PJSC Polyus

Management Report

31 March 2021

27 May 2021

Contents

Cautionary statement

27 May 2021 – PJSC Polyus (the “Company” or “Polyus”) issues this Interim Management Report (“IMR”) to summarise recent operational activities and to provide trading guidance in respect of the condensed consolidated interim financial statements for the three months ended 31 March 2021.

This IMR has been prepared solely to provide additional information to stakeholders to assess the Company’s and its subsidiaries’ (the “group”) strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This IMR has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Polyus and its subsidiary undertakings when viewed as a whole.

Responsibility statement

Management of PJSC “Polyus” are responsible for the preparation of the condensed consolidated interim financial statements that present fairly the financial position of PJSC “Polyus” and its subsidiaries (the “group”) as of 31 March 2021, and the results of its operations, cash flows and changes in equity for the three months then ended, in compliance with International Accounting Standard 34 (“IAS 34”).

In preparing the condensed consolidated interim financial statements, Management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- compliance with the requirements of IAS 34 and providing additional disclosures when compliance with the specific requirements of IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group’s consolidated financial position and financial performance; and
- making an assessment of the group’s ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the group;
- maintaining adequate accounting records that are sufficient to show and explain the group’s transactions and disclose with reasonable accuracy at any time the consolidated financial position of the group, and which enable them to ensure that the condensed consolidated interim financial statements of the group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards in the jurisdictions in which the group operates;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The condensed consolidated interim financial statements of the group for the three months ended 31 March 2021 were approved by Directors on 27 May 2021.

By order of the Board of Directors,

Chief Executive Officer

Pavel Grachev

Management Discussion and Analysis

The first quarter 2021 key metrics overview

$ million (if not mentioned otherwise)	**1Q 2021**	**4Q 2020**	**Q-o-Q**	**1Q 2021**	**1Q 2020**	**Y-o-Y**
Operating highlights						
Gold production (koz)[1]	592	710	(17%)	592	595	(1%)
Gold sold (koz)	569	829	(31%)	569	544	5%
Realised prices						
Weighted-average refined gold selling price, $/oz	1,788	1,872	(4%)	1,788	1,592	12%
Financial performance						
Total revenue	1,028	1,515	(32%)	1,028	872	18%
Operating profit	612	935	(35%)	612	481	27%
Operating profit margin	60%	62%	(2) ppts	60%	55%	5 ppts
Profit for the period	450	835	(46%)	450	(389)	N.A.
Earnings / (loss) per share - basic (US Dollar)	3.33	6.17	(46%)	3.33	(3.06)	N.A.
Earnings / (loss) per share - diluted (US Dollar)	3.32	6.15	(46%)	3.32	(3.06)	N.A.
Adjusted net profit[2]	469	732	(36%)	469	338	39%
Adjusted net profit margin	46%	48%	(2) ppts	46%	56%	(10) ppts
Adjusted EBITDA[3]	739	1,138	(35%)	739	589	25%
Adjusted EBITDA margin	72%	75%	(3) ppts	72%	68%	4 ppts
Net cash flow from operations	686	895	(23%)	686	544	26%
Capital expenditure[4]	127	272	(53%)	127	124	2%
Cash costs						
Total cash cost (TCC) per ounce sold ($/oz)[5]	386	354	9%	386	394	(2%)
All-in sustaining cash cost (AISC) per ounce sold ($/oz)[6]	641	613	5%	641	684	(6%)
Financial position						
Cash and cash equivalents	1,800	1,445	25%	1,800	1,878	(4%)
Net debt (incl. derivatives)[7]	2,074	2,464	(16%)	2,074	3,056	(32%)
Net debt (incl. derivatives)/adjusted EBITDA (x)[8]	0.5	0.7	(29%)	0.5	1.1	(55%)

[1] Gold production is comprised of 569 thousand ounces of refined gold and 23 thousand ounces of gold in flotation concentrate in the first quarter of 2021 and 688 thousand ounces of refined gold and 22 thousand ounces of gold in flotation concentrate in the fourth quarter 2020 respectively.
[2] Adjusted net profit is defined by the group as net profit / (loss) for the period adjusted for impairment loss / (reversal of impairment), unrealised (gain) / loss on derivative financial instruments, net, foreign exchange (gain) / loss, net, and associated deferred and current income tax related to such items.
[3] Adjusted EBITDA is defined by the group as profit for the period before income tax, depreciation and amortisation, (gain) / loss on derivative financial instruments (including the effect of the disposal of a subsidiary and subsequent accounting at equity method), finance costs, net, interest income, foreign exchange loss / (gain), net, impairment loss / (reversal of impairment), (gain) / loss on property, plant and equipment disposal, expenses associated with an equity-settled share-based payment plan, expenses associated with covid-19, loss on transfer of Omchak power grid and special charitable contributions as required to ensure calculation of the Adjusted EBITDA is comparable with the prior period.
[4] Capital expenditure figures are presented on an accrual basis (here presented net of the Sukhoi Log deposit license acquisition cost and net of Omchak power grid construction cost). For details see reconciliation on page 20.
[5] TCC is defined by the group as the cost of gold sales, less property, plant and equipment depreciation and amortisation and change in allowance for obsolescence of inventory, expenses associated with covid-19 and adjusted by non-monetary change in inventory. TCC per ounce sold is the cost of producing an ounce of gold, which includes mining, processing and refining costs. The group calculates TCC per ounce sold as TCC divided by total ounces of gold sold for the period. The group calculates TCC and TCC per ounce sold for certain mines on the same basis, using corresponding mine-level financial information.
[6] AISC is defined by the group as TCC plus selling, general and administrative expenses, stripping activity asset additions, sustaining capital expenditures, unwinding of discounts on decommissioning liabilities, provision for annual vacation payment, employee benefit obligations cost, and change in allowance for obsolescence of inventory less amortisation and depreciation included in selling, general and administrative expenses. AISC is an extension of TCC and incorporates costs related to sustaining production and additional costs which reflect the varying costs of producing gold over the life-cycle of a mine. The group believes AISC is helpful in understanding the economics of gold mining. AISC per ounce sold is the cost of producing and selling an ounce of gold, including mining, processing, transportation and refining costs, general costs from both mine and alluvial operations, and the additional expenditures noted in the definition of AISC. The group calculates AISC per ounce sold as AISC divided by total ounces of gold sold for the period.
[7] Net debt is defined as non-current borrowings plus current borrowings less cash and cash equivalents and bank deposits. Net debt also includes assets and liabilities under cross-currency and interest rate swaps at the reporting date. Net debt excludes derivative financial instrument assets/liabilities other than cross-currency and interest rate swaps, site restoration and environmental obligations, deferred tax, deferred revenue and other non-current liabilities. Net debt should not be considered as an alternative to current and non-current borrowings, and should not necessarily be construed as a comprehensive indicator of the group's overall liquidity.
[8] The group calculates net debt (incl. derivatives) to Adjusted EBITDA as net debt (including derivatives) divided by Adjusted EBITDA for the last twelve months

Key highlights for the first quarter 2021

1. Total gold sales volumes amounted to 569 thousand ounces in the first quarter of 2021, down 31% compared to the fourth quarter of 2020. This reflects lower refined gold volumes at Olimpiada, Blagodatnoye and Natalka, mainly due to changes in gold in inventory at the refinery and a seasonal slowdown in production at Alluvials and Kuranakh. In addition, Polyus recorded no sales of flotation concentrate in the reporting period, compared to 141 thousand ounces in the fourth quarter of 2020.
2. In the first quarter, the group's revenue from gold sales amounted to $1,017 million, down 32% compared to the previous quarter. This is attributable to the aforementioned decline in refined gold volumes and the absence of sales of flotation concentrate during the quarter. In addition, the average realised price of refined gold was 4% lower than in the fourth quarter, at $1,788 per ounce.
3. In the first quarter, the group's TCC increased by 9% to $386 per ounce compared to $354 per ounce in the previous quarter. This reflects the lower average grade in ore processed at Olimpiada and Blagodatnoye, as well as the absence of sales of lower cost flotation concentrate during the quarter. The latter also resulted in a zero by-product credit compared to $14 per ounce in the fourth quarter of 2020.
4. In the first quarter of 2021, the group's adjusted EBITDA amounted to $739 million, a 35% decrease compared to $1,138 million in the previous quarter, driven by lower gold sales volumes over the period.
5. In the first quarter of 2021, net profit totalled $450 million, compared to $835 million in the fourth quarter. The net profit decline primarily reflects the change in operating profit.
6. Adjusted net profit amounted to $469 million in the first quarter, down 36% compared to the fourth quarter of 2020.
7. Net cash generated from operations amounted to $686 million in the first quarter, compared to $895 million in the previous quarter.
8. Capital expenditures ("capex") for the period decreased to $127 million, from $272 million in the previous reporting period.
9. Cash and cash equivalents increased to $1,800 million as at 31 March 2021 (31 December 2020: $1,445 million), while the net debt position, including liabilities under cross-currency and interest rate swaps decreased to $2,074 million (31 December 2020: $2,464 million). The group's net liabilities under cross-currency and interest rate swaps related to bank credit facilities and rouble bonds totalled approximately $358 million as of the end of the first quarter (31 December 2020: net liabilities of $355 million).
10. The net debt (incl. derivatives)/adjusted EBITDA ratio decreased to 0.5x compared to 0.7x at the end of 2020, reflecting a lower net debt position and growth in adjusted EBITDA over the last twelve months.
11. The Board of Directors of PJSC Polyus on 21 April 2021 recommended the dividends for the second half of 2020 in the amount of 387.15 Russian roubles per ordinary share. The dividend is subject to approval by the Company's annual general shareholders' meeting convened on 27 May 2021. The recommended dividend amount is equivalent to approximately $5.09 per ordinary share or $2.55 per depositary share. The total recommended dividend payout for the second half of 2020 will correspond to approximately $693 million. The total dividend payout for the full year of 2020 will correspond to approximately $1,107 million. This amount includes $414 million paid out in form of dividend for the first half of 2020. The dividend record date recommended by the Company's Board is 7 June 2021, subject to approval by the Company's annual general shareholders' meeting.

12. During the first quarter of 2021, the Company allocated $35 million towards measures aimed at preventing the spread of COVID-19. Of this total amount, $11 million is included into Cost of gold sales (additional staff expenses related to extended working shifts), and $13 million is in Other expenses (COVID-19 test kits, medical services and support provided to regional hospitals). The remaining $11 million is attributed to in-progress inventory ($4 million) and infrastructure facilities ($7 million) which was capitalised as part of property, plant and equipment in the Statement of Financial position. The expenses associated with COVID-19 and recognised as part of Cost of gold sales were excluded from both TCC and AISC calculations. At the same time, all P&L expenses related to COVID-19 ($24 million) were excluded from the adjusted EBITDA calculation.

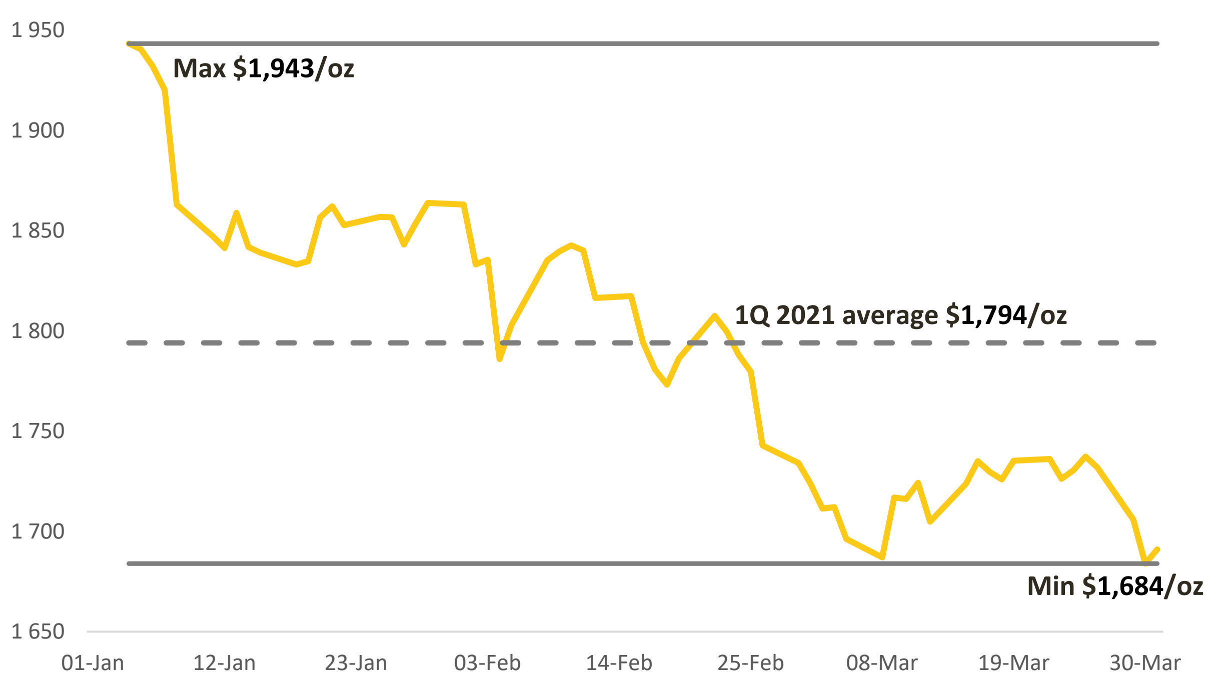
Review of external factors

The group's results are significantly affected by movements in the price of gold and currency exchange rates (principally the RUB/USD rate).

