POLYUS

PJSC Polyus

Management Report

30 September 2017

9 November 2017

Contents

Cautionary statement

9 November 2017 – 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 and nine months ended 30 September 2017.

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

Directors of PJSC "Polyus" (the "Company") and its subsidiaries (the "Group") are responsible for the preparation of the condensed consolidated interim financial statements that present fairly the financial position of the Group as of 30 September 2017, and the results of its operations, cash flows and changes in equity for the three and nine months then ended, in compliance with International Accounting Standard 34 ("IAS 34") *Interim Financial Information*.

In preparing the condensed consolidated interim financial statements, Directors are 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 *Interim Financial Information* and providing additional disclosures when compliance with the specific requirements in International Financial Reporting Standards ("IFRS") 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.

Directors are 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 condensed consolidated interim 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 and nine month ended 30 September 2017 were approved by Directors on 9 November 2017.

By order of the Board of Directors,

Chief Executive Officer and Director

Pavel Grachev

Management Discussion and Analysis

Key highlights

$ million (if not mentioned otherwise)	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Operating highlights						
Gold production (koz) [1]	642	555	16%	1,580	1,395	13%
Gold sold (koz)	578	527	10%	1,561	1,365	14%
Realised prices						
Average realised refined gold price (excluding effect of SPPP) ($/oz) [2]	1,279	1,335	(4%)	1,254	1,265	(1%)
Average realised refined gold price (including effect of SPPP) ($/oz)	1,279	1,344	(5%)	1,269	1,302	(3%)
Financial performance						
Total revenue	744	706	5%	1,978	1,788	11%
Operating profit	410	401	2%	1,064	1,019	4%
Operating profit margin	55%	57%	(2) ppts	54%	57%	(3) ppts
Profit for the period	371	390	(5%)	974	889	10%
Earnings per share – basic (US Dollar)	2.74	2.82	(3%)	7.60	5.92	28%
Earnings per share – diluted (US Dollar)	2.73	2.82	(3%)	7.60	5.92	28%
Adjusted net profit [3]	298	295	1%	773	700	10%
Adjusted net profit margin	40%	42%	(2) ppts	39%	39%	-
Adjusted EBITDA [4]	475	444	7%	1,237	1,135	9%
Adjusted EBITDA margin	64%	63%	1 ppts	63%	63%	-
Net cash inflow from operations	398	393	1%	948	872	9%
Capital expenditure [5]	224	109	106%	546	295	85%
Cash costs						
Total cash cost (TCC) per ounce sold ($/oz) [6]	380	406	(6%)	380	387	(2%)
All-in sustaining cash cost (AISC) per ounce sold ($/oz) [7]	599	560	7%	606	557	9%
Financial position [8]						
Cash and cash equivalents and bank deposits	1,121	1,710	(34%)	1,121	1,710	(34%)
Net debt [9]	3,151	3,240	(3%)	3,151	3,240	(3%)
Net debt/adjusted EBITDA (x) [10]	1.9	2.3	(17%)	1.9	2.3	(17%)

[1] - Gold production is comprised of 561 thousand ounces of refined gold and 81 thousand ounces of gold in flotation concentrate.

[2] - The Strategic Price Protection Programme comprises a series of zero-cost Asian gold collars (“revenue stabiliser”) and gold forward contracts (expired as of the end of 1H 2016).

[3] - Adjusted Net Profit is defined by the Group as profit for the period adjusted for impairment/(reversal of impairment), (gain)/loss on derivative financial instruments and investments, foreign exchange gain and deferred income tax related to derivatives.

