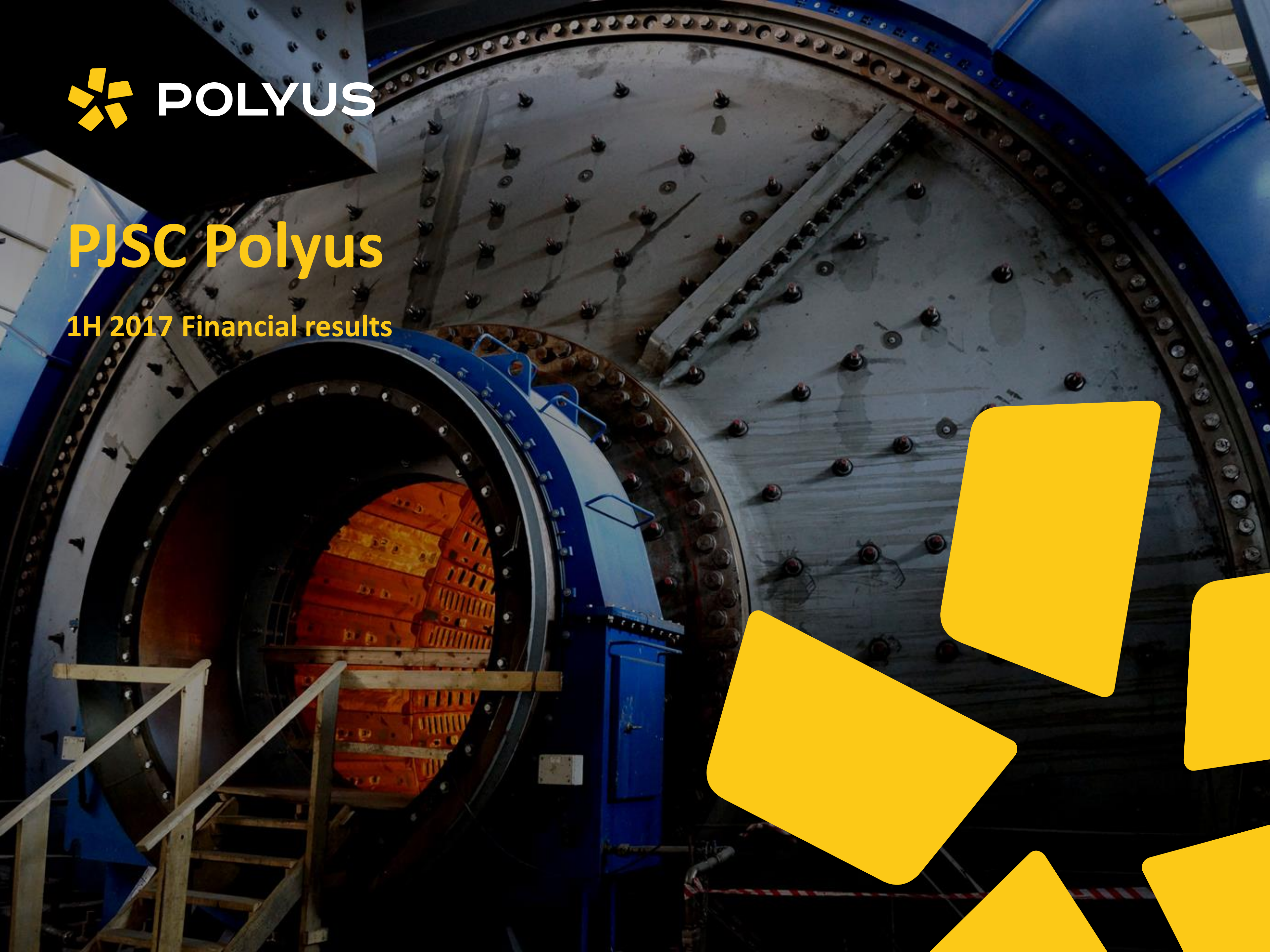
PJSC Polyus

1H 2017 Financial results



1H 2017 key highlights

Continued strong top-line performance

- Gold sales increased 17% y-o-y to 983 koz.
- Revenue amounted to $1,234 mln, compared to $1,082 mln in 1H 2016, due to a higher sales volume.

Superior profitability profile

- The Group's TCC were almost flat y-o-y at $379/oz, AISC increased 10% y-o-y to $610/oz.
- Adjusted EBITDA increased 10% y-o-y to $762 mln on the back of sales growth.
- Adjusted EBITDA margin stood at 62%, compared to 64% in 1H 2016 .
- Adjusted net profit went up 17% y-o-y to $475 million.

Robust cash flow generation and deleveraging

- Net cash inflow from operations increased by 15% y-o-y to $550 mln driven by strong EBITDA.
- Capex was $322 mln, up 73% y-o-y, primarily due to ramp-up of construction activity at Natalka.
- Cash and cash equivalents and bank deposits at the end of 1H 2017 amounted to $1,477 mln.
- Net debt declined by 11% to $3,084 mln as of the end of 1H 2017 compared to 1H 2016.
- Net debt/LTM adjusted EBITDA as of the end of 1H 2017 stood at 1.9x, down from 2.5x as of the end of 1H 2016.

Industry leading shareholder return

- BoD recommended the Company's EGM to approve the dividend payment of RUB 104.3 per share for 1H 2017, which corresponds to 30% of EBITDA for the period. The EGM will be held on 15 September 2017. The dividend record date is 25 September 2017.

Financial results

Financial Results
1H 2017 financial highlights

Key highlights

	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y	2016
Gold production, koz	938	839	12%	488	455	7%	1,968
Average realised refined gold price excl. SPPP[1], $/oz	1,239	1,223	1%	1,261	1,257	0%	1,250
Average realised refined gold price incl. SPPP, $/oz	1,263	1,277	(1%)	1,268	1,292	(2%)	1,287
Total cash cost (TCC), $/oz	379	377	1%	379	395	(4%)	389
All-in-sustaining costs (AISC), $/oz	610	555	10%	634	566	12%	572
Revenue, $mln	1,234	1,082	14%	625	571	9%	2,458
Adjusted EBITDA, $mln	762	691	10%	379	361	5%	1,536
Adjusted EBITDA margin, %	62%	64%	(2) ppts	61%	63%	(2) ppts	62%
Adjusted net profit, $mln	475	405	17%	272	204	33%	952
Net operating cash flow, $mln	550	479	15%	268	188	43%	1,178
Capex, $mln	322	186	73%	190	90	111%	468
Free cash flow[2], $mln	280	359	(22%)	98	129	(24%)	826

Financial position

	1H 2017	1H 2016	Y-o-Y	2016
Net debt, $mln	3,084	3,469	(11%)	3,241
Net debt/EBITDA, x	1.9	2.5	(24%)	2.1

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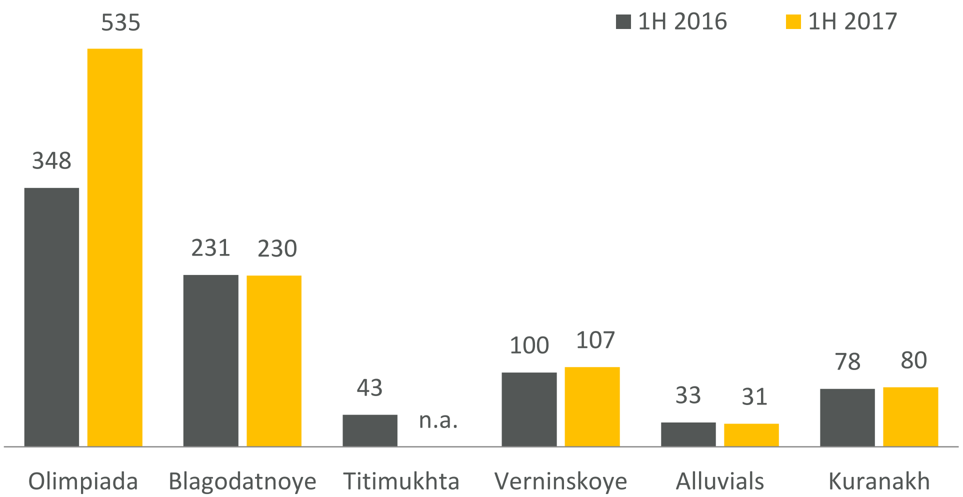
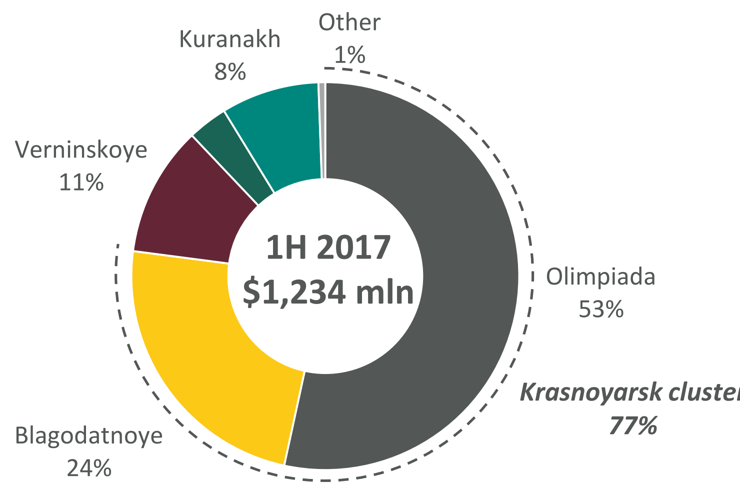
[1] Strategic Price Protection Programme. Please refer to slide 27 for further details
[2] Free cash flow is presented on an unlevered basis

Revenue analysis

Sales by mine dynamics, koz



Revenue breakdown by mine, 1H 2017, %



- In 1H 2017, the Group's revenue from gold sales increased 14% y-o-y to $1,217 mln driven by higher gold sales volumes.
- The average realised refined gold price remained largely flat y-o-y at $1,263/oz, while gold sales totaled 983 koz, up 17% y-o-y.
- The average LBMA gold price remained largely flat during the period, at $1,238/oz.
- The Group's Strategic Price Protection Programme continued to support revenue generation, improving the 1H 2017 average selling price by $25/oz (compared to a premium of $56/oz in 1H 2016).
- The programme covered 430 thousand ounces of gold sold in 1H 2017 and generated $22 million.