Gold price dynamics

The market price of gold is a significant factor that influences the group's profitability and operating cash flow generation. In the first quarter of 2021, the average London Bullion Market Association (LBMA) gold price was $1,794 per ounce, compared to $1,874 per ounce in the previous quarter and $1,583 per ounce in the first quarter of 2020.

LBMA gold price dynamics in 1Q 2021 $/oz

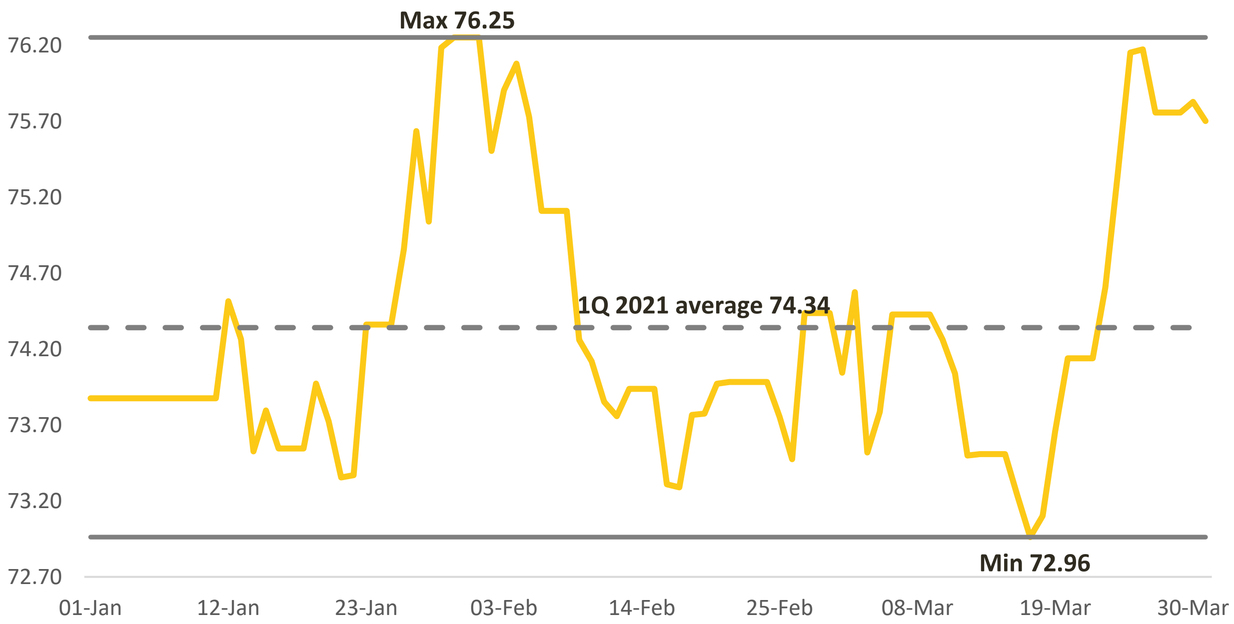


Source: London Bullion Market Association

Rouble exchange rate dynamics

The group's revenue from gold sales is linked to the US dollar (USD), whereas most of the group's operating expenses are denominated in Russian roubles (RUB). The strengthening of the RUB against the USD can negatively impact the group's margins by increasing the USD value of its RUB-denominated costs, while a weaker RUB positively affects its margins as it reduces the USD value of the group's RUB-denominated costs. In the first quarter of 2021, the average RUB/USD exchange rate amounted to 74.34, compared to 76.21 in the previous quarter and 66.38 in the first quarter of 2020.

RUB/USD dynamics, 1Q 2021



Source: The Central Bank of the Russian Federation

Inflationary trends

All of the group's operations are located in Russia. The rouble-based annualised Russian Consumer Price Index (CPI), calculated by the Federal State Statistics Service, was at 5.8% as of the end of the first quarter of 2021, compared to 4.9% as of the end of the previous quarter and 2.5% as of the end of the first quarter of 2020.

Financial review of the first quarter 2021

Statement of profit or loss review

REVENUE ANALYSIS

	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Gold sales (koz)	569	829	(31%)	569	544	5%
Weighted-average refined gold selling price, $/oz	1,788	1,872	(4%)	1,788	1,592	12%
Average afternoon gold LBMA price fixing ($/oz)	1,794	1,874	(4%)	1,794	1,583	13%
(Discount) / premium of average selling price over average LBMA price fixing ($/oz)	(6)	(2)	N.A.	(6)	9	N.A.
Gold sales ($ million)	1,017	1,503	(32%)	1,017	861	18%
Other sales ($ million)	11	12	(8%)	11	11	0%
Total revenue ($ million)	**1,028**	**1,515**	**(32%)**	**1,028**	**872**	**18%**

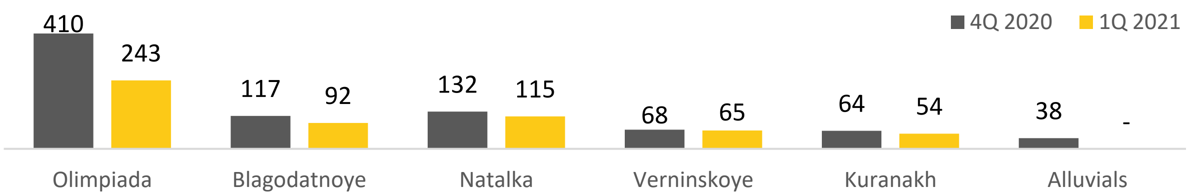
In the first quarter, the group's revenue from gold sales amounted to $1,017 million, down 32% compared to the previous quarter. Gold sales totalled 569 thousand ounces, a 31% decline compared to the previous quarter, driven by lower volumes of refined gold at Olimpiada, Blagodatnoye and Natalka, mainly due to changes in gold in inventory at the refinery and a seasonal slowdown in production at Alluvials and Kuranakh. In addition, Polyus recorded no sales of flotation concentrate in the reporting period, compared to 141 thousand ounces in the fourth quarter of 2020.

At the same time, the average realised price of refined gold was 4% lower than in the fourth quarter, at $1,788 per ounce.

Revenue breakdown by business unit, 1Q 2021 vs. 4Q 2020

Assets	1Q 2021 ($ million)			4Q 2020 ($ million)		
	Gold sales	Other sales	Total sales	Gold sales	Other sales	Total sales
Olimpiada	434	1	435	717	1	718
Blagodatnoye	165	-	165	219	-	219
Natalka	205	1	206	248	-	248
Verninskoye	116	-	116	128	-	128
Kuranakh	97	1	98	119	1	120
Alluvials	-	1	1	72	2	74
Other	-	7	7	-	8	8
Total	**1,017**	**11**	**1,028**	**1,503**	**12**	**1,515**

Gold sold by mine, koz



CASH COSTS ANALYSIS

In the first quarter, the group's cost of gold sales decreased by 24% compared to the previous quarter, to $301 million, while cash operating costs decreased by 14%, to $265 million.

Cost of gold sales breakdown

$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Cash operating costs[9]	**265**	**308**	**(14%)**	**265**	**278**	**(5%)**
Depreciation and amortisation of operating assets	94	93	1%	94	96	(2%)
Total cost of production	**359**	**401**	**(10%)**	**359**	**374**	**(4%)**
Increase in stockpiles, gold-in-process and refined gold inventories	(58)	(5)	N.A.	(58)	(93)	(38%)
Cost of gold sales	**301**	**396**	**(24%)**	**301**	**281**	**7%**

Cash operating costs - breakdown by item

$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Consumables and spares	64	81	(21%)	64	71	(10%)
Employee compensation	76	75	1%	76	80	9%
Mineral Extraction Tax ("MET")	50	69	(28%)	50	44	14%
Fuel	25	28	(11%)	25	35	(29%)
Power	15	15	0%	15	16	(6%)
Other[11]	35	40	(13%)	35	32	9%
Total	**265**	**308**	**(14%)**	**265**	**278**	**(5%)**

In the first quarter of 2021, consumables and spares expenses decreased by 21% compared to the previous quarter due to reduction in maintenance works compared to the previous quarter and the downscale of activities at Alluvials. The seasonal stoppage of heap leaching operations at Kuranakh also contributed to lower consumables expenses.

Employee compensation expenses (excluding additional expenses related to Covid-19) remained broadly flat quarter-on-quarter. A higher headcount across most operating assets was offset by the seasonal downscale of activities at the Alluvials operations.

The group's MET expenses decreased by 28% compared to the previous quarter. This reflects zero sales volumes of flotation concentrate, as well as lower gold dore production volumes during the period. Lower average gold price also contributed to the decrease in MET expenses.

In the first quarter, fuel costs decreased by 11% compared to the previous quarter due to the downscale of activities at the Alluvials operations.

Power costs remained flat quarter-on-quarter.

[9] The group calculates cash operating costs as the sum of the following costs within cost of sales for the period: Labour, Consumables and spares, Tax on mining, Fuel, Power, Outsourced mining services and other costs, including Refining, logistics and costs on explosives. Other costs also include $11 million and $16 million of COVID-19 expenses related to employee compensation in the first quarter of 2021 and the fourth quarter of 2020, respectively. The expenses associated with COVID-19 and recognised as part of Cost of gold sales were excluded from both TCC and AISC calculations.

Cash operating costs - breakdown by key business units[10], 1Q 2021 vs. 4Q 2020

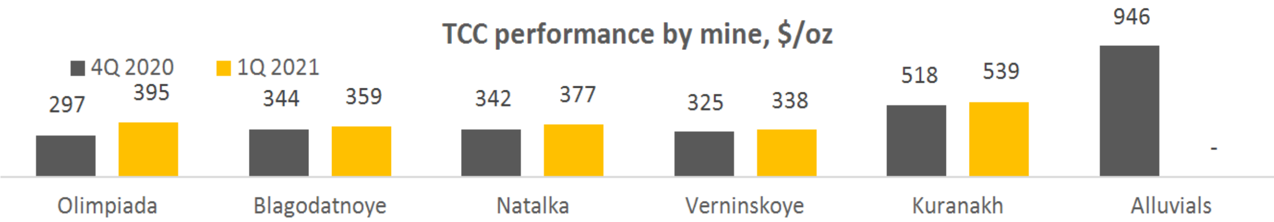
$ million	Olimpiada 1Q 2021	Olimpiada 4Q 2020	Blagodatnoye 1Q 2021	Blagodatnoye 4Q 2020	Natalka 1Q 2021	Natalka 4Q 2020	Verninskoye 1Q 2021	Verninskoye 4Q 2020	Kuranakh 1Q 2021	Kuranakh 4Q 2020	Alluvials 1Q 2021	Alluvials 4Q 2020
Consumables and spares	30	31	9	12	12	18	6	8	6	8	-	3
Employee compensation	20	15	7	9	13	14	7	7	10	8	-	7
MET	27	46	11	12	3	-	3	2	6	6	-	3
Fuel	5	5	4	5	8	8	2	2	4	3	-	3
Power	6	5	2	1	6	6	1	1	2	3	-	2
Other	19	13	11	12	17	19	8	8	4	3	1	8
Total	**107**	**115**	**44**	**51**	**59**	**65**	**27**	**28**	**32**	**31**	**1**	**26**

TOTAL CASH COSTS

TCC calculation

$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Cost of gold sales before by-product	**301**	**408**	**(26%)**	**301**	**281**	**7%**
Antimony by-product credit	-	(12)	(100%)	-	-	N.A.
Cost of gold sales	**301**	**396**	**(24%)**	**301**	**281**	**7%**
Property, plant and equipment depreciation	(94)	(93)	1%	(94)	(96)	(2%)
Expenses related to COVID-19 in cost of gold sales	(11)	(16)	(31%)	(11)	-	N.A.
Non-monetary changes in inventories	22	5	N.A.	22	30	(27%)
TCC	**218**	**292**	**(25%)**	**218**	**215**	**1%**
Gold sold (koz)	569	829	(31%)	569	544	5%
TCC per ounce sold ($/oz)	**386**	**354**	**9%**	**386**	**394**	**(2%)**

In the first quarter, the group's TCC increased by 9% to $386 per ounce compared to $354 per ounce in the previous quarter. This reflects the lower average grade in ore processed at Olimpiada and Blagodatnoye, as well as the absence of lower cost flotation concentrate sales during the period. The latter also resulted in a zero by-product credit compared to $14 per ounce in the fourth quarter of 2020.