[4] - Adjusted EBITDA is defined by the Group as profit for the period adjusted for income tax expense, depreciation and amortisation, (gain)/loss on derivative financial instruments and investments, finance cost, net, equity-settled share-based payment plans (LTIP), foreign exchange gain, interest income, impairment/(reversal of impairment), special charitable contributions and (gain)/loss on disposal of property, plant and equipment. The Group has made these adjustments in calculating Adjusted EBITDA to provide a clearer view of the performance of its underlying business operations and to generate a metric that it believes will give greater comparability over time with peers in its industry. The Group believes that Adjusted EBITDA is a meaningful indicator of its profitability and performance. This measure should not be considered as an alternative to profit for the period and operating cash flows based on IFRS, and should not necessarily be construed as a comprehensive indicator of the Group's measure of profitability or liquidity.

[5] - Capital expenditure figures are presented on an accrual basis (here presented net of the Sukhoi Log deposit license acquisition cost).

[6] - Total cash cost is defined by the Group as cost of gold sold adjusted for property, plant and equipment depreciation, provision for annual vacation payment, employee benefit obligations cost, change in allowance for obsolescence of inventory and non-monetary changes in inventories. The Group calculates TCC per ounce sold as TCC divided by total ounces of gold sold for the period. For additional comments on TCC see the section Total cash costs.

[7] - 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. The Group calculates AISC per ounce sold as AISC divided by total ounces of gold sold for the period.

[8] - Balance sheet data presented as of 30 September 2017, 30 September 2016.

[9] - Net debt is defined as short- and long-term debt, less cash and cash equivalents. Net debt excludes derivative financial instrument assets/liabilities, site restoration and environmental obligations, deferred tax, deferred revenue, deferred consideration for the Sukhoi Log licence 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.

[10] - For calculation of Net debt/adjusted EBITDA as of the end of the respective period, see the section Net debt.

Comments to highlights

1. The Company sold a total of 578 thousand ounces of gold in 3Q 2017, up 10% compared to the prior-year period reflecting higher gold production. Total gold sales include 16 thousand ounces of gold contained in concentrate from Olimpiada.
2. Revenue totaled $744 million, compared to $706 million in 3Q 2016, driven by increased sales volumes (including flotation concentrate).
3. The Group's TCC decreased to $380 per ounce in 3Q 2017 from $406 per ounce in the prior-year period, as 9% rouble appreciation was offset by strong operational results and efficiency improvement initiatives. AISC increased to $599 per ounce, up 7% compared to the prior-year period reflecting mainly higher maintenance and stripping expenses.
4. Adjusted EBITDA amounted to $475 million, a 7% increase from the prior-year period, driven by higher gold sales volumes.
5. Adjusted EBITDA margin stood at 64%, compared to 63% in 3Q 2016.
6. Profit for the period decreased to $371 million partially reflecting the impact of a gain on derivatives and investments in the period, as well as finance costs.
7. Adjusted net profit amounted to $298 million, a 1% increase from the prior-year period.
8. Net cash inflow from operations amounted to $398 million driven by strong EBITDA.
9. Capex was $224 million, primarily due to the further ramp-up of construction activity at Natalka. The hot commissioning of Natalka was officially launched in early September 2017 and the Company anticipates production at the mine to be fully ramped up by the end of 2018.
10. Cash and cash equivalents as at the end of 3Q 2017 amounted to $1,121 million, compared to $1,477 million as at the end of 1H 2017, following the repayment of credit facilities and dividend payments for 2H 2016 and 1H 2017. Following the Secondary Public Offering ("SPO") conducted on the London Stock Exchange and the Moscow Exchange, the Company used most of the primary proceeds (in a total amount of $400 million) to make early prepayments of several bank credit facilities.
11. Net debt increased to $3,151 million at the end of 3Q 2017 compared to $3,084 million as at the end of 1H 2017. This primarily reflects the decrease in cash position following 2H 2016 and 1H 2017 dividend distributions made in 3Q 2017 offset by positive free cash flow generation.
12. Net debt/adjusted EBITDA ratio remained stable at 1.9x as at the end of 3Q 2017 compared to the end of 1H 2017 as the higher adjusted EBITDA figure balanced off the marginal increase in Net debt.