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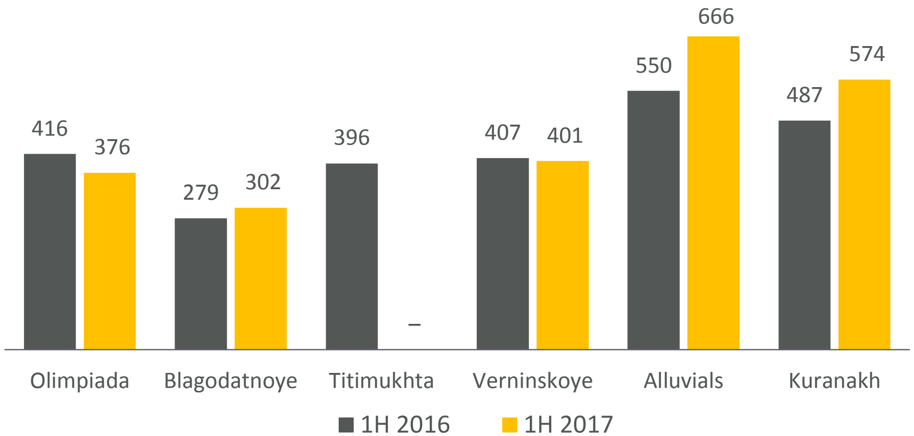
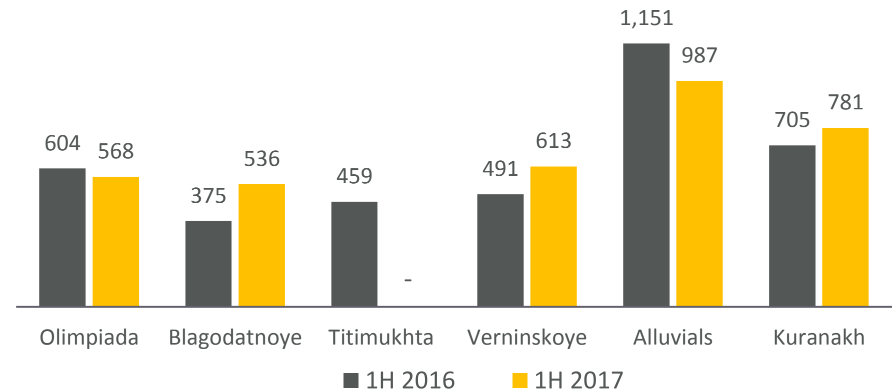
Financial Results
TCC & AISC performance

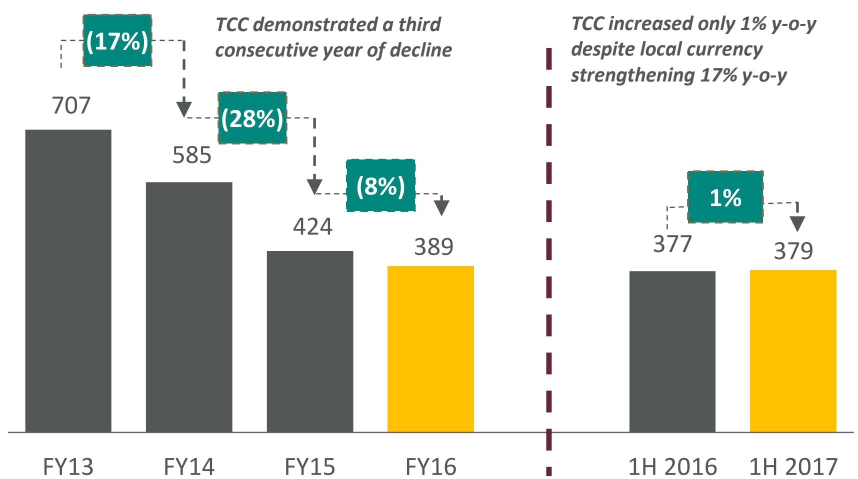
TCC dynamics by mines, $/oz



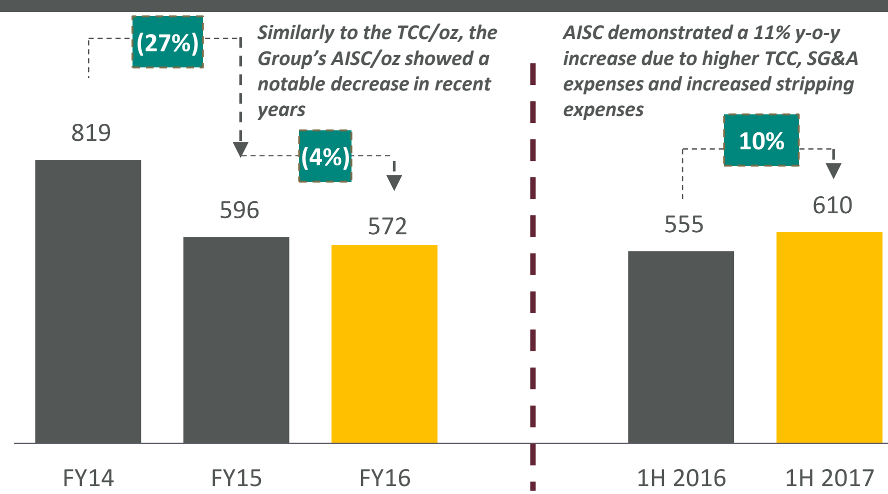
AISC dynamics by mines, $/oz



TCC dynamics in 2013 - 1H 2017, $/oz



AISC dynamics in 2014 – 1H 2017, $/oz



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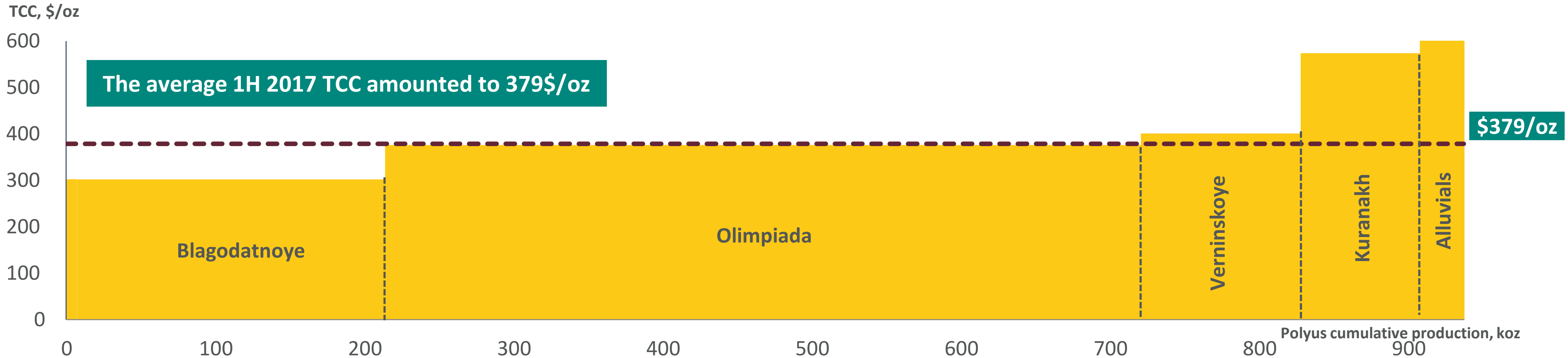
Financial Results

Polyus TCC curve

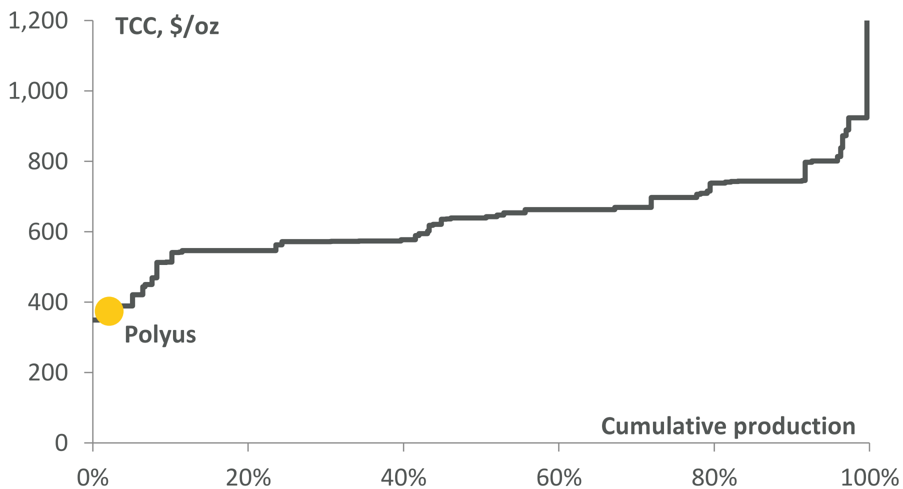
Polyus TCC curve 1H 2017



Highlights

- The Group's TCC remained largerly flat at $379/oz despite the local currency strengthening by 17% from the prior-year period. The latter was fully offset by strong operational results during the period, with higher grade in ore processed at Olimpiada and increased hourly throughput at Blagodatnoye, Verninskoye and Kuranakh, as well as other operational efficiency initiatives.
- TCC at Olimpiada declined 10% y-o-y to $376/oz in spite of rouble appreciation. This reduction was mainly attributable to higher grades in ore processed (3.65 g/t in 1H 2017 vs 2.96 g/t in 1H 2016), processing of higher cost Veduga ore being ceased and better performance of Mill-1 and Mill-3.