In the first quarter, TCC at Olimpiada rose to $395 per ounce, up 33% compared to the fourth quarter of 2020. This reflects the absence of sales of lower cost flotation concentrate, which also resulted in a zero by-product credit compared to $29 per ounce in the fourth quarter of 2020. A decline in average grades in ore processed (3.02 grams per tonne in the first quarter compared to 3.34 grams per tonne in the fourth quarter) also negatively impacted the cost performance. Under the current mine plan, Polyus is intensifying stripping activities and processing higher volumes of lower grade ore stockpiles in 2021.

At Blagodatnoye, TCC amounted to $359 per ounce, up 5% compared to the fourth quarter. This was driven by a temporary decline in average grades in ore processed (1.65 grams per tonne in the first quarter compared to 1.91 grams per tonne in the fourth quarter), as well as a decrease in the recovery rate from 88.7% to 86.2% compared to the previous quarter.

[10] Calculated on standalone basis and do not include other non-producing business units and consolidation adjustments

In the first quarter, TCC at Natalka increased to $377 per ounce, up 10% compared to the previous quarter. This reflects a temporary decline in the recovery rate to 71.1% compared to 73.0% in the previous quarter and appreciation of the local currency on average during the reporting period. Lower sales volumes, driven by changes in gold in inventory at the refinery, also negatively impacted TCC per ounce.

In the first quarter, TCC at Verninskoye amounted to $338 per ounce, up 4% compared to the fourth quarter. This was driven by a temporary decline in average grades in ore processed (2.82 grams per tonne in the first quarter compared to 2.90 grams per tonne in the fourth quarter), as well as appreciation of the local currency on average during the quarter.

At Kuranakh, TCC rose to $539 per ounce, up 4% compared to the fourth quarter, primarily due to the seasonal downscaling of heap leaching operations.

Due to the seasonality of activity at placer deposits, no gold was produced at Alluvials in the first quarter of 2021. The washing season ended in November 2020, and was resumed in April 2021 as usual.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

In the first quarter, the group's selling, general, and administrative (SG&A) expenses amounted to $73 million, a 20% decrease quarter-on-quarter. This reflects a decrease in distribution expenses due to zero sales of flotation concentrate, as well as lower professional service expenses recorded during the period.

SG&A breakdown by item

$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Salaries	54	55	(2%)	54	66	(18%)
Distribution expenses related to gold-bearing products	1	9	(89%)	1	1	0%
Taxes other than mining and income taxes	4	5	(20%)	4	5	(20%)
Professional services	2	6	(67%)	2	2	0%
Depreciation and amortisation	6	6	0%	6	6	0%
Other	6	10	(40%)	6	6	0%
Total	**73**	**91**	**(20%)**	**73**	**86**	**(15%)**

ALL-IN SUSTAINING COSTS (AISC)

In the first quarter, the group's AISC amounted to $641 per ounce, a 5% increase quarter-on-quarter due to higher TCC per ounce for the period.

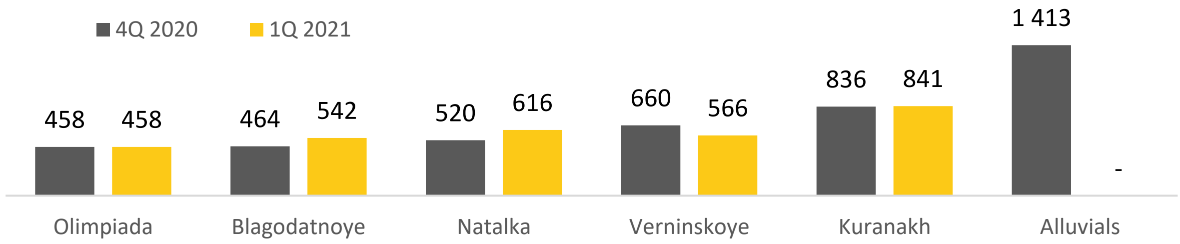
All-in sustaining costs calculation

$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Total TCC	**218**	**292**	**(25%)**	**218**	**215**	**1%**
Selling, general and administrative expenses	73	91	(20%)	73	86	(15%)
Depreciation and amortisation related to SG&A	(6)	(6)	0%	(6)	(6)	0%
Stripping activity asset additions[11]	45	44	7%	45	38	18%
Sustaining capital expenditure[12]	34	84	(60%)	34	39	(13%)
Unwinding of discounts on decommissioning liabilities	1	1	0%	1	1	0%
Adding back expenses excluded from cost of gold sales						
Change in allowance for obsolescence of inventory	-	2	N.A.	-	(1)	(100%)
Total all-in sustaining costs	**365**	**508**	**(28%)**	**365**	**372**	**(2%)**
Gold sold (koz)	569	829	(31%)	569	544	5%
All-in-sustaining cost ($/oz)	**641**	**613**	**5%**	**641**	**684**	**(6%)**

[11] Following an update of the methodology and extraction of the depreciation and COVID-19 related expenses included in the additions to the stripping activity asset. The amount of non-cash depreciation was $18 million in the first quarter of 2021, $12 million in the fourth quarter of 2020. The amount of COVID-19 related expenses amounted was 4 million in the first quarter of 2021 and $2 million in the fourth quarter of 2020.
[12] Sustaining capital expenditures represent capital expenditures at existing operations comprising mine development costs and ongoing replacement of mine equipment and other capital facilities, and does not include capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations.

In the first quarter of 2021, AISC at Olimpiada remained flat at $458 per ounce, as higher TCC per ounce was fully offset by lower sustaining capital expenditures. AISC at Blagodatnoye increased to $542 per ounce, while AISC at Natalka increased to $616, both driven by higher levels of stripping activity in the reporting period. AISC at Verninskoye decreased to $566 per ounce due to lower levels of stripping activity and lower sustaining capital expenditures in the reporting period. AISC at Kuranakh remained broadly flat at $841 per ounce.

All-in sustaining costs by mine, $/oz



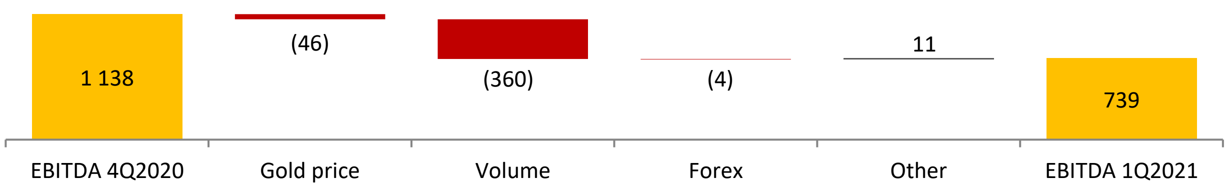
ADJUSTED EBITDA

In the first quarter of 2021, the group's adjusted EBITDA amounted to $739 million, a 35% decrease compared to $1,138 million in the previous quarter, driven by lower gold sales volumes over the period.

Adjusted EBITDA calculation

$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Profit before income tax	**537**	**1,027**	**(48%)**	**537**	**(451)**	N.A.
Expenses related to COVID-19	24	34	(29%)	24	-	N.A.
Depreciation and amortisation	81	96	(16%)	81	74	9%
Loss / (gain) on revaluation of derivative financial instruments, net	12	(95)	N.A.	12	534	(98%)
Finance costs, net	51	46	11%	51	70	(27%)
Equity-settled share-based payment plans	10	12	(17%)	10	26	(62%)
Foreign exchange loss / (gain), net	15	(40)	N.A.	15	339	(96%)
Interest income	(3)	(3)	0%	(3)	(11)	(73%)
Impairment	-	8	(100%)	-	2	(100%)
Special charitable contributions	7	8	(13%)	7	5	40%
Loss on property, plant and equipment disposal	5	-	N.A.	5	1	N.A.
Loss on transfer of Omchak power grid	-	45	N.A.	-	-	N.A.
Adjusted EBITDA	**739**	**1,138**	**(35%)**	**739**	**589**	**25%**
Total revenue	1,028	1,515	(32%)	1,028	872	18%
Adjusted EBITDA margin (%)	**72%**	**75%**	**(3)ppts**	**72%**	**68%**	**4ppts**

Adjusted EBITDA bridge, $ million



Adjusted EBITDA breakdown by business unit, $ million

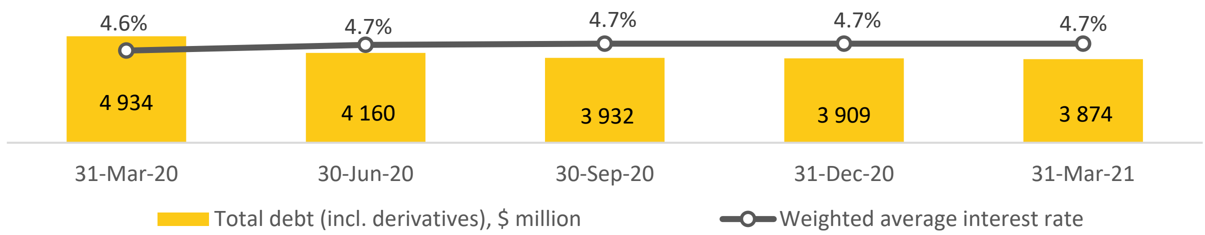
$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Olimpiada	310	568	(45%)	310	252	23%
Blagodatnoye	121	174	(30%)	121	117	3%
Natalka	144	190	(24%)	144	94	53%
Verninskoye	87	99	(12%)	87	78	12%
Alluvials	(5)	31	N.A.	(5)	(4)	25%
Kuranakh	59	82	(28%)	59	44	34%
Other[13]	23	(6)	N.A.	23	8	N.A.
Total	**739**	**1,138**	**(35%)**	**739**	**589**	**25%**

FINANCE COST ANALYSIS

$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Interest on borrowings	47	47	0%	47	71	(34%)
Interest on lease liabilities	1	1	0%	1	1	0%
Bank commission and write-off of unamortised debt cost due to early extinguishment	-	2	N.A.	-	4	(100%)
Unwinding of discounts	1	1	0%	1	4	(75%)
Loss / (gain) on exchange of interest payments under cross currency swap and interest rate swap	2	(5)	N.A.	2	(10)	N.A.
Total finance cost expensed	**51**	**46**	**11%**	**51**	**70**	**(27%)**

The group's total finance costs amounted to $51 million and increased 11% compared to $46 million in the fourth quarter. This increase reflects losses on exchange of interest payments under swap agreements.

Weighted average interest rate dynamics[14]



Foreign exchange loss and derivatives

The group's foreign exchange loss was $15 million in the first quarter, compared to a $40 million gain in the fourth quarter, reflecting the revaluation of USD-denominated bank deposits, USD-denominated accounts receivables and USD-denominated liabilities as at 31 March 2021 due to FX rate fluctuations.