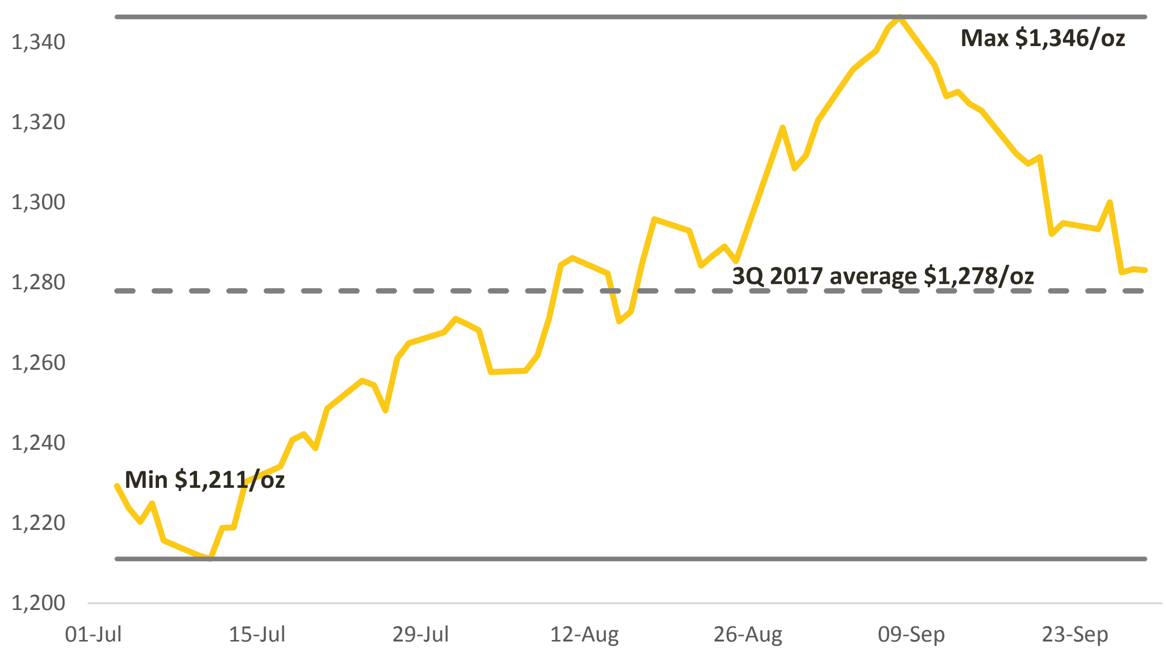
Review of external factors

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 3Q 2017, the average London Bullion Market Association (LBMA) gold price was $1,278 per ounce, 4% below the 3Q 2016 average of $1,335 per ounce.