Global TCC curve[1]



[1] Source: Metals Focus (estimates for FY16)

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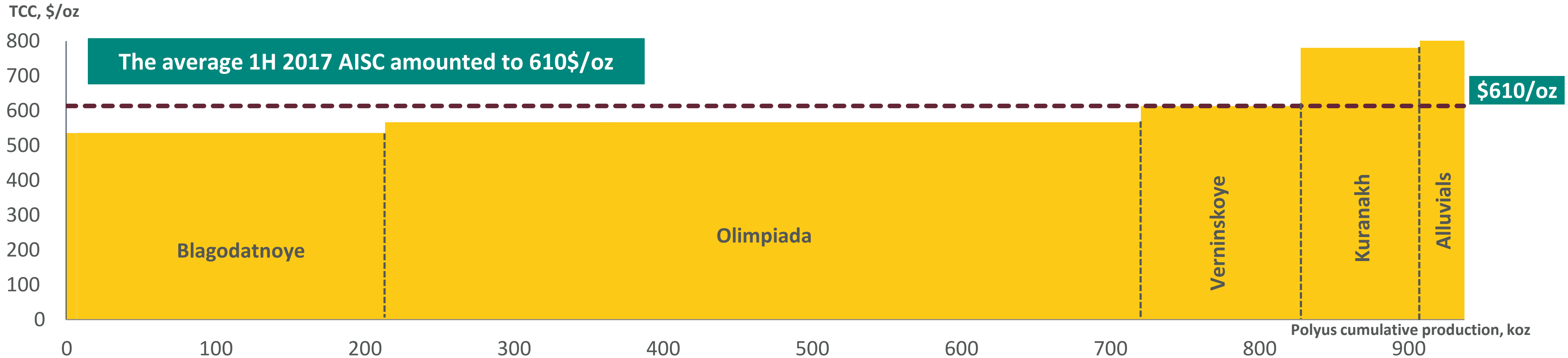
Financial Results
Polyus AISC curve

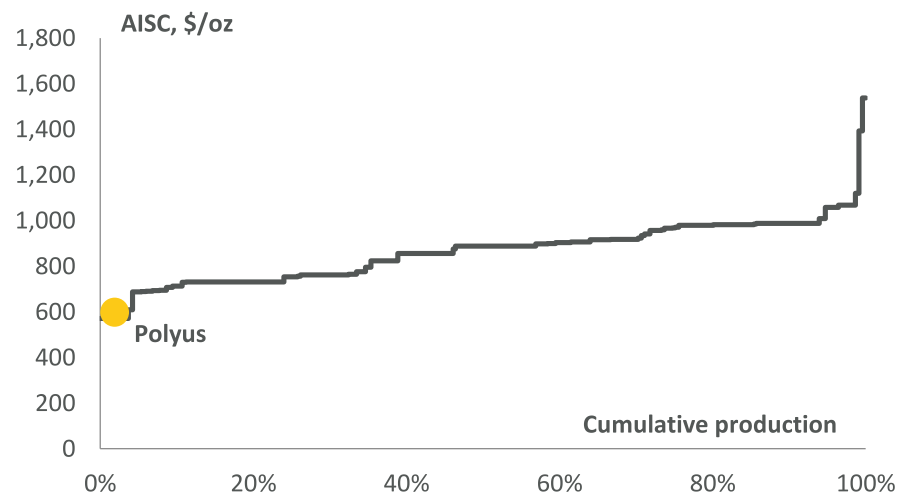
Polyus AISC curve 1H 2017



Highlights

- The Group's AISC/oz demonstrated a 10% y-o-y increase to $610/oz in 1H 2017. Higher SG&A expenses and increased stripping expenses were the key drivers behind this growth.
- At individual mines, AISC trended in line with TCC per ounce performance at Olimpiada declining to $568/oz in 1H 2017.
- At Blagodatnoye AISC increased to $536/oz as a result of a planned increase in stripping activity (rock moved volumes rose 54% y-o-y).
- Verninskoye posted a 25% increase in AISC from the prior-year period attributable to higher SG&A expenses and sustaining capex.
- At Kuranakh, AISC increased to $781/oz driven by both higher TCC and SG&A.

Global AISC curve[1]



[1] Source: Metals Focus (estimates for FY16)

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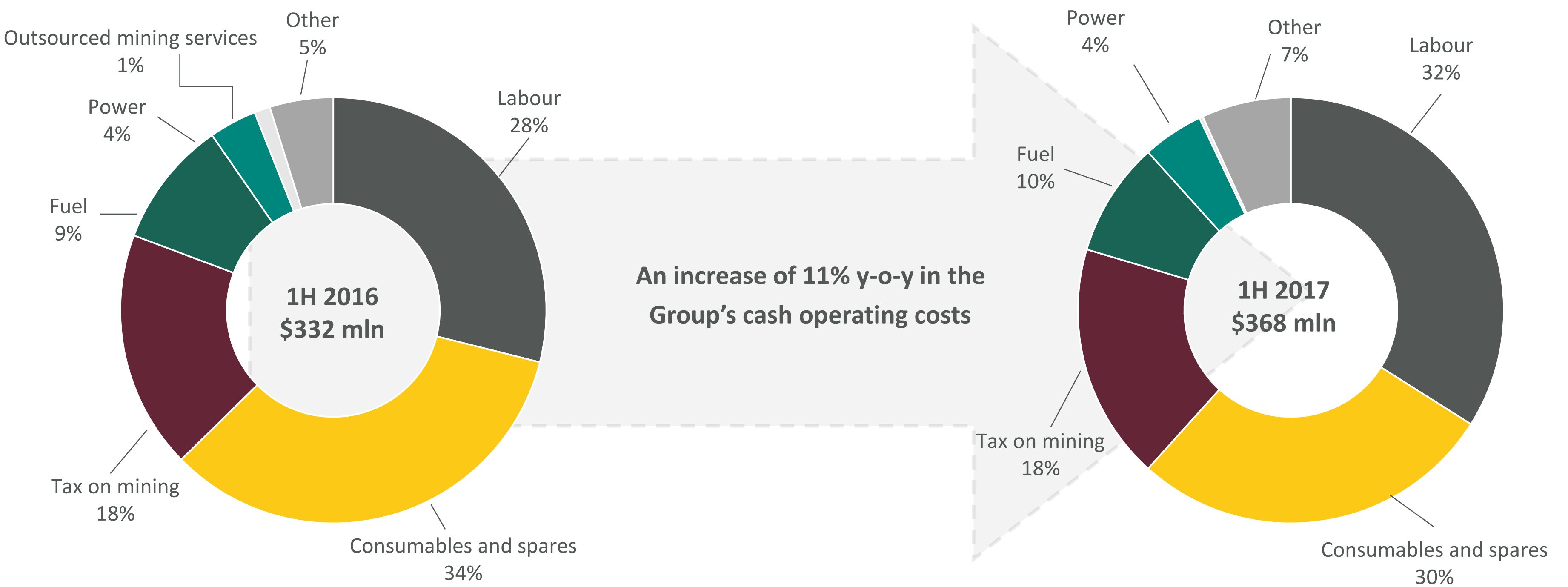
Operating cash costs

The Group's cash operating costs breakdown by item, 1H 2016 / 1H 2017



- The Group's cash operating costs increased 11% y-o-y to $368 mln primarily on the back of the local currency appreciation by 17%.
- However, in rouble terms, the Company achieved a reduction in operational expenses (excluding Mineral Extraction Tax ("MET")).
- The Company remains focused on operational optimization and improving efficiency.