Valuation of derivative financial instruments as at 31 March 2021 and for the first quarter 2021

$ million	Asset	Liability	Fair value recorded in the statement of financial position	Profit & loss (expenses)/ income
Cross-currency swaps	21	(371)	(350)	(13)
Interest rate swaps	-	(8)	(8)	1
Total	**21**	**(379)**	**(358)**	**(12)**

[13] Reflects consolidation adjustments and financial results of Sukhoi log and non-producing business units, including exploration business unit, capital construction business unit and unallocated segments
[14] Weighted average interest rate is calculated as of the end of the period

Cross-currency and interest rate swaps[15]

In the first quarter of 2021, the overall negative impact from cross-currency and interest rate swaps on finance costs amounted to $2 million. This is presented within note 9 of the condensed consolidated interim financial statement as a loss on the exchange of interest payments under interest rate and cross currency swaps.

PROFIT BEFORE TAX & INCOME TAXES

In the first quarter of 2021, the group recognised profit before tax of $537 million. Income tax amounted to $87 million, resulting in an effective income tax rate of 16%.

NET PROFIT

In the first quarter of 2021, net profit totalled $450 million, compared to net profit of $835 million in the fourth quarter. The net profit decline primarily reflects the change in operating profit.

Adjusted net profit calculation

$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Net profit for the period	450	835	(46%)	450	(389)	N.A.
Impairment	-	8	N.A.	-	2	(100%)
Loss / (gain) on derivative financial instruments, net	12	(95)	N.A.	12	534	N.A.
Foreign exchange loss / (gain), net	15	(40)	N.A.	15	339	N.A.
Effect of deferred and income tax on items above	(8)	24	N.A.	(8)	(148)	N.A.
Adjusted net profit	**469**	**732**	**(36%)**	**469**	**338**	**39%**
Total revenue	1,028	1,515	(32%)	1,028	872	18%
Adjusted net profit margin	**46%**	**48%**	**(2) ppts**	**46%**	**39%**	**7 ppts**

[15] For additional information on cross-currency and interest rate swaps, see Note 15 of the condensed consolidated interim financial statements

Statement of financial position review

DEBT

The Company's gross debt decreased to $3,874 million, compared to $3,909 million as at the end of the fourth quarter of 2020.

As at 31 March 2021, the Company's cash position increased to $1,800 million (31 December 2020: $1,445 million), while its net debt position decreased, compared to the previous quarter and amounted to $2,074 million (31 December 2020: $2,464 million). This change reflects free cash flow generation during the quarter. The group's liabilities under cross currency and interest rate swaps related to RUB-denominated bank credit facilities and rouble bonds totalled approximately $358 million as of the end of the first quarter.

The share of fixed-rate liabilities within the Company's debt portfolio stood at 96% as at the end of the first quarter of 2021. As of 31 March 2021, the group had a lease liability in the amount of $72 million, which is discussed further within note 13 of the condensed consolidated interim financial statements.

In April, Moody's Investors Service upgraded the Company's Rating to 'Baa3'/stable from 'Ba1'/stable.

Debt breakdown by type

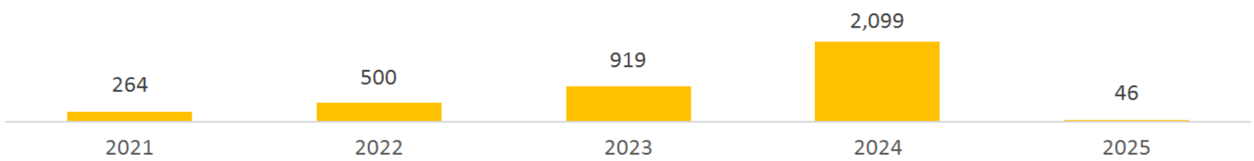
$ million	31 March 2021	31 December 2020	31 March 2020
Eurobonds	1,735	1,734	2,408
Convertible bonds	-	-	181
RUB bonds	559	556	567
Finance lease	72	70	75
Bank loans	1,508	1,549	1,703
Total	**3,874**	**3,909**	**4,934**

The group's debt portfolio remains dominated by USD-denominated instruments.

Debt breakdown by currency[16]

	31 March 2021		31 December 2020		31 March 2020	
	$ million	% of total	$ million	% of total	$ million	% of total
RUB	1,576	41%	1,614	41%	1,546	31%
USD	2,298	59%	2,295	59%	3,388	69%
Total	**3,874**	**100%**	**3,909**	**100%**	**4,934**	**100%**

Debt maturity schedule (as at 31 March 2021)[17], $ million



CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

As at 31 March 2021, the group's cash and cash equivalents and bank deposits totalled 1,800 million, up 25% compared to the end of the fourth quarter of 2020. The group's cash position is primarily held in USD-denominated instruments. Existing cash balances cover all principal debt repayments up to 2023.

[16] The breakdown does not factor in any cross-currency swaps.
[17] The breakdown is based on actual maturities and excludes $18 million of banking commissions and lease liabilities recognised under IFRS 16 as of 31 March 2021 in amount of $67 million (the remaining $5 million of the total amount of lease liabilities of $72 million presented in the Note 19 and included in the bridge).

Cash, cash equivalents, and bank deposits breakdown by currency

$ million	31 March 2021	31 December 2020	31 March 2020
RUB	100	152	121
USD	1,700	1,293	1,757
Total	**1,800**	**1,445**	**1,878**

NET DEBT

At the end of the first quarter of 2021, the group's net debt amounted to $2,074 million, down 16% from $2,464 million at the end of the fourth quarter of 2020.

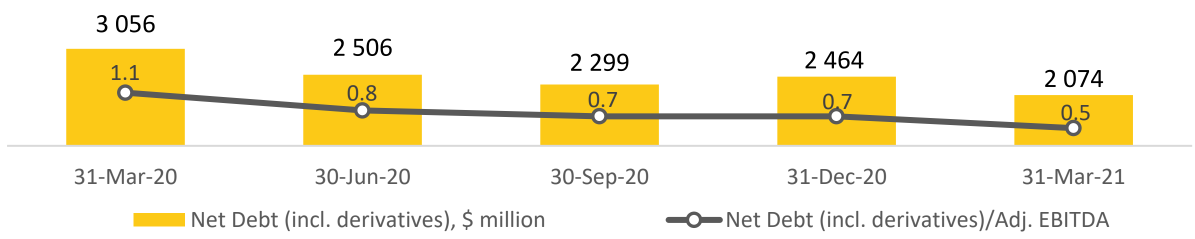
Net debt calculation

$ million	31 March 2021	31 December 2020	31 March 2020
Non-current borrowings	3,122	3,642	4,054
+ Current borrowings	752	267	880
- Cash and cash equivalents	(1,800)	(1,445)	(1,878)
Net debt	**2,074**	**2,464**	**3,056**

The Board of Directors of PJSC Polyus on 21 April 2021 recommended the dividends for the second half of 2020 in the amount of 387.15 Russian roubles per ordinary share. The dividend is subject to approval by the Company's annual general shareholders' meeting convened on 27 May 2021. The recommended dividend amount is equivalent to approximately $5.09 per ordinary share or $2.55 per depositary share. The total recommended dividend payout for the second half of 2020 will correspond to approximately $693 million. The total dividend payout for the full year of 2020 will correspond to approximately $1,107 million. This amount includes $414 million paid for the first half of 2020. The dividend record date recommended by the Company's Board is 7 June 2021, subject to approval by the Company's annual general shareholders' meeting.

The net debt/adjusted EBITDA ratio decreased to 0.5x compared to the end of the first quarter of 2020, reflecting a decrease in the net debt and growth in adjusted EBITDA for the last 12 months.

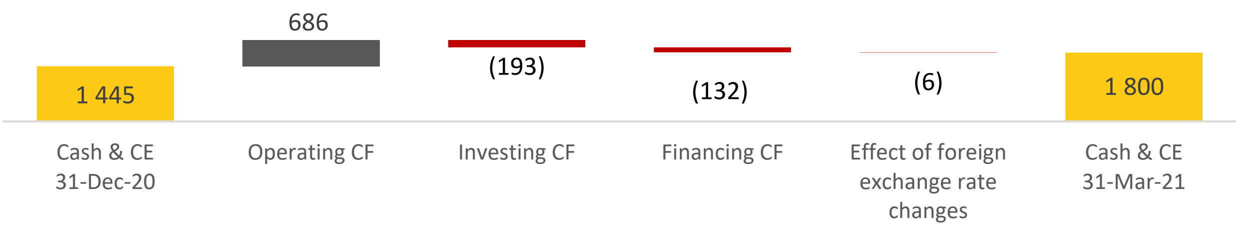
Net debt and net debt/adjusted EBITDA (last 12 months)[18] ratio



[18] Net debt to Adjusted EBITDA ratio is calculated as net debt as of the end of the relevant period divided by Adjusted EBITDA for the relevant period. For the purpose of the net debt to Adjusted EBITDA ratio as of 31 March 2021, Adjusted EBITDA is calculated as the trailing twelve months ended on 31 March 2021 (being Adjusted EBITDA for 2020 less Adjusted EBITDA for the three months ended 31 March 2020 plus Adjusted EBITDA for the three months ended 31 March 2021). For the purpose of the net debt to Adjusted EBITDA ratio as of 30 September 2020, Adjusted EBITDA is calculated as the trailing twelve months ended on 30 September 2020 (being Adjusted EBITDA for 2019 less Adjusted EBITDA for the nine months ended 30 September 2019 plus Adjusted EBITDA for the nine months ended 30 September 2020). For the purpose of the net debt to Adjusted EBITDA ratio as of 30 June 2020, Adjusted EBITDA is calculated as the trailing twelve months ended on 30 June 2020 (being Adjusted EBITDA for 2019 less Adjusted EBITDA for the six months ended 30 June 2019 plus Adjusted EBITDA for the six months ended 30 June 2020). For the purpose of the net debt to Adjusted EBITDA ratio as of 31 March 2020, Adjusted EBITDA is calculated as the trailing twelve months ended on 31 March 2020 (being Adjusted EBITDA for 2019 less Adjusted EBITDA for the three months ended 31 March 2019 plus Adjusted EBITDA for the three months ended 31 March 2020).

Statement of cash flows review

Cash flow bridge, $ million



In the first quarter 2021, cash flow from operations decreased to $686 million, down 23% compared to $895 million in the fourth 2020, due to lower sales volumes and average gold sales price in the reporting period. Cash outflow on investing activities decreased to $193 million, down 26% compared to $261 million in the previous quarter. Net financing cash outflow totalled $132 million.

OPERATING CASH FLOW

In the first quarter, the group generated operational cash inflow of $686 million, which was positively impacted by a working capital inflow of $84 million. This figure primarily reflects a decrease in trade receivables related to sales of flotation concentrate in a total amount of $128 million. This was partially offset by an inventory accumulation of ore stockpiles at Natalka and Blagodatnoye, as well as seasonal deferred expenditures at Alluvials.

INVESTING CASH FLOW

In the first quarter, capital expenditures decreased to $127 million, from $272 million in the previous period, reflecting lower capital expenditures across all business units.

At Olimpiada, capital expenditures decreased to $28 million in the first quarter of 2021 compared to $93 million in the previous reporting period, with a new SAG-mill installed at Mill-3 then. Polyus procured two Jameson Cell flotation units: the first was commissioned at Mill-2 in January and the second will be ramped up in June. The Company continued to upgrade its mining fleet with the delivery of two 220-tonne trucks (nine units in the fourth quarter).

At Blagodatnoye, capital expenditures decreased to $21 million in the first quarter of 2021 compared to $43 million in the previous reporting period as the Company completed an active phase of mining fleet procurement. Polyus is proceeding with groundworks and site preparation for the Mill-5 project, while finalizing the tender procedures to select the major contractor and long-lead equipment suppliers.

Capital expenditures at Natalka decreased 41% to $20 million in the first quarter, compared to $34 million in the previous reporting period, when construction of the first start-up complex of new tailings storage facility was completed and flash flotation roll-out along with a new CIL line commissioning took place. In the reporting period, Polyus proceeded with the development of the Mill's auxiliary and infrastructure facilities, including construction of the second start-up complex of new tailings storage facility.

At Verninskoye, capital expenditures decreased to $15 million in the first quarter compared to $25 million in the previous quarter. The Company completed the installation of technological equipment at the extension to the main building during maintenance in February and launched the hot commissioning of a new ball mill in March. That said, Polyus completed the project of throughput capacity expansion at the Verninskoye Mill to 3.5 million tonnes per annum, reaching design throughput capacity of 450 t/h ahead of initial schedule (2H 2021).

At Kuranakh, capital expenditures decreased two-fold to $12 million in the first quarter, reflecting the scheduled replacement of mining fleet during the fourth quarter of 2020. In the reporting period, conveyor equipment was delivered for the second heap leaching pad.