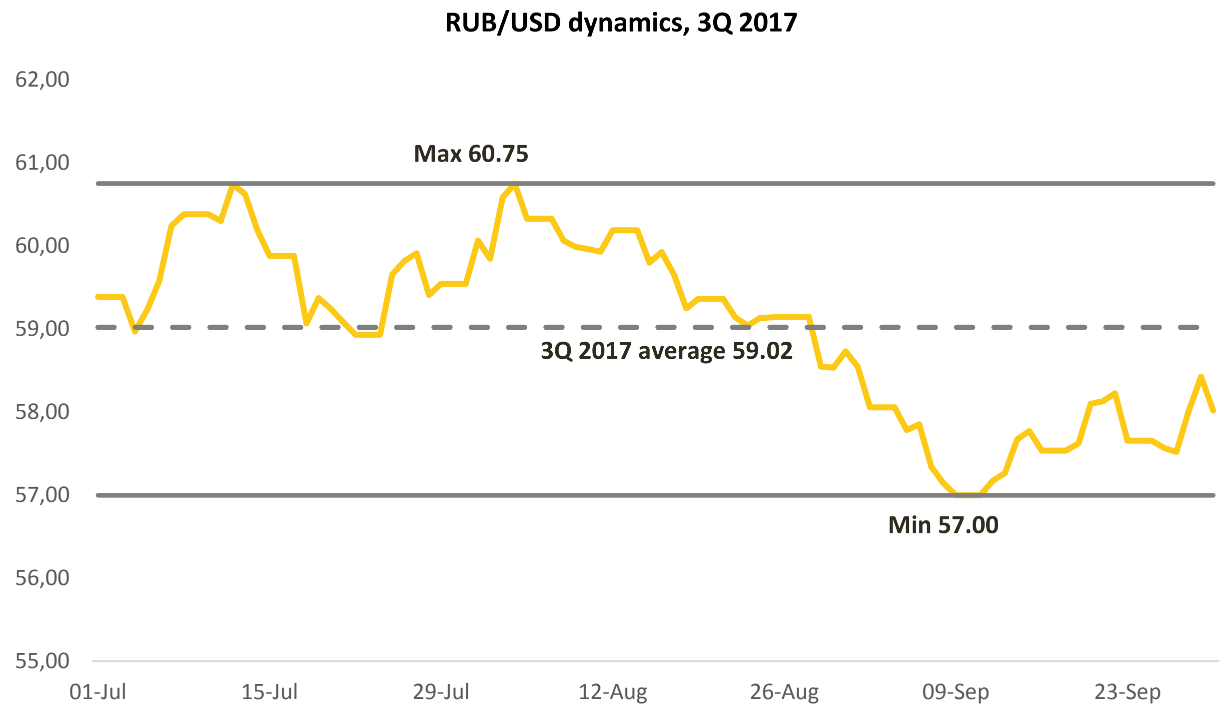
LBMA gold price dynamics in 3Q 2017, $/oz



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 3Q 2017, the average USD/RUB exchange rate was 59.02, 9% appreciation from 64.62 in 3Q 2016. As shown in the following section, the RUB appreciation negatively impacted the Group's operating margins in the course of 3Q 2017, due to the majority of its costs being RUB-denominated.



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 3.0% in as of the end of 3Q 2017, compared to 6.4% as of the end of 3Q 2016. Inflation increases production costs, thus negatively affecting the profitability of mining operations.

Financial review

Statement of profit or loss review

REVENUE ANALYSIS

	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Gold sales (koz)	578	527	10%	1,561	1,365	14%
Average realised refined gold price (excluding effect of SPPP) ($/oz)	1,279	1,335	(4%)	1,254	1,265	(1%)
Average realised refined gold price (including effect of SPPP) ($/oz)	1,279	1,344	(5%)	1,269	1,302	(3%)
Average afternoon gold LBMA price fixing ($/oz)	1,278	1,335	(4%)	1,251	1,260	(1%)
Premium of average selling price (including effect of SPPP) over average LBMA price fixing ($/oz)	1	9	(89%)	18	42	(57%)
Gold sales ($ million)	733	700	5%	1,950	1,769	10%
Other sales ($ million)	11	6	83%	28	19	47%
Total revenue ($ million)	**744**	**706**	**5%**	**1,978**	**1,788**	**11%**

In 3Q 2017, the Group's revenue from gold sales amounted to $733 million, a 5% increase from the prior-year period, driven by higher gold sales volumes. Average realised refined gold price amounted to $1,279 per ounce, whilst gold sales totaled 578 thousand ounces, a 10% increase from the prior-year period. The average LBMA gold price was lower by 4% in comparison with prior year figure and stood at $1,278 per ounce.