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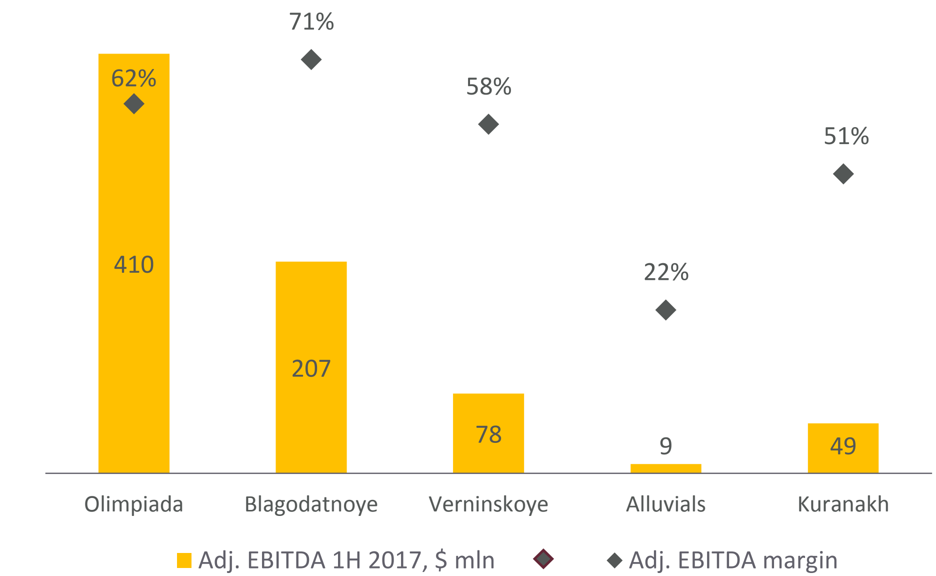
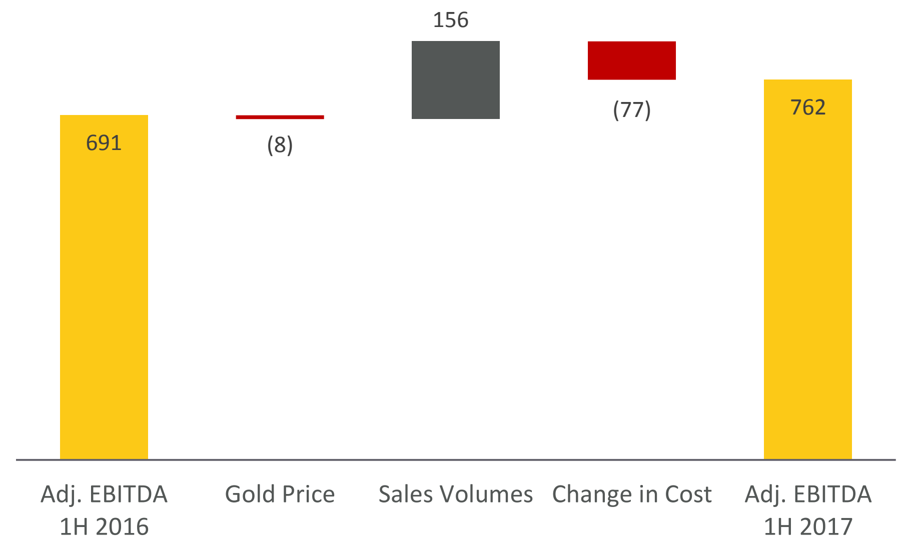
Financial Results
Adjusted EBITDA performance

Adj. EBITDA and adj. EBITDA margin, 1H 2017



Adj. EBITDA bridge, $ mln



- 1H 2017 adjusted EBITDA increased 10% y-o-y to $762 mln, with an adjusted EBITDA margin decreasing 2 ppts y-o-y to 62%.
- Adjusted EBITDA growth was predominantly driven by Olimpiada, which achieved double digit growth of gold sales volumes. Olimpiada represent 54% of the Group's adjusted EBITDA for the reporting period.
- EBITDA growth reflects the increased production driven by higher ore processing volumes at all the Group's hard rock mining assets accompanied by continuous focus on improving operational efficiency and cost control.

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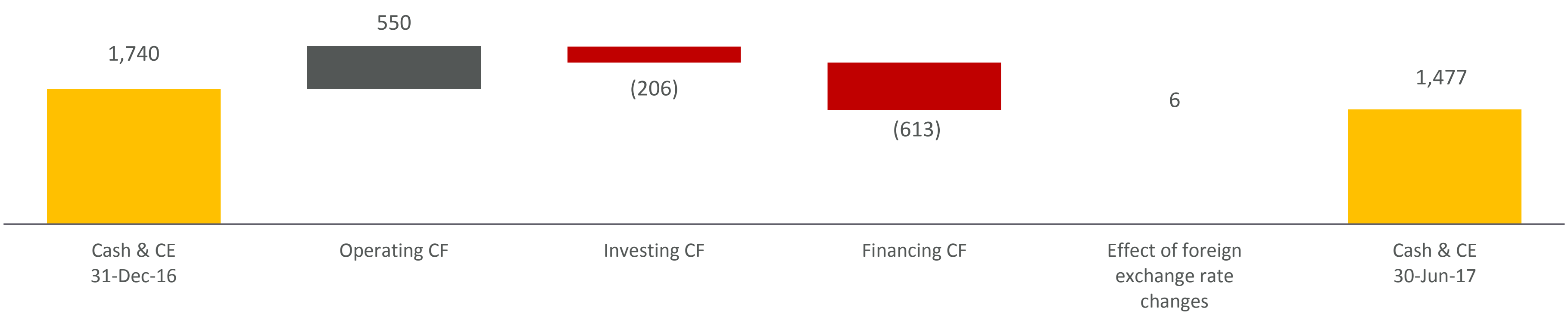
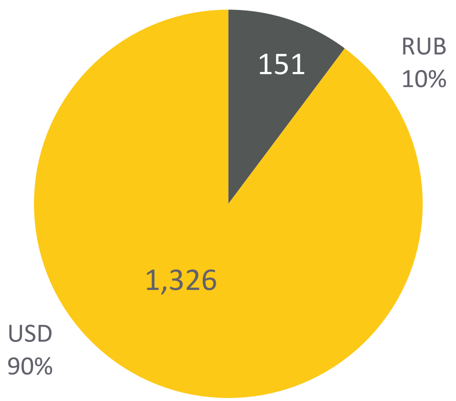
Financial Results
Cash flow dynamics

1H 2017 cash flow bridge, $ mln



- In 1H 2017, Net cash inflow from operations increased by 15% y-o-y to $550 mln driven by strong EBITDA.
- Due to higher capex spending in 1H 2017, the Company posted cash outflow on investing activities at $206 million (positively impacted with proceeds from the Nezhdaninskoye deposits divestment) as opposed to $13 million of cash inflow in 1H 2016.
- Net financing cash outflow totaled $613 million, reflecting the 50% pre-payment of the $2.5 billion Sberbank credit facility partially financed via a $800 million Eurobond due 2023 issued in February 2017 and interest paid in amount of $163 million.
- All of the above drove the decline in cash and cash equivalents to $1,477 million as of 30 June 2017.

Cash & CE breakdown by currency



The Group's cash position is primarily denominated in USD

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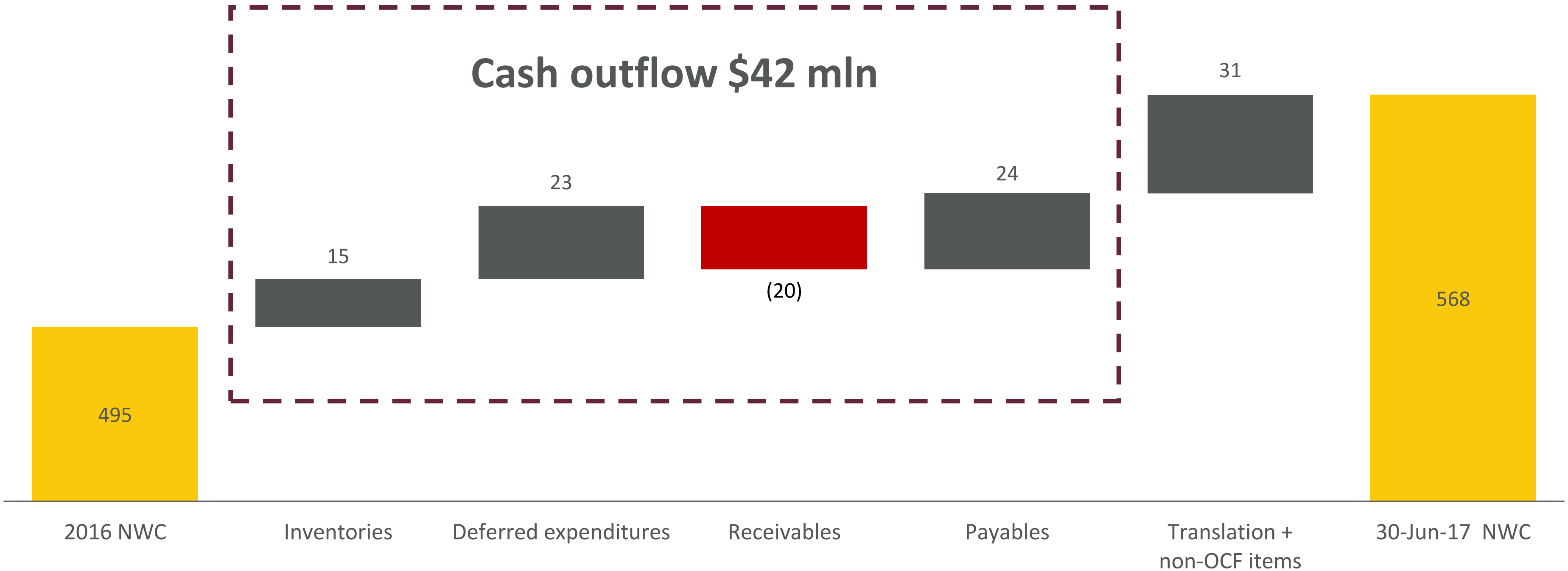
Financial Results

Net working capital dynamics

1H 2017 net working capital bridge, $ mln



- The Group registered $42 mln of working capital outflow in 1H 2017.
- This reflects the capitalization of seasonal expenses at Alluvials in 1H 2017, the accumulation of ore stockpiles at Natalka and Kuranakh, the advanced purchase of diesel fuel and spare parts at Kuranakh and Alluvials, as well as the net effect from VAT related items (including settlement of VAT payable), which were partially offset by the settlement of accounts receivable related to supply of flotation concentrate to the third parties.
- In the meantime, strict working capital control continues to remain a priority for the Group.