At Alluvials, capital expenditures amounted to $4 million in the first quarter of 2021 and consisted of the ongoing replacement of worn-out equipment as well as exploration activity.

In the first quarter of 2021, IT-related capital expenditures decreased to $6 million. The Company is continuing to implement its ERP programme and other IT related projects.

At Sukhoi Log, Polyus progressed with the Bankable Feasibility Study ("BFS"). The Company is currently proceeding with mine planning as well as designing the general layout, process plant and tailings storage facility as part of the BFS. In the reporting period, the Company also started comprehensive engineering studies, including geological, geophysical and hydrogeological surveys. Polyus has also progressed with its deep-level and flank exploration drilling campaign. During the reporting period, Polyus drilled 15,000 meters of a planned total of 40,000 meters for 2021.

Capex breakdown

$ million	1Q 2021	4Q 2020	Q-o-Q	1Q 2021	1Q 2020	Y-o-Y
Olimpiada	28	93	(70%)	28	25	12%
Blagodatnoe	21	43	(51%)	21	8	N.A.
Natalka	20	34	(41%)	20	38	(47%)
Verninskoye	15	25	(40%)	15	16	(6%)
Kuranakh	12	24	(50%)	12	6	100%
Alluvials	4	10	(60%)	4	4	0%
Sukhoi Log	9	8	13%	9	4	N.A.
IT capex	6	15	(60%)	6	6	0%
Other[19]	12	20	(40%)	12	17	(29%)
CAPEX	**127**	**272**	**(53%)**	**127**	**124**	**2%**
Omchak electricity transmitting line	-	(3)	(100%)	-	8	(100%)
Items capitalised[20], net	41	40	3%	41	26	57%
Change in working capital for purchase of property, plant and equipment	28	(29)	N.A.	28	27	4%
Purchase of PP&E[21]	**196**	**280**	**(30%)**	**196**	**185**	**6%**

In the first quarter, the total cash amount spent on the purchase of PP&E decreased to $196 million, compared to $280 million in the previous quarter. This mainly reflects the respective decrease in total capital expenditures outlined above.

FINANCING CASH FLOW

In the first quarter, net financing cash outflow amounted to $132 million compared to $816 million of cash outflow in the prior period. The lower cash outflow over the period reflects the payment of $414 million of dividends for the first half of 2020 and the share repurchase in amount of $268 million conducted in the fourth quarter.

[19] Reflects expenses related to exploration business unit and other unallocated CAPEX.
[20] Including capitalised stripping costs. For more details see Note 12 of the condensed consolidated interim financial statements.
[21] Presented net of the Sukhoi Log deposit license acquisition cost and payments to Rostec.

Going concern

The financial position of the group, its cash flows, liquidity position, and borrowing facilities are set out in this MD&A on pages 17 to 20. As of 31 March 2021 the group held $1,800 million in cash and cash equivalents and bank deposits and had a net debt of $2,074 million, with $1,213 million of undrawn but committed credit facilities, subject to covenant compliance. Details on borrowings and credit facilities are disclosed in note 20 to the condensed consolidated interim financial statements. In assessing its going-concern status, the Management have considered the uncertainties affecting future cash flows and have taken into account its financial position, anticipated future trading performance, borrowings, and other available credit facilities, as well as its forecast compliance with the covenants on those borrowings and its capital expenditure commitments and plans. In the event of certain reasonably possible adverse pricing and forex scenarios and the risks and uncertainties below, management has within its control the option of deferring uncommitted capital expenditure, or managing the dividend payment profile to maintain the group's funding position.

Having examined all the scenarios, the Management concluded that no covenants will be breached in any of these adverse pricing scenarios for at least the next 12 months from the date of signing the condensed consolidated interim financial statements. Accordingly, the Board is satisfied that the group's forecasts and projections, having taken into account reasonably possible changes in trading performance, show that the group has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the condensed consolidated interim financial statements.

Risks and uncertainties

The group's activities are associated with a variety of risks that could affect its operational and financial results and, consequently, shareholder returns. Successful risk management requires, among other things, identifying and assessing potential threats and developing measures to mitigate them.

The group's financial results depend largely on gold prices. The gold market follows cyclical patterns and is sensitive to general macroeconomic trends. The group constantly monitors the gold market, implements cost optimisation measures and reviews its investment program.

Starting from March 2014, a number of sanction packages have been imposed by the United States ("US") and the European Union ("EU") on certain Russian officials, businessmen and companies. The impact of further economic developments on future operations and financial position of the group is at this stage difficult to determine.

Management does not believe that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2020. Detailed explanation of the risks summarized below, together with the group's risk mitigation plans, can be found on pages 17 to 20 of the 2020 Annual Report, which is available at https://polyus.com/en/media/press-releases/pjsc-polyus-2020-annual-review/

The health and safety of our employees remains the group's utmost focus. The group continues to monitor the COVID-19 threat level and assess the potential health risks for its employees, with all monitoring systems in place. For additional comments on operating environment, see note 25 of the consolidated financial statements.

The group's activities expose it to a variety of financial risks, which are summarised below. The group uses derivative financial instruments to reduce exposure to foreign exchange and interest rate movements. The Board of Directors is responsible for overseeing the group's risk management framework.

Foreign exchange risk

As stated on page 9, the group's revenue is linked to the USD, as the gold price is quoted in this currency. Thus the group's strategy is to have mostly USD-denominated debt and to keep its cash and deposits in USD. As of 31 March 2021, 94% of the cash and cash equivalents and bank deposits of the group were in USD – see page 18 of this MD&A for a detailed description. As part of this strategy, the group entered into a number of cross-currency swaps with leading Russian banks economically to hedge interest payments and the exchange of the principal amounts (see page 20).

Interest rate risk

The group is not materially exposed to interest rate risk, as only 4% of the group's debt portfolio is made up of USD floating rate borrowings.

Inflation risk

As stated on page 9, the group's earnings are exposed to inflationary trends in Russia, and inflation negatively impacts the group's earnings, increasing future operating costs. To mitigate rouble inflation risk, the group estimates possible inflation levels and incorporates them into its cost planning; it has implemented cost reduction initiatives at its operations, and its treasury team is responsible for ensuring that the majority of cash and cash equivalents are held in USD.

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To Shareholders and Board of Directors of Public Joint Stock Company "Polyus":

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of PJSC "Polyus" and its subsidiaries (the "group") as of 31 March 2021, and the related condensed consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three months then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Igor Tokarev
Engagement partner

27 May 2021

The Entity: Public Joint Stock Company "Polyus"

Primary State Registration Number: 1068400002990

Certificate of registration in the Unified State Register № 84 000060259 of 17 March 2006, issued by Interdistrict Inspectorate of Federal Tax Authorities №2 of Krasnoyarsk territory, Taimyr (Dolgan-Nenetsk) and Evenki autonomous okrugs

Address: 123056, Russian Federation, Moscow, Krasina, 3/1, office 801.

Audit Firm: AO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Member of Self-regulatory organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

PJSC "Polyus"

Condensed consolidated interim financial statements

for the three months ended
31 March 2021 (unaudited)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

(in millions of US Dollars)

	Notes	Three months ended 31 March 2021	Three months ended 31 March 2020
Gold sales	5	1,017	861
Other sales		11	11
Total revenue		**1,028**	**872**
Cost of gold sales	6	(301)	(281)
Cost of other sales		(10)	(10)
Gross profit		**717**	**581**
Selling, general and administrative expenses	7	(73)	(86)
Other expenses, net	8	(32)	(14)
Operating profit		**612**	**481**
Finance costs, net	9	(51)	(70)
Interest income		3	11
Loss on revaluation of derivative financial instruments, net	10	(12)	(534)
Foreign exchange loss, net		(15)	(339)
Profit / (loss) before income tax		**537**	**(451)**
Income tax (expense) / benefit		(87)	62
Profit / (loss) for the period		**450**	**(389)**
Profit / (loss) for the period attributable to:			
Shareholders of the Company		449	(408)
Non-controlling interests		1	19
		450	**(389)**
Weighted average number of ordinary shares '000			
- for basic earnings per share	19	134,690	133,308
- for diluted earnings per share	19	135,043	133,550
Earnings / (loss) per share (US Dollar per share)			
- basic		3.33	(3.06)
- diluted		3.32	(3.06)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

(in millions of US Dollars)

	Three months ended 31 March	
	2021	**2020**
Profit / (loss) for the period	**450**	**(389)**
Other comprehensive loss for the period		
Items that may be subsequently reclassified to profit or loss:		
Effect of translation to presentation currency	(67)	(361)
Other comprehensive loss for the period	**(67)**	**(361)**
Total comprehensive income / (loss) for the period	**383**	**(750)**
Total comprehensive income / (loss) for the period attributable to:		
Shareholders of the Company	384	(746)
Non-controlling interests	(1)	(4)
	383	**(750)**

PJSC "POLYUS"

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021 (UNAUDITED)

(in millions of US Dollars)

	Notes	31 Mar. 2021	31 Dec. 2020
Assets			
Non-current assets			
Intangible assets	11	131	132
Property, plant and equipment	12	4,083	4,121
Inventories	14	541	519
Deferred tax assets		108	109
Derivative financial instruments	15	21	17
Other receivables and non-current assets		25	28
		4,909	**4,926**
Current assets			
Inventories	14	590	595
Deferred expenditure		33	17
Advances paid to suppliers and prepaid expenses		44	29
Trade and other receivables	16	26	133
Taxes receivable	17	75	120
Income tax prepaid		23	30
Cash and cash equivalents	18	1,800	1,445
		2,591	**2,369**
Total assets		**7,500**	**7,295**
Equity and liabilities			
Capital and reserves			
Share capital	19	5	5
Additional paid-in capital	19	2,380	2,410
Treasury shares	19	(226)	(288)
Translation reserve		(3,109)	(3,044)
Retained earnings		3,696	3,272
Equity attributable to shareholders of the Company		**2,746**	**2,355**
Non-controlling interests		90	91
		2,836	**2,446**
Non-current liabilities			
Borrowings	20	2,813	3,329
Derivative financial instruments	15	330	330
Deferred tax liabilities		264	259
Site restoration, decommissioning and environmental obligations		58	63
Other non-current liabilities		40	57
		3,505	**4,038**
Current liabilities			
Borrowings	20	703	225
Derivative financial instruments	15	49	42
Trade and other payables	21	290	399
Taxes payable	22	98	101
Income tax payable		19	44
		1,159	**811**
Total liabilities		**4,664**	**4,849**
Total equity and liabilities		**7,500**	**7,295**

PJSC "POLYUS"

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

(in millions of US Dollars)

	Notes	*Number of outstanding shares '000*	Share capital	Additional paid-in capital	Treasury shares	Translation reserve	Retained earnings	Total	Non-controlling interests	Total
			Equity attributable to shareholders of the Company							
Balance at 31 December 2019		***133,196***	**5**	**2,049**	**(103)**	**(2,727)**	**2,586**	**1,810**	**103**	**1,913**
Profit / (loss) for the period		-	-	-	-	-	(408)	**(408)**	19	**(389)**
Other comprehensive income / (loss)		-	-	-	-	(338)	-	**(338)**	(23)	**(361)**
Total comprehensive income / (loss)		**-**	**-**	**-**	**-**	**(338)**	**(408)**	**(746)**	**(4)**	**(750)**
Equity-settled share-based compensation (LTIP), net of tax		-	-	9	-	-	-	**9**	-	**9**
Execution of conversion option by bondholders		*156*	-	4	15	(3)	-	**16**	-	**16**
Shares awarded under LTIP		*370*	-	(13)	36	(5)	(24)	**(6)**	-	**(6)**
Purchase of additional ownership in SL Gold		*246*	-	5	24	-	2	**31**	(2)	**29**
Balance at 31 March 2020		***133,968***	**5**	**2,054**	**(28)**	**(3,073)**	**2,156**	**1,114**	**97**	**1,211**
Balance at 31 December 2020		**134,705**	**5**	**2,410**	**(288)**	**(3,044)**	**3,272**	**2,355**	**91**	**2,446**
Profit for the period		-	-	-	-	-	449	**449**	1	**450**
Other comprehensive loss		-	-	-	-	(65)	-	**(65)**	(2)	**(67)**
Total comprehensive income / (loss)		**-**	**-**	**-**	**-**	**(65)**	**449**	**384**	**(1)**	**383**
Equity-settled share-based compensation (LTIP), net of tax	19	-	-	4	-	-	-	**4**	-	**4**
Shares awarded under LTIP	19	*351*	-	(34)	74	-	(39)	**1**	-	**1**
Share buyback	19	*(62)*	-	-	(14)	-	14	**-**	-	**-**
Other		*11*	-	-	2	-	-	**2**	-	**2**
Balance at 31 March 2021		***135,005***	**5**	**2,380**	**(226)**	**(3,109)**	**3,696**	**2,746**	**90**	**2,836**

