provisions and \$6.1 million in Accumulated deficit, and decreases of \$1.2 million in Deferred tax liabilities and \$1.7 million in Accumulated other comprehensive loss.

**v. Supplementary annual disclosure under IFRS**

As a result of adopting IFRS certain information and note disclosures which would normally be included in the annual consolidated financial statements prepared in accordance with IFRS for the year ended December 31, 2010 have been included below:

**(a) Income tax expense**

The following table shows the components of the current and deferred tax expense:

	2010
<b>Current tax expense</b>	
Current period	\$ 351.8
Adjustment for prior period	20.4
<b>Deferred tax expense</b>	
Origination and reversal of temporary differences	32.1
Reduction in tax rate	0.1
Change in unrecognized deductible temporary differences	(22.4)
Recognition of previously unrecognized tax losses	(43.5)
	\$ 338.5

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rate is as follows:

	2010
Combined statutory income tax rate	31.0%
Increase (decrease) resulting from:	
Mining taxes	0.8%
Resource allowance and depletion	(0.5%)
Difference in foreign tax rates and foreign exchange on deferred tax balances	0.3%
Benefit of losses not recognized	2.1%
Recognition of tax attributes not previously benefited	(5.4%)
Under (over) provided in prior periods	1.3%
Impairment of property, plant and equipment	5.2%
Income not subject to tax	(13.0%)
Taxes on repatriation of foreign earnings	2.2%
Other	3.7%
Effective tax rate	27.7%

#### i. Deferred income tax

The following table summarizes the components of deferred income tax:

	December 31, 2010	January 1, 2010
Deferred tax assets		
Accrued expenses and other	\$ 106.4	62.8
Reclamation and remediation obligations	119.5	53.7
Inventory capitalization	7.0	4.5
Non-capital loss carryforwards	24.4	28.0
	257.3	149.0
Deferred tax liabilities		
Accrued expenses and other	54.7	41.8
Property, plant and equipment	1,055.6	340.1
Inventory capitalization	20.6	1.4
Deferred tax liabilities - net	\$ 873.6	234.3

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right to offset.

Movement in net deferred tax liabilities:

	December 31, 2010
Deferred tax liabilities - net	
Balance at the beginning of the year	\$ 234.3
Recognized in profit/loss	(33.7)
Recognized in OCI	4.3
Acquired in business combinations	667.5
Other	1.2
Balance at the end of the year	\$ 873.6

**ii. Unrecognized deferred tax assets and liabilities**

No deferred tax is recognized on the unremitted earnings of overseas subsidiaries and joint ventures to the extent that the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future. The temporary difference in respect of the amount of undistributed earnings of non-Canadian subsidiaries is approximately \$2.0 billion at December 31, 2010.

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2010
Deductible temporary differences	\$ 115.9
Tax losses	129.3

The tax losses not recognized expire as per the amount and years noted below. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits there from.

**iii. Non-capital losses (not recognized)**

The following table summarizes the Company's non-capital losses that can be applied against future taxable profit:

Country	Type	Amount	Expiry Date
Canada <sup>(a)</sup>	Net operating losses	277.5	2011 - 2030
United States <sup>(b)</sup>	Net operating losses	29.1	2011 - 2030
Chile	Net operating losses	147.6	No expiry
Mexico	Net operating losses	13.7	2020 - 2021
Barbados	Net operating losses	320.2	2014 - 2020
Other	Net operating losses	21.2	2020

(a) Approximately \$3.9 million are limited in their deduction to income from specific operations

(b) Utilization of the United States loss carry forwards will be limited in any year as a result of the previous changes ownership.

**(b) Joint Venture interests**

The following table contains selected financial information on Kinross' consolidated share of participation for each of its participating operating joint ventures at December 31, 2010:

<b>As at and for the year ended December 31, 2010</b>	<b>Round Mountain</b>	<b>Crixás</b>	<b>Total</b>
	(i)	(ii)	
Metal Sales	\$ 227.5	\$ 94.7	\$ 322.2
Production cost	(115.7)	(37.5)	(153.2)
Depreciation, depletion and amortization	(20.0)	(18.1)	(38.1)
Exploration and business development	(0.7)	(0.1)	(0.8)
Other	0.3	(0.3)	-
Operating earnings	\$ 91.4	\$ 38.7	\$ 130.1
Current assets	\$ 38.0	\$ 29.8	\$ 67.8
Property, plant and equipment	177.7	79.6	257.3
Goodwill	58.7	38.0	96.7
Deferred charges and other long-term assets	11.4	2.6	14.0
	\$ 285.8	\$ 150.0	\$ 435.8
Current liabilities	20.1	24.5	44.6
Non-current liabilities	39.7	16.6	56.3
	\$ 59.8	\$ 41.1	\$ 100.9
Net investment in joint ventures	\$ 226.0	\$ 108.9	\$ 334.9

The Company conducts a portion of its business through joint ventures where the venturers are bound by contractual arrangements establishing joint control over the ventures. The Company records its proportionate share of assets, liabilities, revenue and operating costs of the joint ventures.

Contingent liabilities and capital commitments related to these joint ventures are included in Note 18.

**i. Round Mountain**

The Company owns a 50% interest in the Smoky Valley Common Operation joint venture, which owns the Round Mountain mine, located in Nye County, Nevada, U.S.A. Under the joint venture agreement between the Company and Barrick, the Company is the operator.

The Management Committee of the joint venture represents the joint venture partners, authorizes annual programs and budgets and approves major transactions prior to execution by site management. The joint venture owners are entitled to their pro-rata share of production and are obliged to make their pro-rata share of contributions as requested.

**ii. Crixás**

The Company owns a 50% interest in Mineracao Serra Grande, S.A. ("MSG"), which owns the Crixás mine, located in central Brazil. Under the joint venture agreement, a wholly owned subsidiary of AngloGold Ashanti Limited ("AngloGold") is the operator.

The Board of Directors of MSG approves annual programs and budgets, and authorizes major transactions prior to execution by site management. The joint venture participants are entitled to their pro-rata share of profits in the form of distributions and are obliged to make their pro-rata share of contributions if required.

**(c) Investments in associates and Working Interest**

The following table contains summarized financial information for the Company's investments in associates and Working Interest:

	December 31, 2010	January 1, 2010
<b>Balance Sheet</b>		
Current assets	\$ 1.3	\$ 441.9
Non-current assets	186.4	1,052.9
	187.7	1,494.8
Current liabilities	22.2	157.4
Non-current liabilities	0.7	476.8
	22.9	634.2
Net assets	\$ 164.8	\$ 860.6
<b>Statement of operations</b>		
Revenue		\$ 247.7
Other income and (expenses)		(254.6)
Income tax expense		(0.3)
Net earnings		(7.2)

Contingent liabilities and capital commitments related to these investments are included in Note 18.

**i. Cerro Casale**

At January 1, 2010, the Company had a 50% joint venture interest in the Cerro Casale project. On March 31, 2010, the Company sold one-half of its interest to Barrick, its joint venture partner. Subsequent to the disposition, the Company continues to hold a 25% interest in the project as an investment in associate.

**ii. Harry Winston**

At the transition date, the Company's investment in Harry Winston was accounted for as an investment in associate. On July 23, 2010, Kinross sold its approximate 19.9% equity interest in Harry Winston.

**iii. Working Interest in Diavik Diamond mine**

At the transition date, the Company held a 22.5% interest in the partnership holding Harry Winston's 40% interest in the Diavik Diamond Mines joint venture. On August 25, 2010, the Company sold its interest to Harry Winston.







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