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Financial Results
Capex analysis

Capex breakdown, $ mln						
$ mln	**1H 2017**	**1H 2016**	**Y-o-Y**	**2Q 2017**	**2Q 2016**	**Y-o-Y**
Natalka	179	82	118%	103	45	129%
Olimpiada	52	33	58%	38	23	65%
Blagodatnoye	13	9	44%	10	2	N.A.
Verninskoye	12	6	100%	7	4	75%
Alluvials	12	11	9%	5	8	(38%)
Kuranakh	22	12	83%	14	3	N.A.
Exploration	2	3	(33%)	1	2	(50%)
Sukhoi Log*	5	-	N.A.	1	-	N.A.
Other (including power projects)	25	30	(17%)	11	3	N.A.
Total	**322**	**186**	**73%**	**190**	**90**	**111%**

- In 1H 2017, capex rose 73% y-o-y to $322 mln reflecting ongoing construction at Natalka and brownfield development projects.
- Natalka, the Group's main development project, saw a 118% growth in capex in 1H 2017, to $179 mln.
- Capex at Olimpiada increased to $52 million due to preparations to connect the mine to the new Razdolinskaya-Taiga grid, procurement of mining fleet and construction of Bio Oxidation circuit ("BIO-4") at the Mills-1, 2, 3 complex.
- At Blagodatnoye, capex increased two times to $13 million, primarily due to optimisation works at the Blagodatnoye Mill following the completion of the processing capacity expansion project.
- Capex at Kuranakh increased to $22 million in 1H 2017 due to further progress with the heap leach project and the launch of the second stage of the Kuranakh Mill processing capacity expansion to 5.0 mtpa.

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*Presented net of the Sukhoi Log deposit license acquisition cost

Financial Results
Natalka

- Full-scale mining operations were relaunched in January 2017
- Construction works at Natalka are progressing well with early pre-commissioning already well advanced:
  - The construction of power facilities and auxiliary infrastructure is ongoing;
  - The primary crusher, the main SAG mill and the main ball mill have completed a successful trial run;
  - Major equipment vendors are on site to assist with the commissioning;
- The Company continues to anticipate the commissioning of the Natalka project to take place by the end of 2017, followed by a ramp-up period to achieve the project's design parameters.
- 1H 2017 capex at Natalka amounted to $179 mln.

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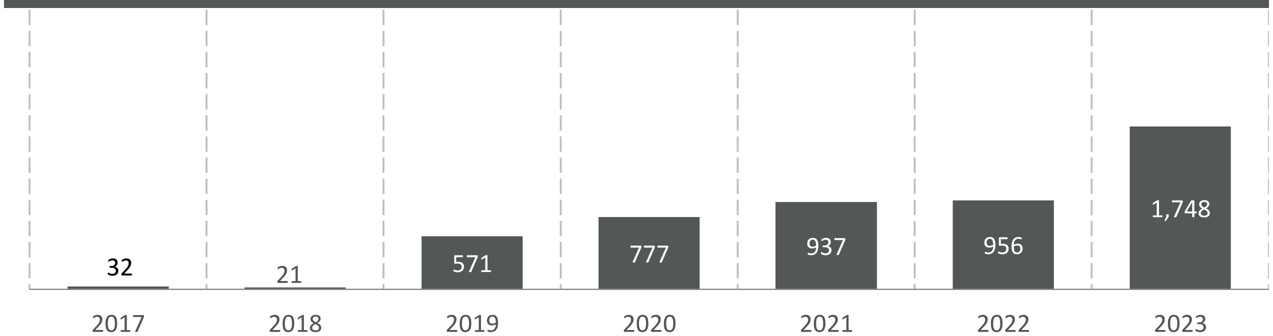
Debt maturity profile as of the end of 1H 2017

- Polyus has comfortable debt maturity profile and proactively manages upcoming redemptions.
- As of the end of 1H 2017, the debt portfolio is represented by $1.25 bln Sberbank loan (2023), Eurobonds (2020, 2022 & 2023) in the overall amount of $2.03 bln, local rouble bonds (2021) and other banking facilities.

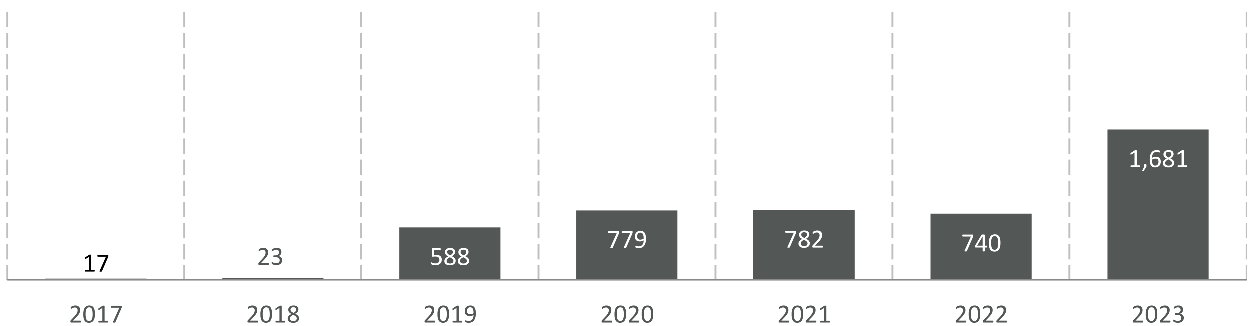
- **On 7 February 2017, PGIL priced an issuance of USD 800 million notes due 7 February 2023 with a coupon of 5.250% per annum**

- **In 1H 2017, the proceeds were spent on a 50% pre-payment of the $2.5 billion 2023 Sberbank loan**

Maturity schedule as of 31 December 2016, $ mln[1]



Maturity schedule as of 30 June 2017, $ mln[1]



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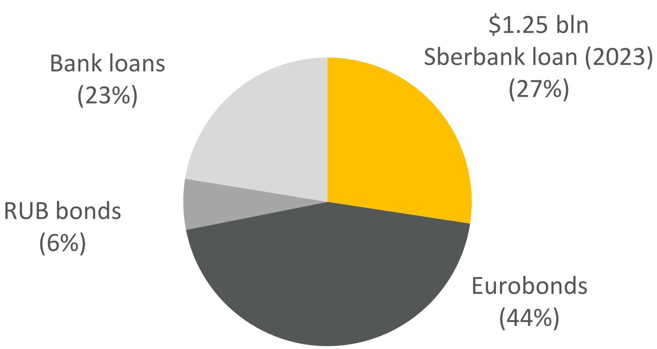
[1] The sum of repayments does not equal to the total debt per FS due to IFRS adjustments for credit lines commissions

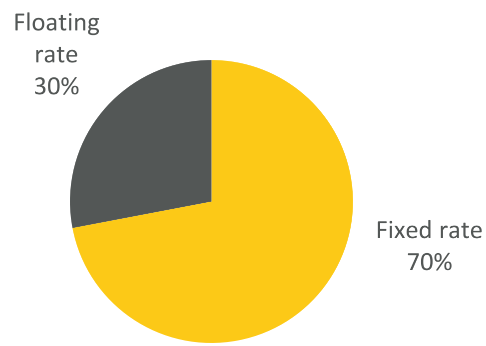
Financial Results

Debt structure and interest rate dynamics[1]

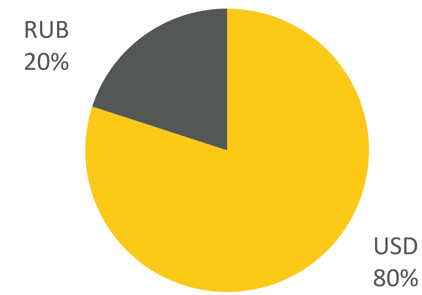
Debt breakdown by source



Debt breakdown by interest rates

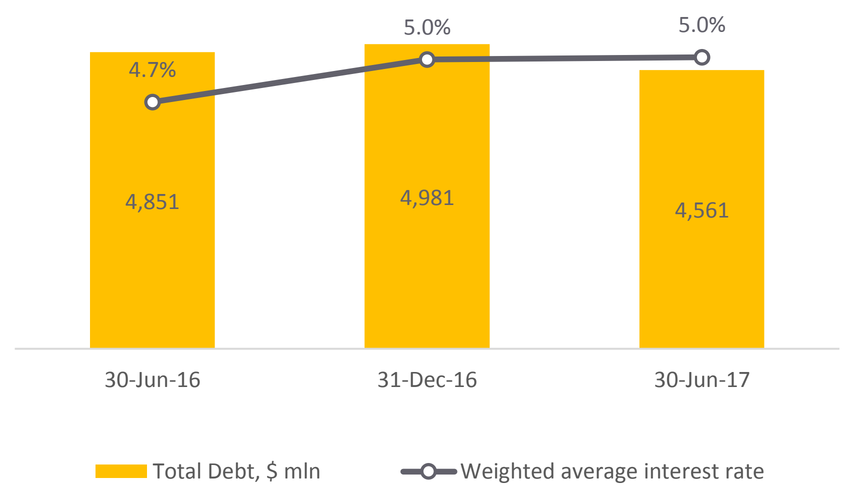


Debt breakdown by currency[2]



- As of 30 June 2017, the Group's gross debt amounted to $4,561 mln, down 8% compared to $4,981 mln at the end of 2016.
- In 1H 2017, share of public debt instruments within the Company's debt portfolio increased to 50%.
- The Company continues shifting from floating to fixed interest rate.
- With regard to currency, the Group's debt portfolio remains composed of mainly USD denominated instruments.