PJSC "POLYUS"

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

(in millions of US Dollars)

	Notes	Three months ended 31 March 2021	Three months ended 31 March 2020
Operating activities			
Profit / (loss) before income tax		**537**	**(451)**
Adjustments for:			
Finance costs, net	9	51	70
Interest income		(3)	(11)
Loss on revaluation of derivative financial instruments, net	10	12	534
Depreciation and amortisation		81	74
Foreign exchange loss, net		15	339
Other		5	13
		698	**568**
Movements in working capital			
Inventories		(21)	(53)
Deferred expenditure		(17)	(19)
Trade and other receivables		107	78
Advances paid to suppliers and prepaid expenses		(16)	(15)
Taxes receivable		37	9
Trade and other payables and accrued expenses		16	24
Taxes payable		(22)	14
Cash flows from operations		**782**	**606**
Income tax paid		(96)	(62)
Net cash generated from operating activities		**686**	**544**
Investing activities[1]			
Purchase of property, plant and equipment (excluding purchase of additional ownership in LLC SL Gold and construction of the Omchak high-voltage power grid) and intangible assets		(196)	(177)
Purchase of additional ownership in LLC SL Gold		-	(28)
Payments for the Omchak high voltage power grid	5	-	(8)
Interest received		3	11
Net cash utilised in investing activities		**(193)**	**(202)**
Financing activities[1]			
Proceeds from borrowings		-	112
Repayment of borrowings		(4)	(230)
Interest paid		(68)	(87)
Commissions on borrowings paid		-	(4)
Repayments of lease liability		(5)	(4)
Net (payment) / proceeds on exchange of interest payments under cross currency swaps	9	(1)	10
Net payment on exchange of interest payments under interest rate swaps	9	(1)	-
Payments for close out of revenue stabilizer programme		-	(32)
Increase of ownership in subsidiaries		(24)	-
Payment for share buyback	19	(32)	-
Unpaid dividends for previous periods returned		1	-
Other		2	-
Net cash utilised in financing activities		**(132)**	**(235)**
Net increase in cash and cash equivalents		**361**	**107**
Cash and cash equivalents at the beginning of the period	18	**1,445**	**1,801**
Effect of foreign exchange rate changes on cash and cash equivalents		(6)	(30)
Cash and cash equivalents at the end of the period	18	**1,800**	**1,878**

[1] Significant non-cash transactions relating to investing (right-of-use assets recognition and LTIP payments in treasury shares) and financing activities (lease liabilities recognition) are disclosed in the notes 13 and 19 to these condensed consolidated interim financial statements, respectively.

1. GENERAL

Public Joint Stock Company Polyus (the "Company" or "Polyus") was incorporated in Moscow, Russian Federation, on 17 March 2006.

The principal activities of the Company and its controlled entities (the "group") are the extraction, refining and sale of gold. The mining and processing facilities of the group are located in the Krasnoyarsk, Irkutsk, Magadan regions and the Sakha Republic of the Russian Federation. The group also performs research and exploration works. Further details regarding the nature of the business of the significant subsidiaries of the group are presented in note 27.

The shares of the Company are "level one" listed on the Moscow Exchange. Global depository shares ("GDSs") each representing interest in ½ of ordinary share in the Company are traded on the main market for listed securities of the London Stock Exchange plc ("LSE"). The controlling shareholder of the Company is Polyus Gold International Limited ("PGIL"), a company registered in Jersey. The most senior parent of the Company is Wandle Holdings Limited, a company registered in Cyprus. As of 31 March 2021 and 31 December 2020, the ultimate controlling party of the Company was Mr. Said Kerimov.

2. BASIS OF PREPARATION AND PRESENTATION

2.1. Going concern

In assessing the appropriateness of the going concern assumption, management has taken account of the group's financial position, expected future trading performance, its borrowings, available credit facilities and its capital expenditure commitments, expectations of the future gold price, currency exchange rates and other risks facing the group. After making appropriate enquiries, management considers that the group has adequate resources to continue in operational existence for at least the next 12 months from the date of signing these condensed consolidated interim financial statements and that it is appropriate to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

2.2. Compliance with the International Financial Reporting Standards ("IFRS")

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Accordingly, the condensed consolidated interim financial statements do not include all information and disclosures required for a complete set of financial statements, and should be read in conjunction with the group's consolidated financial statements for the year ended 31 December 2020.

2.3. Basis of presentation

The entities of the group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the jurisdiction in which they are incorporated and registered. The accounting principles and financial reporting procedures in these jurisdictions may differ substantially from those generally accepted under IFRS. Accordingly, such financial information has been adjusted to ensure that the condensed consolidated interim financial statements are presented in accordance with IFRS.

The condensed consolidated interim financial statements of the group are prepared on the historical cost basis, except for derivative financial instruments and certain trade receivables, which are accounted for at fair value.

(in millions of US Dollars)

2.4. IFRS standards first time applied in 2021

The following is a list of new or amended IFRS standards and interpretations that have been applied by the group in these condensed consolidated interim financial statements:

Title	Subject	Effective for annual periods beginning on or after	Effect on the condensed consolidated interim financial statements
Interest Rate Benchmark Reform phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Replacement of LIBOR with alternative Risk-free Rates	1 January 2021	No effect

2.5. IFRS standards to be applied after 2021

The following standards and interpretations, which have not been applied in these condensed consolidated interim financial statements, were in issue but not yet effective:

Title	Subject	Effective for annual periods beginning on or after	Effect on the condensed consolidated interim financial statements
Amendment IFRS 3	Updates of references to or from the Conceptual Frameworks to the IFRS standards	1 January 2022	No effect
Amendment IAS 16	Proceeds before Intended Use	1 January 2022	Under review
Amendment IFRS 1	Subsidiary as a first-time adopter	1 January 2022	No effect
Amendment IAS 41	Taxation in fair value measurements	1 January 2022	No effect
Amendment IAS 37	Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022	No effect
Amendment IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022	No effect
IFRS 17	Insurance contracts	1 January 2023	No effect
Amendments to IFRS 17	Insurance contracts	1 January 2023	No effect
Amendment IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023	No effect
Amendment IAS 8	New definition of the accounting estimates	1 January 2023	No effect
Amendment IAS 1	Disclosure of accounting policy	1 January 2023	No effect

3. SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the group's audited consolidated financial statements for the year ended 31 December 2020.

IAS 34 requires calculation of income tax benefit/expense for interim reporting periods to be based on the expected annual effective income tax rate. Non-taxable / (non-deductible) gains / (losses) on revaluation of certain *Derivative financial instruments* as well as certain other items of less predictable nature are excluded from determining the expected annual effective income tax rate, which may result in significant variations of effective income tax rate between different interim periods.

The group presents its condensed consolidated interim financial statements in the US Dollar ("USD"), as management believes it is a more convenient presentation currency for international users of the condensed consolidated interim financial statements of the group as it is a common presentation currency in the mining industry. As of 31 March 2021, quarterly-end RUB/ US Dollar exchange rate used in the preparation of the condensed consolidated interim financial statements was 75.70 (31 December 2020: 73.88).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgements, estimates and assumptions made by management of the group and applied in the accompanying condensed consolidated interim financial statements for the three months ended 31 March 2021 are consistent with those applied in the preparation of the consolidated financial statements of the group for the year ended 31 December 2020.

5. SEGMENT INFORMATION

For management purposes the group is organised by separate business segments identified on a combination of operating activities and geographical area bases with separate financial information available and reported regularly to the chief operating decision maker ("CODM"), determined as the Budget Committee and the Investment Committee.

The following is a description of operations of the group's identified reportable segments and those that do not meet the quantitative reporting threshold:

- ***Olimpiada business unit*** (Krasnoyarsk region of the Russian Federation) – mining (including initial processing) and sale of gold from the Olimpiada mine, as well as research, exploration and development work at the Olimpiada deposit.
- ***Blagodatnoye business unit*** (Krasnoyarsk region of the Russian Federation) – mining (including initial processing) and sale of gold from the Blagodatnoye mine, as well as research, exploration and development work at the Blagodatnoye deposit.
- ***Natalka business unit*** (Magadan region of the Russian Federation) – mining (including initial processing) and sale of gold from the Natalka mine, as well as research, exploration and development work at the Natalka deposit.
- ***Verninskoye business unit*** (Irkutsk region of the Russian Federation) – mining (including initial processing) and sale of gold from the Verninskoye mine, research, exploration and development works at the Smezhny and Medvezhy Zapadny deposits.
- ***Kuranakh business unit*** (Sakha Republic of the Russian Federation) – mining (including initial processing) and sale of gold from the Kuranakh mines.
- ***Alluvials business unit*** (Irkutsk region of the Russian Federation) – mining (including initial processing) and sale of gold from several alluvial deposits.
- ***Exploration business unit*** (Krasnoyarsk, Irkutsk, Amur and other regions of the Russian Federation) – exploration and evaluation works in several regions of the Russian Federation other than those related to Sukhoi Log deposit.
- ***Sukhoi Log business unit*** (Irkutsk region of the Russian Federation) – exploration and evaluation works at the Sukhoi Log deposit.
- ***Unallocated*** – the group does not allocate segment results of companies that perform management, investing activities and certain other functions. Neither standalone results nor the aggregated results of these companies are significant enough to be disclosed as operating segments because quantitative thresholds are not met.

The reportable gold production segments derive their revenue primarily from gold sales. The CODM performs an analysis of the operating results based on these separate business units and evaluates the reporting segment's results, for purposes of resource allocation, based on the measurements of:

- Gold sales;
- Ounces of gold sold, in thousands;
- Adjusted earnings before interest, tax, depreciation and amortisation and other items (Adjusted EBITDA);
- Total cash cost (TCC);
- Total cash cost per ounce of gold sold (TCC per ounce); and
- Capital expenditures.

Business segment assets and liabilities are not reviewed by the CODM and therefore are not disclosed in these condensed consolidated interim financial statements. The group's non-current assets are located in the Russian Federation.

Business units	Gold sales	Ounces of gold sold in thousands[2]	Adjusted EBITDA	TCC[2]	TCC per ounce (US dollar)[2]	Capital expenditures
For the three months ended 31 March 2021						
Olimpiada	434	243	310	95	395	28
Blagodatnoye	165	92	121	33	359	21
Natalka	205	115	144	43	377	20
Verninskoye	116	65	87	22	338	15
Kuranakh	97	54	59	29	539	12
Alluvials	-	-	(5)	-	-	4
Exploration	-	-	-	-	-	4
Sukhoi Log	-	-	-	-	-	9
Unallocated	-	-	23	(4)	-	14
Total	**1,017**	**569**	**739**	**218**	**386**	**127**
For the three months ended 31 March 2020						
Olimpiada	357	226	252	85	377	25
Blagodatnoye	165	103	117	37	361	8
Natalka	151	95	94	39	414	38
Verninskoye	108	69	78	24	353	16
Kuranakh	80	51	44	29	568	6
Alluvials	-	-	(4)	-	-	4
Exploration	-	-	-	-	-	4
Sukhoi Log	-	-	-	-	-	4
Unallocated	-	-	8	1	-	19
Total	**861**	**544**	**589**	**215**	**394**	**124**

Adjusted EBITDA reconciles to the IFRS reported figures on a consolidated basis as follows:

	Three months ended 31 March	
	2021	**2020**
Profit / (loss) before income tax	**537**	**(451)**
Finance costs, net (note 9)	51	70
Interest income	(3)	(11)
Depreciation and amortisation	81	74
Foreign exchange loss, net	15	339
Loss on revaluation of derivative financial instruments, net (note 10)	12	534
Equity-settled share-based plans (LTIP) (note 19)	10	26
Expenses related to COVID-19 (note 25)	24	-
Special charitable contributions	7	5
Impairment of property, plant and equipment	-	2
Loss on disposal of property, plant and equipment and intangible assets	5	1
Adjusted EBITDA	**739**	**589**

[2] Unaudited and not reviewed

The measurement of TCC per ounce of gold sold reconciles to the IFRS reported figures on a consolidated basis as follows:

	Three months ended 31 March	
	2021	**2020**
Cost of gold sales (note 6)	**301**	**281**
Adjusted for:		
Depreciation and amortisation (note 6)	(94)	(96)
Effect of depreciation, amortisation, accrual and provisions in inventory change	22	30
Expenses related to COVID-19 in cost of gold sales	(11)	-
TCC[2]	**218**	**215**
Ounces of gold sold, in thousands[2]	569	544
TCC per ounce of gold sold, USD per ounce[2]	**386**	**394**

Gold sales

	Three months ended 31 March	
	2021	**2020**
Refined gold	1,017	848
Gold in flotation concentrate	-	13
Total	**1,017**	**861**

Gold sales reported above represent revenue generated from external customers. There were no inter-segment gold sales during the three months ended 31 March 2021 and 2020.

Gold sales in the Alluvial business unit are more heavily weighted towards the second half of the calendar year, with all annual sales usually occurring from May until October.

There were no gold sales outside of Russian Federation during the three months ended 31 March 2021 and 2020.

Reconciliation of capital expenditures to the property plant and equipment additions (note 12) is presented below:

	Three months ended 31 March	
	2021	**2020**
Capital expenditures	**127**	**124**
Construction of the Omchak high-voltage power grid	-	8
Stripping activity assets additions (note 12)	67	53
Less: intangible and other non-current assets additions	(5)	(9)
Property plant and equipment additions (note 12)	**189**	**176**

(in millions of US Dollars)

6. COST OF GOLD SALES

	Three months ended 31 March	
	2021	**2020**
Depreciation and amortisation	94	96
Employee compensation	87	80
Consumables and spares	64	71
Mineral extraction tax	50	44
Fuel	25	35
Power	15	16
Other	24	32
Total cost of production	**359**	**374**
Increase in stockpiles, gold-in-process and refined gold inventories	(58)	(93)
Total	**301**	**281**

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2021	**2020**
Employee compensation	54	66
Depreciation and amortisation	6	6
Taxes other than mineral extraction tax and income taxes	4	5
Professional services	2	2
Distribution expenses related to gold flotation concentrate	1	1
Other	6	6
Total	**73**	**86**

8. OTHER EXPENSES, NET

	Three months ended 31 March	
	2021	**2020**
Expenses related to COVID-19 (note 25)	13	-
Special charitable contributions	7	5
Loss on disposal of property, plant and equipment and intangible assets	5	1
Impairment of property, plant and equipment	-	2
Other	7	6
Total	**32**	**14**

9. FINANCE COSTS, NET

	Three months ended 31 March	
	2021	**2020**
Interest on borrowings	47	71
Interest on lease liabilities	1	1
Loss / (gain) on exchange of interest payments under cross currency swaps	1	(10)
Loss on exchange of interest payments under interest rate swaps	1	-
Unwinding of discounts	1	4
Bank commission and write-off of unamortised debt cost due to early extinguishment	-	4
Total	**51**	**70**

(in millions of US Dollars)

10. LOSS ON REVALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS, NET

	Three months ended 31 March	
	2021	**2020**
Revaluation loss on cross currency swaps	(13)	(437)
Revaluation loss on revenue stabiliser	-	(29)
Revaluation gain / (loss) on interest rate swaps	1	(7)
Revaluation loss on conversion option	-	(61)
Total	**(12)**	**(534)**

11. INTANGIBLE ASSETS

	Internally-generated software	Purchased software	Internally-generated other	Total
Cost	85	28	30	**143**
Accumulated amortisation and impairment	(9)	(8)	(3)	**(20)**
Net book value at 31 December 2019	**76**	**20**	**27**	**123**
Additions	5	1	2	**8**
Reclassification	-	1	-	**1**
Amortisation charge	(1)	(2)	(1)	**(4)**
Effect of translation to presentation currency	(16)	(4)	(6)	**(26)**
Cost	72	24	26	**122**
Accumulated amortisation and impairment	(8)	(8)	(4)	**(20)**
Net book value at 31 March 2020	**64**	**16**	**22**	**102**
Cost	95	28	34	**157**
Accumulated amortisation and impairment	(12)	(8)	(5)	**(25)**
Net book value at 31 December 2020	**83**	**20**	**29**	**132**
Additions	3	1	1	**5**
Reclassification	2	(2)	-	**-**
Amortisation charge	(1)	(2)	-	**(3)**
Effect of translation to presentation currency	-	(1)	(2)	**(3)**
Cost	99	26	33	**158**
Accumulated amortisation and impairment	(12)	(10)	(5)	**(27)**
Net book value at 31 March 2021	**87**	**16**	**28**	**131**

(in millions of US Dollars)

12. PROPERTY, PLANT AND EQUIPMENT

	Fixed assets	Stripping activity assets	Capital construction in progress	Exploration and evaluation assets	Total
Cost	4,484	918	717	641	**6,760**
Accumulated depreciation and impairment	(1,686)	(301)	(63)	(30)	**(2,080)**
Net book value at 31 December 2019	**2,798**	**617**	**654**	**611**	**4,680**
Additions	-	53	112	11	**176**
Transfers	69	-	(69)	-	**-**
Disposals	(1)	-	-	-	**(1)**
Depreciation charge	(108)	(18)	-	-	**(126)**
Impairment	-	-	-	(2)	**(2)**
Effect of translation to presentation currency	(566)	(130)	(139)	(126)	**(961)**
Other	(1)	-	-	1	**-**
Cost	3,615	776	609	519	**5,519**
Accumulated depreciation and impairment	(1,424)	(254)	(51)	(24)	**(1,753)**
Net book value at 31 March 2020	**2,191**	**522**	**558**	**495**	**3,766**
Cost	4,130	971	629	590	**6,320**
Accumulated depreciation and impairment	(1,767)	(346)	(61)	(25)	**(2,199)**
Net book value at 31 December 2020	**2,363**	**625**	**568**	**565**	**4,121**
Additions	-	67	103	19	**189**
Transfers	148	-	(148)	-	**-**
Disposals	-	-	(1)	-	**(1)**
Depreciation charge	(104)	(22)	-	-	**(126)**
Effect of translation to presentation currency	(56)	(16)	(13)	(14)	**(99)**
Other	5	-	(1)	(5)	**(1)**
Cost	4,178	1,014	566	590	**6,348**
Accumulated depreciation and impairment	(1,822)	(360)	(58)	(25)	**(2,265)**
Net book value at 31 March 2021	**2,356**	**654**	**508**	**565**	**4,083**

The carrying value of rights-of-use assets included in fixed assets is disclosed in note 13.

Mineral rights

The carrying values of mineral rights included in fixed assets and exploration and evaluation assets were as follows:

	31 Mar. 2021	31 Dec. 2020
Mineral rights presented within:		
- fixed assets	55	57
- exploration and evaluation assets	340	346
Total	**395**	**403**

(in millions of US Dollars)

Exploration and evaluation assets

The carrying values of exploration and evaluation assets were as follows:

	31 Mar. 2021	31 Dec. 2020
Sukhoi Log	404	409
Chertovo Koryto	31	31
Olimpiada	31	27
Razdolinskoye	28	29
Burgakhchan area	18	17
Panimba	16	17
Bamsky	15	15
Natalka	7	7
Blagodatnoye	6	6
Other	9	7
Total	**565**	**565**

Depreciation and amortisation charges are allocated as follows:

	Three months ended 31 March	
	2021	**2020**
Depreciation in change in inventory	22	29
Capitalised within property, plant and equipment	26	27
Less: amortisation of intangible and other non-current assets	(3)	(4)
Total depreciation capitalised as part of other assets	**45**	**52**
Depreciation and amortisation within cost of production (note 6)	94	96
Less: depreciation in change in inventory	(22)	(29)
Selling, general and administrative expenses (note 7)	6	6
Cost of other sales	3	1
Total depreciation in profit or loss	**81**	**74**
Total depreciation of property, plant and equipment	**126**	**126**

13. LEASES

The most significant leases of the group are office leases. Movements of the right-of-use assets presented within *Property, Plant and Equipment* (note 12) were as follows:

	Three months ended 31 March 2021			Three months ended 31 March 2020		
	Related party transactions	**Non-related party transactions**	**Total**	**Related party transactions**	**Non-related party transactions**	**Total**
Carrying value as of the beginning of the period	**46**	**11**	**57**	**58**	**22**	**80**
Changes in right-of-use assets due to lease indexation, modification and recognition of new contracts	-	5	5	1	-	1
Depreciation charge	(1)	(2)	(3)	(1)	(1)	(2)
Effect of translation to presentation currency	(1)	-	(1)	(13)	(6)	(19)
Carrying value as of the end of the period	**44**	**14**	**58**	**45**	**15**	**60**

(in millions of US Dollars)

Movements of the lease liabilities presented within *Borrowings* (note 20) were as follows:

	Three months ended 31 March 2021			Three months ended 31 March 2020		
	Related party transactions	Non-related party transactions	Total	Related party transactions	Non-related party transactions	Total
Carrying value as of the beginning of the period	**51**	**19**	**70**	**53**	**27**	**80**
Changes in lease liabilities due to lease indexation, modification and recognition of new contracts	-	5	5	1	-	1
Foreign exchange loss , net	1	1	2	12	2	14
Interest on lease liabilities	1	-	1	1	-	1
Repayments of lease liability	(2)	(2)	(4)	(2)	(3)	(5)
Effect of translation to presentation currency	(1)	(1)	(2)	(12)	(4)	(16)
Carrying value as of the end of the period	**50**	**22**	**72**	**53**	**22**	**75**

14. INVENTORIES

	31 Mar. 2021	31 Dec. 2020
Stockpiles	526	505
Gold-in-process	15	14
Inventories expected to be used after 12 months	**541**	**519**
Stockpiles	152	150
Gold-in-process	108	101
Antimony in gold-antimony flotation concentrate and silver	10	4
Refined gold and gold in flotation concentrate	5	4
Materials and supplies	344	365
Less: obsolescence provision for materials and supplies	(29)	(29)
Inventories expected to be used in the next 12 months	**590**	**595**
Total	**1,131**	**1,114**

15. DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2021			31 December 2020		
	Non-Current	Current	Total	Non-Current	Current	Total
Cross currency swaps	21	-	21	17	-	17
Total derivative financial assets	**21**	**-**	**21**	**17**	**-**	**17**
Cross currency swaps	322	49	371	321	42	363
Interest rate swaps	8	-	8	9	-	9
Total derivative financial liabilities	**330**	**49**	**379**	**330**	**42**	**372**

(in millions of US Dollars)

Cross currency swaps

The following terms were in place as of 31 March 2021:

	Nominal		Interest payments		
Expiration date	**Group pays (USD million)**	**Group receives (RUB million)**	**Frequency**	**Group pays (in USD)**	**Group receives (in RUB)**
July 2021	173	10,000	semi-annually	LIBOR + 4.45%	12.1%
July 2021	82	5,300	semi-annually	5.9%	12.1%
March 2024	125	8,225	quarterly	5.09%	MosPrime 3m + 0.2%
April 2024	965	64,801	quarterly	5.00%	MosPrime 3m - 0.45%
October 2024	310	20,000	semi-annually	3.23%	7.4%
March 2025	125	8,169	quarterly	2.8%	MosPrime 3m + 0.27%

Interest rate swaps

The following terms were in place as of 31 March 2021:

	Nominal	Interest payments		
Expiration date	**(USD million)**	**Frequency**	**Group pays**	**Group receives**
February 2024	150	monthly	2.425%-2.44%	LIBOR

16. TRADE AND OTHER RECEIVABLES

	31 Mar. 2021	31 Dec. 2020
Trade receivables for gold-bearing products	6	115
Other receivables	33	32
Less: allowance for other receivables	(13)	(14)
Total	**26**	**133**

17. TAXES RECEIVABLE

	31 Mar. 2021	31 Dec. 2020
Reimbursable value added tax	74	118
Other prepaid taxes	1	2
Total	**75**	**120**

18. CASH AND CASH EQUIVALENTS

	31 Mar. 2021	31 Dec. 2020
Current USD bank accounts	1,422	1,115
Current RUB bank accounts	20	69
Bank deposits denominated in USD	278	178
Bank deposits denominated in RUB	80	83
Total	**1,800**	**1,445**

Bank deposits within cash and cash equivalents include deposits with original maturity less than three months or repayable on demand without loss on principal and accrued interest denominated in RUB and USD and accrue interest at the following rates:

Interest rates:

- Bank deposits denominated in USD	0.5-0.9%	0.5-0.9%
- Bank deposits denominated in RUB	3.6-4.7%	4.0-4.7%

19. SHARE CAPITAL AND RESERVES

Authorised share capital of the Company as of 31 March 2021 comprised issued and fully paid 136,069 thousand ordinary shares at par value of RUB 1 each, of which 1,064 thousand were included within treasury shares.