Debt outstanding and interest rate



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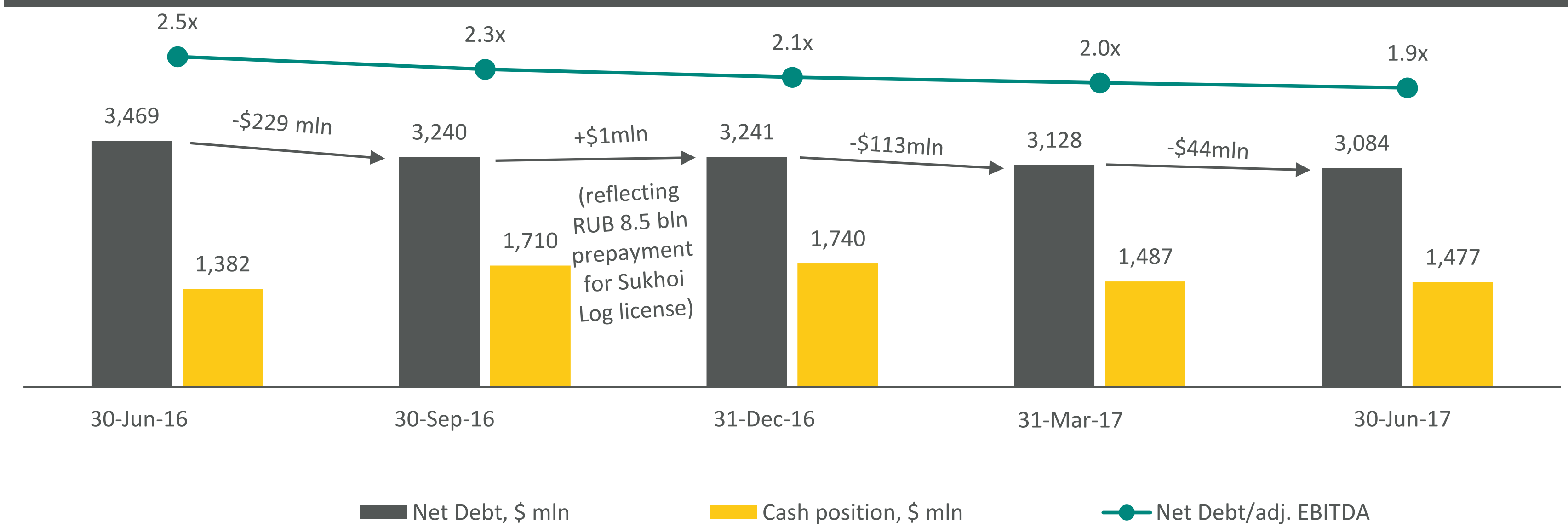
[1] As of 30 June 2017
[2] The debt breakdown is shown before cross currency SWAPs. Effectively almost all of the debt is swapped into USD

Financial Results

Net debt position

- By the end of 1H 2017, the Group's net debt stood at $3,084 mln, down 5% from $3,241 mln as of 31 December 2016.
- The net debt/adjusted EBITDA ratio as of 30 June 2017 decreased to 1.9x, compared to 2.1x as of the end of 2016, due to both the decrease in net debt position and adjusted EBITDA expansion for the last 12 months.
- 2Q 2017 is the fourth consecutive quarter when the net debt/adjusted EBITDA ratio has been reduced.
- On 30 June 2017, Polyus priced a Second Public Offering on the London Stock Exchange and the Moscow Exchange with the size of $858 million including the greenshoe. The primary component amounted to $400 million recorded as accounts receivable.

Net Debt & Cash evolution of PJSC Polyus



1. The net debt/adjusted EBITDA ratio of PJSC Polyus for the last 12 months

Operating results

Operational Performance
Key highlights

- Total gold output increased 12% y-o-y to 938 koz driven by an increase in volumes of ore processed following throughput capacity expansion projects at Olimpiada, Blagodatnoye, Verninskoye and Kuranakh.
- Meanwhile, recoveries reduced 0.5 ppts y-o-y to 83.6% mainly due to a decline in recoveries at Olimpiada and Blagodatnoye, resulting from temporarily lower flotation recoveries.

Output by mine, koz	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y	2016
Olimpiada[1]	445.3	330.8	35%	226.2	179.9	26%	816.9
Blagodatnoye	214.0	221.0	(3%)	105.8	120.8	(12%)	456.5
Titimukhta[1]	-	40.2	(100%)	-	11.7	(100%)	40.2
Poputninskoye	-	4.3	(100%)	-	2.8	(100%)	7.4
Verninskoye	107.0	100.2	7%	53.3	44.3	20%	186.5
Alluvials	30.9	33.3	(7%)	30.9	33.1	(7%)	168.5
Kuranakh	79.7	77.7	3%	38.7	39.8	(3%)	159.7
Natalka	-	-	N.A.	-	-	N.A.	5.7
Refined gold	**876.9**	**807.4**	**9%**	**454.8**	**432.5**	**5%**	**1,841.4**
Gold contained in concentrate, koz	61.2	32.1	91%	33.0	22.7	45%	126.4
Total gold produced	**938.1**	**839.5**	**12%**	**487.9**	**455.2**	**7%**	**1,967.8**
Group operations							
Total rock moved, kt	99,269	71,095	40%	52,197	33,043	58%	144,780
Stripping ratio, t/t	4.6	4.2	10%	4.7	3.8	24%	3.9
Ore mined, kt	17,890	13,780	29%	9,210	6,948	33%	29,682
Ore processed, kt	13,555	12,931	5%	6,925	6,535	6%	26,445
Average recovery, %	83.6%	84.1%	(0.5) ppts	83.9%	84.2%	(0.3) ppts	83.9%

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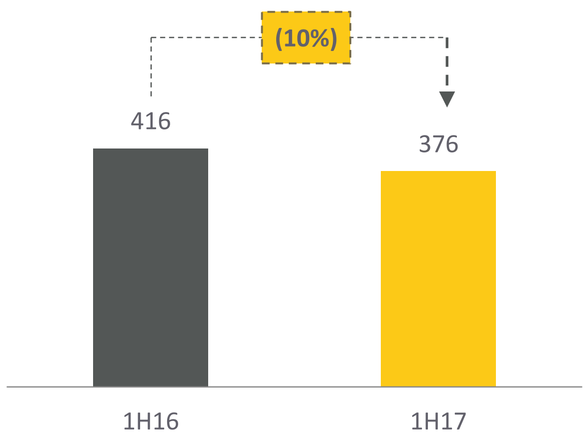
[1] Including refined gold produced from ore purchased from the 3rd party-owned Veduga mine under an off-take agreement

Operational Performance
Olimpiada

Operations	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y
Rock moved, kt	31,146	24,847	25%	16,349	10,186	60%
Strip ratio, t/t	4.2	6.4	(34%)	4.4	4.0	10%
Ore mined, kt	**6,000**	**3,372**	**78%**	**3,026**	**2,032**	**49%**
Grade in ore mined, g/t	4.12	3.32	24%	4.18	3.42	22%
Ore processed, kt[1]	**5,812**	**5,203**	**12%**	**2,882**	**2,693**	**7%**
Grade in ore processed, g/t	3.65	2.96	23%	3.84	2.93	31%
Recovery, %	80.6%	80.8%	(0.2) ppts	81.3%	81.3%	-
Total refined gold output, koz	**445.3**	**330.8**	**35%**	**226.2**	**179.9**	**26%**
Gold contained in conc., koz	61.2	32.1	91%	33.0	22.7	45%
Total gold produced, koz	**506.5**	**362.8**	**40%**	**259.2**	**202.6**	**28%**

TCC 1H 2016 – 1H 2017, $/oz



Highlights

- Total gold output (refined and concentrate) was 506.5 koz, up 50% y-o-y, , driven by both higher processed volumes and grade in ore treated.
- Rock moved volumes increased 25% y-o-y to 31.1 mt, which is partially a low base effect (in May 2016, the pit wall failure led to temporary suspension of mining activity at the Vostochny pit).
- Mining operations at higher-grade areas drove a 24% y-o-y increase in the grade of ore mined to 4.12 g/t, which is in line with the mining plan.
- Despite the scheduled maintenance works at Mill-2, volumes of ore processed increased 12% y-o-y during 1H 2017, to 5.8 mt. This is primarily a result of Mill-1 reconfiguration, with Olimpiada ore processing having started there from September 2016.
- The recovery rate declined to 80.6% (compared to 80.8% in 1H 2016) following a decrease in flotation recovery due to temporary variations in the feed mineralogy, with higher calcium and lower sulphide content in ore.

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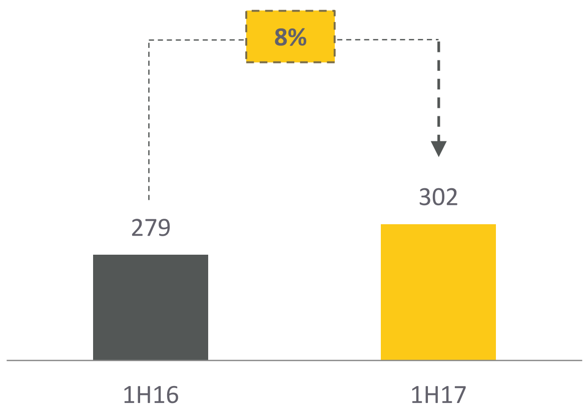
[1] Including refined gold produced from ore purchased from the 3rd party-owned Veduga mine under an off-take agreement

Operational Performance
Blagodatnoye

Operations	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y
Rock moved, kt	34,973	22,729	54%	17,780	12,019	48%
Strip ratio, t/t	5.0	2.9	72%	5.3	3.1	68%
Ore mined, kt	**5,787**	**5,785**	**0%**	**2,842**	**2,912**	**(2%)**
Grade in ore mined, g/t	1.98	2.00	(1%)	1.95	2.01	(3%)
Ore processed, kt[1]	**4,082**	**3,822**	**7%**	**2,105**	**1,982**	**6%**
Grade in ore processed, g/t	1.99	2.06	(4%)	1.96	2.05	(4%)
Recovery, %	87.8%	88.1%	(0.3) ppts	87.3%	87.6%	(0.3) ppts
Gold production, koz	**214.0**	**221.0**	**(3%)**	**105.8**	**120.8**	**(12%)**

TCC 1H 2016 – 1H 2017, $/oz



Highlights

- Refined gold output amounted to 214 koz, slightly down 3% y-o-y.
- Volumes of ore mined were flat y-o-y, while intensified mining works, conducted in line with the mine plan led to 54% y-o-y growth in rock moved. Consequently, the stripping ratio increased 72% y-o-y to 5.0. The lower grade of ore mined reflected a larger portion of operational lower-grade mining sites.
- Ore processed volumes were up 7% y-o-y, to 2.0 mt on the back of higher hourly throughput of the Mill as a result of the 1st grinding line upgrade, including adjustments of the cone crusher and conveyor.
- Recovery rate declined marginally, to 87.8%, partially due to higher losses in the flotation circuit reflecting a higher arsenic content in flotation feed.

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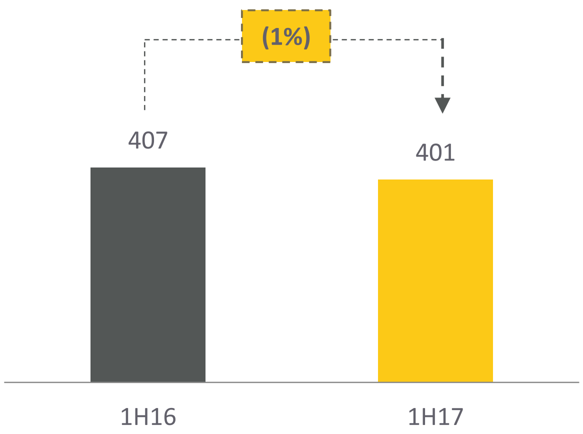
Operational Performance
Verninskoye

Operations	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y
Rock moved, kt	9,245	8,838	5%	4,698	4,410	7%
Strip ratio, t/t	3.8	4.0	(5%)	3.3	3.7	(12%)
Ore mined, kt	**1,919**	**1,765**	**9%**	**1,104**	**938**	**18%**
Grade in ore mined, g/t	2.16	2.15	1%	2.16	2.03	6%
Ore processed, kt[1]	**1,336**	**1,242**	**8%**	**745**	**656**	**14%**
Grade in ore processed, g/t	2.62	2.68	(2%)	2.62	2.64	(1%)
Recovery, %	88.2%	87.0%	1.2 ppts	88.6%	87.1%	1.5 ppts
Gold production, koz	**107.0**	**100.2**	**7%**	**53.3**	**44.3**	**20%**

TCC 1H 2016 – 1H 2017, $/oz



Highlights

- Refined gold output amounted to 107 koz, up 7% y-o-y.
- Volumes of ore mined rose 9% y-o-y to 1.9 mt driven by extraction of higher volumes of low-grade ores.
- Volumes of ore processed increased 8% y-o-y to 1.3 mt due to greater efficiency at the regrinding mills following the modification of the sand separator and intensified thickening of flotation tailings. This was also supported by reduced down time of the grinding equipment for planned maintenance.
- These factors as well as higher utilization of the intensive cyanidation reactor supported an increase in recoveries to 88.2%.

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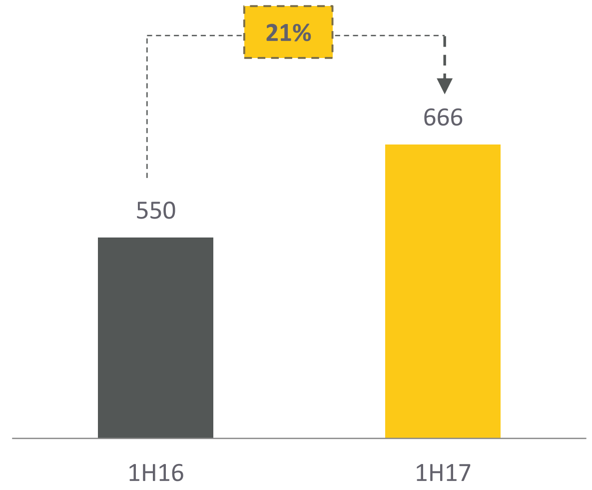
Operational Performance
Alluvials

Operations	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y
Sands washed, 000 m^3	2,251	2,069	9%	2,251	2,069	9%
Average grade, g/m^3	0.53	0.65	(19%)	0.53	0.65	(19%)
Gold in slime, koz	38.2	43.2	(12%)	38.2	43.2	(12%)
Gold production, koz	**30.9**	**33.3**	**(7%)**	**30.9**	**33.1**	**(7%)**

TCC 1H 2016 – 1H 2017, $/oz



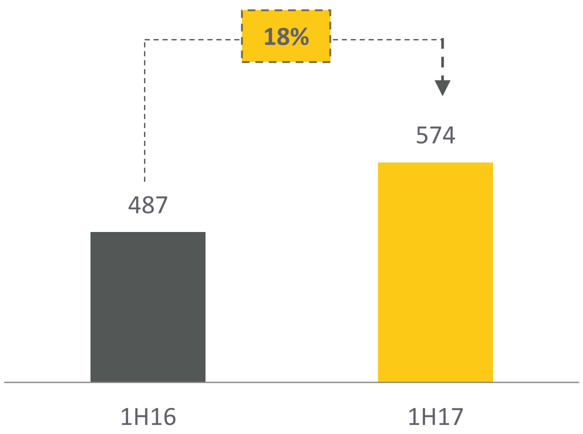
Highlights

- Refined gold output totalled 31 koz (down 7% y-o-y).
- The y-o-y decrease was primarily the result of a lower average grade, due to the planned reduction of the average sand grade, which was partially offset by a 9% y-o-y increase in volumes of sands washed to 2.3 mt as a result of favorable weather and geological conditions.

Operational Performance
Kuranakh

Operations	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y
Rock moved, kt	15,320	12,681	21%	8,104	6,387	27%
Strip ratio, t/t	4.4	5.1	(14%)	4.2	5.1	(17%)
Ore mined, kt	**2,855**	**2,085**	**37%**	**1,555**	**1,055**	**47%**
Grade in ore mined, g/t	1.16	1.30	(10%)	1.12	1.28	(13%)
Ore processed, kt[1]	**2,291**	**2,062**	**11%**	**1,177**	**1,064**	**11%**
Grade in ore processed, g/t	1.28	1.32	(3%)	1.27	1.29	(2%)
Recovery, %	88.3%	88.4%	(0.1 ppts)	88.3%	88.4%	(0.1 ppts)
Gold production, koz	**79.7**	**77.7**	**3%**	**38.7**	**39.8**	**(3%)**

TCC 1H 2016 – 1H 2017, $/oz



Highlights

- Refined gold production went up 3% y-o-y to 80 koz due to higher ore processed volumes
- Volumes of ore mined rose 37% y-o-y to 2.9 mt in order to provide feed for the expanded processing capacities.
- Average grades in ore mined declined 10% y-o-y in line with the mine plan.
- An 11% y-o-y increase in volumes of ore processed to 2.3 mt was the result of initiatives to debottleneck the Mill's throughput capacity in 2016, including refurbishment of the flocculant preparation plant and thickeners upgrade.
- The average grade in ore processed and recovery rates declined marginally to 1.28 g/t and 88.3% respectively.

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Operational Performance
Natalka

Operations	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y
Rock moved, kt	8,536	421	N.A.	5,260	1	N.A.
Strip ratio, t/t	5.9	0.6	N.A.	6.9	-	N.A.
Ore mined, kt	**1,244**	**255**	**N.A.**	666	1	N.A.
Grade in ore mined, g/t	0.92	1.20	(23%)	0.95	1.21	(22%)
Ore processed, kt[1]	**32**	**16**	**100%**	15	5	3.2x
Grade in ore processed, g/t	1.36	1.50	(9%)	1.74	1.61	8%
Recovery, %	75.4%	62.0%	13.4 ppts	74.8%	38.4%	36.4 ppts
Gold production, koz	**-**	**-**	**N.A.**	**-**	**-**	**N.A.**