Equity-settled share-based compensation (long-term incentive plan)

PJSC Polyus grants long-term incentive awards according to which members of management of the group are entitled to a conditional award in the form of PJSC Polyus' ordinary shares, which vest upon achievement of financial and non-financial performance targets on expiry of performance periods. Expenses arising from the LTIP are recognised in the condensed consolidated interim statement of profit or loss within *Employee compensation* included within *Selling, general and administrative expenses.*

Share buyback

During the three months ended 31 March 2021, the group completed a share buyback started in December 2020 by acquiring 62 thousand of the Company's ordinary shares from its shareholders. As of 31 December 2020 a liability in the amount of USD 14 million was recognised in respect of shares to be delivered.

Weighted average number of ordinary shares

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share ("EPS") is as follows (in thousands of shares):

	Three months ended 31 March	
	2021	**2020**
Ordinary shares in issue at the beginning of the period	**134,705**	**133,196**
Conversion of convertible bond	-	156
Shares awarded under LTIP	351	370
Purchase of additional ownership in SL Gold (payable in treasury shares)	-	246
Share buyback	(62)	-
Other	11	-
Ordinary shares in issue at the end of the period	**135,005**	**133,968**
Weighted average number of ordinary shares – basic EPS	**134,690**	**133,308**
Dilutive effect of potentially issuable shares under LTIP	353	242
Weighted average number of ordinary shares – diluted EPS	**135,043**	**133,550**
Profit / (loss) after tax attributable to the shareholders of the Company (million USD)	449	(408)
Profit / (loss) after tax attributable to the shareholders of the Company for diluted EPS calculation (million USD)	**449**	**(408)**

(in millions of US Dollars)

20. BORROWINGS

	Nominal rate %	31 Mar. 2021	31 Dec. 2020
Eurobonds with fixed interest rate due in 2022	4.699%	481	481
Eurobonds with fixed interest rate due in 2023	5.250%	785	785
Eurobonds with fixed interest rate due in 2024	4.7%	469	468
Notes due in 2029 (Rusbonds) with noteholders' early repayment option in 2024	7.4%	264	270
Notes due in 2025 (Rusbonds) with noteholders' early repayment option in 2021	12.1%	198	203
Credit facilities with financial institutions nominated in RUR with variable interest rates	Central bank rate + 2.3% MosPrime + 0.2% / + 0.27% / - 0.45%	1,098	1,128
Credit facilities with financial institutions nominated in USD with variable interest rates	USD LIBOR + 1.40% / + 1.65%	149	149
Lease liabilities nominated in USD and RUR	5.26%	72	70
Sub-total		**3,516**	**3,554**
Less: current portion of long-term borrowings due within 12 months		(703)	(225)
Long-term borrowings		**2,813**	**3,329**

Unused credit facilities

As of 31 March 2021, the group has unused credit facilities in the total amount of USD 1,213 million (31 December 2020: USD 1,243 million).

Pledge

As of 31 March 2021 and 31 December 2020, all shares of JSC TaigaEnergoStroy belonging to the group were pledged to secure a credit line. Additionally, the group pledged proceeds from certain gold sale agreements as a security for another credit facility.

Other matters

There were a number of financial covenants under several loan agreements in effect as of 31 March 2021 according to which the respective subsidiaries of the Company and the Company itself are limited in their level of leverage and other financial and non-financial parameters.

The group tests covenants quarterly and was in compliance with the covenants as of 31 March 2021.

21. TRADE AND OTHER PAYABLES

	31 Mar. 2021	31 Dec. 2020
Employee compensation payable	79	94
Interest payable	35	57
Trade payables	65	49
Accrued annual leave	39	33
Share buyback (note 19)	-	33
Payables for shares of PJSC Lenzoloto	-	24
Dividends payable	2	2
Other accounts payable and accrued expenses	70	107
Total	**290**	**399**

(in millions of US Dollars)

22. TAXES PAYABLE

	31 Mar. 2021	31 Dec. 2020
Value added tax	21	33
Social taxes	40	24
Mineral extraction tax	17	24
Property tax	4	5
Other taxes	16	15
Total	**98**	**101**

23. RELATED PARTIES

There were no transactions with related parties throughout three months ended 31 March 2021, except for those presented within note 13 and compensation of the key management personnel as detailed below.

Key management personnel[3]

	Three months ended 31 March	
	2021	2020
Short-term compensation to key management personnel accrued	6	5
Equity-settled share-based compensation (LTIP)	8	21
Total	**14**	**26**

24. COMMITMENTS

Commitments for future lease payments due under non-cancellable lease agreements excluded from the scope of IFRS 16

The Land in the Russian Federation on which the group's production facilities are located is owned by the state. The group leases this land through operating lease agreements, which expire in various years through to 2065. Future lease payments due under non-cancellable operating lease agreements excluded from IFRS 16 scope (note 13) were as follows:

	31 Mar. 2021	31 Dec. 2020
Due within one year	8	8
From one to five years	24	24
Thereafter	48	49
Total	**80**	**81**

Capital commitments

The group's contracted capital expenditure commitments are as follows:

	31 Mar. 2021	31 Dec. 2020
Projects in Krasnoyarsk	103	97
Project Natalka	74	73
Project Sukhoi Log	28	-
Other capital commitments	24	26
Total	**229**	**196**

[3] During the three months ended 31 March 2021, following the analysis of involvement of each individual member of the key management personnel in the decision making process within the group, it was concluded that certain members were to be excluded from the list. Amounts for the three months ended 31 March 2020 were updated, respectively.

(in millions of US Dollars)

25. OPERATING ENVIRONMENT - IMPACT OF COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The group may face increasingly broad effects of COVID-19 due to its negative impact on the global economy and major financial markets from production interruptions or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. The significance of COVID-19 on the group’s business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy.

The health and safety of employees remains the group’s utmost focus. The group continues to monitor the COVID-19 threat level and assess the potential health risks for its employees, with all monitoring systems in place. The impact on the group’s operations was principally limited to provision of temporary accommodation and treatment facilities at the group’s production sites for the affected employees, implementation of additional sanitary measures, and charitable contributions to hospitals and other institutions in group’s operating regions.

Costs directly attributable to dealing with the COVID-19 pandemic comprise additional compensation paid to employees, donations to regional administrations, hospitals and other institutions as well as additional health and safety expenses. The group’s direct and incremental costs related to COVID-19 were included in the following captions of the condensed consolidated interim financial statements as follows:

	Three months ended 31 March	
	2021	**2020**
Cost of gold sales (Employee compensation)	11	-
Other expenses, net	13	-
Total expenses related to COVID-19 recognised in profit or loss	**24**	**-**
Increase in stockpiles, gold-in-process and refined gold inventories	4	-
Property plant and equipment additions (infrastructure facilities and stripping activity asset)	7	-
Total costs related to COVID-19	**35**	**-**

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, current trade and other receivables and accounts payable approximate their fair value given the short-term nature of these instruments. Non-current other receivables are discounted at discount rates derived from observable market input data. Trade receivables for gold-bearing products are carried at fair value through profit or loss (Level 2 of the fair value hierarchy in accordance with IFRS 13).

Determination of fair value of derivative financial instruments

		Fair value inputs	
Derivative financial instrument	**Valuation technique**	**Inputs to valuation techniques used to measure fair value**	**Fair value hierarchy of inputs in accordance with IFRS 13**
Cross-currency swaps	Discounted cash flow valuation technique	Spot currency exchange rates, USD LIBOR and RUB interest rates	Level 2
Interest rate swaps	Discounted cash flow valuation technique	USD LIBOR rates	Level 2

The fair value of derivative financial instruments includes an adjustment for credit risk in accordance with IFRS 13. The adjustment is calculated based on the expected exposure. For positive expected exposures, credit risk is based on the observed credit default swap spreads for each particular counterparty or, if they are unavailable, for equivalent peers of the counterparty. For negative expected exposures, the credit risk is based on the observed credit default swap spread of the group’s peer.

(in millions of US Dollars)

Borrowings and deferred consideration are carried at amortised cost. The fair value of the group’s borrowings excluding lease liabilities is estimated as follows:

	31 March 2021		31 December 2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Eurobonds (Level 1)	1,735	1,830	1,734	1,852
Borrowings (Level 2)	1,247	1,248	1,277	1,278
Rusbonds (Level 1)	462	470	473	497
Total	**3,444**	**3,548**	**3,484**	**3,627**

The fair value of all of the group’s borrowings except for the Eurobonds and Rusbonds is within Level 2 of the fair value hierarchy in accordance with IFRS 13. The fair value of the Eurobonds and Rusbonds is within Level 1 of the fair value hierarchy in accordance with IFRS 13, because the Eurobonds and Rusbonds are publicly traded in an active market. The fair value of borrowings and bonds is determined using a discounted cash flow valuation technique with reference to observable market inputs: spot currency exchange rates, forward USD LIBOR and RUB interest rates, the company’s own credit risk and quoted price of the convertible bonds.

27. INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

The basis of distribution of accumulated retained earnings for companies operating in the Russian Federation is defined by legislation as the current year net profit of the company, as calculated in accordance with Russian accounting standards. However, the legislation and other statutory laws and regulations dealing with profit distribution are open to legal interpretation and accordingly management believes at present it would not be appropriate to disclose an amount for distributable profits and reserves in these condensed consolidated interim financial statements.

Information about significant subsidiaries of the group

		Effective % held at[4]	
Subsidiaries	**Nature of business**	**31 Mar. 2021**	**31 Dec. 2020**
Incorporated in Russian Federation			
JSC Polyus Krasnoyarsk	Mining (open pit)	100	100
JSC Polyus Aldan	Mining (open pit)	100	100
JSC Polyus Verninskoye	Mining (open pit)	100	100
JSC GMC Lenzoloto	Holding company of Alluvials business unit	100	100
JSC Polyus Magadan	Mining (open pit)	100	100
LLC Polyus Stroy	Construction	100	100
LLC Polyus Sukhoi Log (renamed, previously LLC SL Gold)	Exploration and evaluation of the Sukhoi Log deposit	100	100

JSC Polyus Krasnoyarsk regional investment program (Blagodatnoye business unit)

JSC Polyus Krasnoyarsk is undertaking an investment project to increase mining and processing facilities of the Blagodatnoye mine (thereafter «Mill-5 project»). According to the Directive of the Government of the Krasnoyarsk region JSC Polyus Krasnoyarsk was included in the register of the participants of regional investment projects (thereafter «RInvP») starting from 2021. As a result, the subsidiary has been granted a right to apply reduced corporate income tax rates in relation to the Mill-5 project income and reducing MET coefficients in relation to minerals extracted under the Mill-5 project.

Considering expected start of production under the Mill-5 project, JSC Polyus Krasnoyarsk expects to apply the following reduced tax rates:

- Mineral extraction tax (MET): 0% for 2025-2026 increasing by 1.2% every two years thereafter to 6%. Amount of tax savings should not exceed the amount of investments in Mill-5 project;
- Corporate income tax: 5% for 2025-2028.

[4] Effective % held by the Company, including holdings by other subsidiaries of the group.

JSC Polyus Verninskoye regional investment program (Verninskoye business unit)

The group expects that during 2021 the amount of mineral extraction tax savings is likely to exceed the amount of investments in regional investment program, in which case JSC Polyus Verninskoye would no longer be able to benefit from the reduced mineral extraction tax and income tax rates (as of 31 March 2021 savings have not exceeded investments).

28. EVENTS AFTER THE REPORTING DATE

There were no events subsequent to the reporting date that would adjust amounts of assets, liabilities, income or expenses or that should be disclosed in these condensed consolidated interim financial statements.