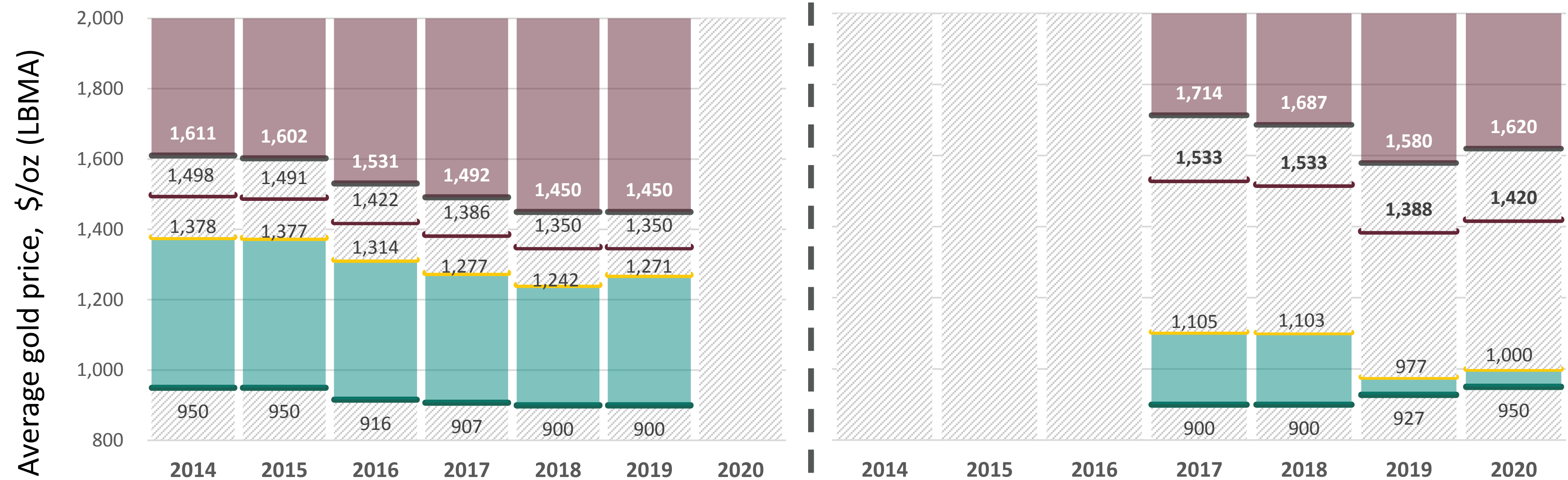
Highlights

- Full-scale mining operations had been relaunched in January 2017. In 1H 2017, volumes of rock moved totaled 8.5 mt, while the volumes of ore mined were 1.2 mt. Average grades in or e mined declined 23% y-o-y as mining work was concentrated on lower grade areas of the ore body in line with the mine plan.
- In 1H 2017, processing at the 100 kt pilot plant continued with ore processed volumes increasing two times y-o-y to 32 kt and 1.2 koz of doré gold produced. As the Company plans to process lower grade stockpiles during the ramp up period following the commissioning of Natalka, ores grading from 0.6 to 1.1 g/t have been processed at the pilot plant during the 1H 2017.
- Commissioning of Natalka is anticipated by the end of 2017.

Appendix

Appendix
Strategic Price Protection Programme (SPPP) overview

	Primary part							Secondary part						
Callable amount, koz	285	420	775	440	380	25	0	0	0	0	495	285	915	300



	Primary part							Secondary part						
Puttable amount, koz	285	420	775	515	380	25	0	0	0	0	495	285	1,065	75

Market price | Put barrier | Put option exercised | Put strike | Call strike | Call barrier | Call option exercised

- The SPPP comprises of a series of zero cost Asian barrier collar agreements to purchase put options and to sell call options with “knock-out” and “knock-in” barriers
- The 1H17 average selling price (including effect of SPPP) amounted to $1,263/oz, $25/oz higher than the average afternoon gold LBMA price fixing for the same period
- The programme covered 430 koz of gold sold in 1H2017 and generated $22 mln in 1Q17

POLYUS See note 10 to the 1H 2017 financial statements of the Company

Balance sheet highlights

Assets, $ mln	30 June 2017	31 December 2016
Non-current assets	**3,814**	**3,371**
Property, plant and equipment	3,294	2,938
Derivative financial instruments and investments	23	57
Inventories	282	264
Deferred tax assets	77	75
Assets classified as held for sale	97	-
Other	41	37
Current assets	**2,513**	**2,295**
Inventories	384	369
Derivative financial instruments and investments	1	10
Deferred expenditures	34	10
Trade and other receivables	49	58
Receivables from share offering	400	-
Advances paid to suppliers an prepaid expenses	20	19
Taxes receivable	102	89
Assets classified as held for sale	46	-
Cash and cash equivalents	1,477	1,740
Total Assets	**6,327**	**5,666**

Financial Statements
Balance sheet highlights (cont.)

Equity and Liabilities, $ mln	30 June 2017	31 December 2016
Share capital	5	7
Additional paid-in capital	1,933	2,288
Treasury shares	(109)	(3,712)
Cash flow hedge revaluation reserve	-	12
Translation reserve	(2,744)	(2,720)
Retained earnings	1,033	3,617
Equity attributable to shareholders of the parent company	**118**	**(508)**
Non-controlling interest	89	94
Non-current liabilities	**5,446**	**5,482**
Borrowings	4,532	4,698
Derivative financial instruments	472	456
Deferred revenue	78	76
Deferred consideration for the Sukhoi Log license	102	-
Deferred tax liabilities	181	182
Site restoration, Decommissioning & Environmental obligations	45	38
Other non-current liabilities	36	32
Current liabilities	**674**	**598**
Borrowings	29	283
Trade, other payables and accrued expenses	609	222
Other taxes payable	36	93
Total liabilities	**6,120**	**6,080**
Total Equity and liabilities	**6,327**	**5,666**

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Financial Statements
Profit and loss statement highlights

$ mln	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y
Revenue from gold sales	1,217	1,069	14%	617	564	9%
Other revenue	17	13	31%	8	7	14%
Total revenue	**1,234**	**1,082**	**14%**	**625**	**571**	**9%**
Cost of gold sales	(455)	(379)	20%	(230)	(206)	12%
Other cost of sales	(14)	(12)	17%	(5)	(6)	(17%)
Total cost of sales	**(469)**	**(391)**	**20%**	**(235)**	**(212)**	**11%**
Gross profit	**765**	**691**	**11%**	**390**	**359**	**9%**
SG&A	(92)	(63)	46%	(50)	(29)	72%
Other (expenses) / incomes, net	(19)	(10)	90%	(16)	(10)	60%
Operating profit/(loss)	**654**	**618**	**6%**	**324**	**320**	**1%**
Operating profit margin, %	*53%*	*57%*	*(4 ppts)*	*52%*	*56%*	*(4 ppts)*
Finance costs, net	(108)	(73)	48%	(45)	(41)	10%
Interest income on bank deposits and loans issued	17	18	(6%)	6	10	(40%)
(Loss)/gain on derivatives and investments, net	68	(142)	N.A.	(40)	(129)	(69%)
Foreign exchange gain/(loss), net	69	257	N.A.	(121)	141	N.A.
Profit before income tax	**700**	**678**	**3%**	**124**	**301**	**(59%)**
Income tax expense	(96)	(151)	(36%)	(5)	(76)	(93%)
Deferred income tax (expenses)/benefit	(1)	(28)	(96%)	(15)	(20)	(25%)
Profit for the period	**603**	**499**	**21%**	**104**	**205**	**(49%)**
Adj. Profit for the period	**475**	**405**	**17%**	**272**	**204**	**33%**
Adj. profit margin, %	*38%*	*37%*	*1 ppts*	*44%*	*36%*	*8 ppts*
Adj. EBITDA	**762**	**691**	**10%**	**379**	**361**	**5%**
EBITDA margin, %	*62%*	*64%*	*(2 ppts)*	*61%*	*63%*	*(2 ppts)*

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Financial Statements
Cash flow highlights

$ mln	1H 2017	1H 2016	Y-o-Y	2Q 2017	2Q 2016	Y-o-Y
Profit before income tax	700	678	3%	124	301	(59%)
Finance costs	108	73	48%	45	41	10%
Interest income on bank deposits	(17)	(18)	(6%)	(6)	(10)	(40%)
(Gain) / loss on derivative financial instruments and investments	(68)	142	N.A.	40	129	(69%)
Amortisation and depreciation	82	66	24%	43	36	19%
Foreign exchange gain, net	(69)	(257)	(73%)	121	(141)	N.A.
Other	13	7	86%	8	3	167%
Movement in working capital	(42)	(85)	(51%)	(50)	(78)	(36%)
Cash flows from operations	707	606	17%	325	281	16%
Income tax paid	(157)	(127)	24%	(57)	(93)	(39%)
Net cash from operating activities	**550**	**479**	**15%**	**268**	**188**	**43%**
Purchases of property, plant and equipment	(287)	(140)	105%	(174)	(67)	N.A.
Payment for Sukhoi Log license	(36)	-	N.A.	(21)	-	N.A.
Interest received	20	20	-	8	9	(11%)
Proceeds from subsidiaries' disposal	-	10	N.A.	-	-	N.A.
Proceeds from disposal of joint venture	100	-	N.A.	-	-	N.A.
Proceeds from redemption of loans issued	-	123	N.A.	-	-	N.A.
Other	(3)	-	N.A.	(4)	(1)	N.A.
Net cash from/(utilised in) investing activities	**(206)**	**13**	**N.A.**	**(191)**	**(59)**	**N.A.**
Interest paid	(163)	(114)	43%	(68)	(71)	(4%)
Proceeds from leaseback transactions	11	2	N.A.	1	-	N.A.
Commission paid	(10)	(41)	(76%)	(10)	(11)	(9%)
Realised gain on interest rate swaps	17	16	6%	8	10	(20%)
Pyament for shares buy-back	(1)	(3,442)	N.A.	-	(18)	N.A.
Proceeds from borrowings	800	2,632	N.A.	-	13	N.A.
Repayment of borrowings	(1,264)	(17)	N.A.	(5)	(7)	(29%)
Cash used to increase ownership in subsidiaries	-	(3)	N.A.	-	(3)	N.A.
Repayment under lease	(3)	-	N.A.	(1)	-	N.A.
Net cash from/(utilised in) financing activities	**(613)**	**(967)**	**(37%)**	**(75)**	**(87)**	**(14%)**
Net (decrease)/increase in cash	**(269)**	**(475)**	**(43%)**	2	42	**(95%)**
Cash at the beginning of the period	**1,740**	**1,825**	**(5%)**	**1,487**	**1,326**	**12%**
Foreign exchange differences	6	32	(81%)	(12)	14	N.A.
Cash at the end of the period	**1,477**	**1,382**	**7%**	**1477**	**1382**	**7%**

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