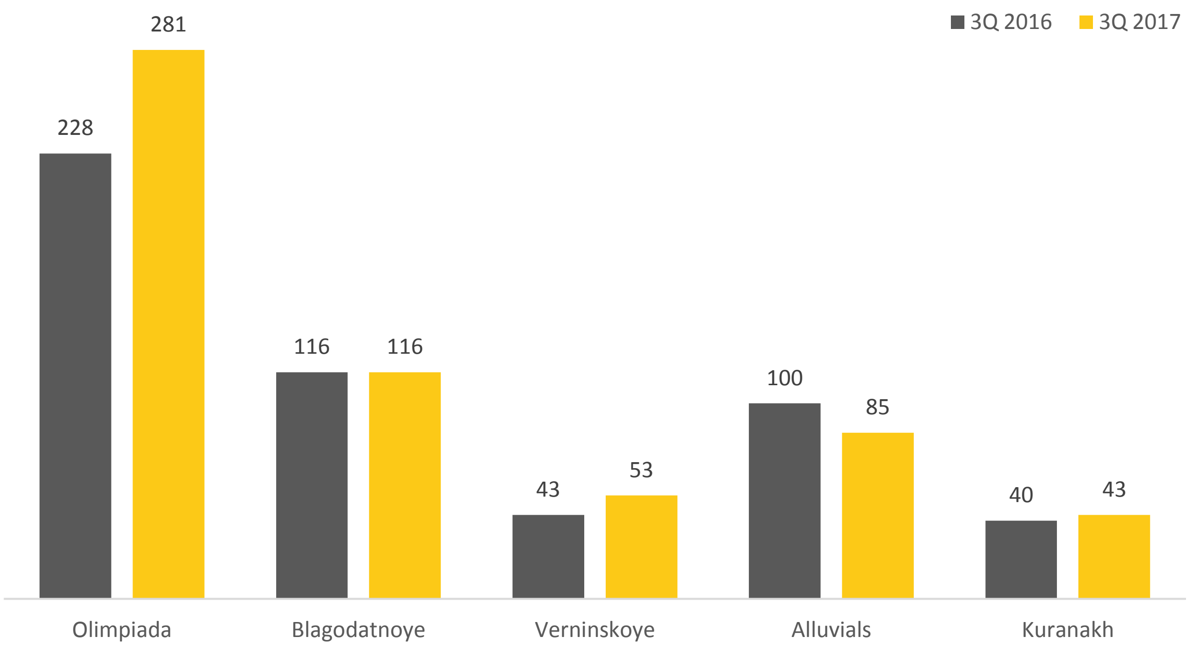
Revenue breakdown by business unit, 3Q 2017

Assets	3Q 2017 ($ million)			3Q 2016 ($ million)		
	Gold sales	Other sales	**Total sales**	Gold sales	Other sales	**Total sales**
Olimpiada	352	4	**356**	310	3	**313**
Blagodatnoye	148	-	**148**	147	-	**147**
Verninskoye	68	-	**68**	58	-	**58**
Alluvials	109	1	**110**	132	-	**132**
Kuranakh	56	-	**56**	53	-	**53**
Other	-	6	**6**	-	3	**3**
Total	**733**	**11**	**744**	**700**	**6**	**706**

Revenue breakdown by business unit, 9M 2017

Assets	9M 2017 ($ million)			9M 2016 ($ million)		
	Gold sales	Other sales	**Total sales**	Gold sales	Other sales	**Total sales**
Olimpiada	1,006	9	**1,015**	761	4	**765**
Blagodatnoye	440	-	**440**	446	-	**446**
Titimukhta	-	-	**-**	56	-	**56**
Verninskoye	201	1	**202**	179	1	**180**
Alluvials	148	3	**151**	174	2	**176**
Kuranakh	155	2	**157**	148	2	**150**
Other	-	13	**13**	5	10	**15**
Total	**1,950**	**28**	**1,978**	**1,769**	**19**	**1,788**

Gold sold by mine, koz [11]



CASH COSTS ANALYSIS

During 3Q 2017, the Group's cost of gold sales increased 4% compared to the prior-year period, to $264 million, primarily due to local currency appreciation. At the same time, cash operating costs increased 7% compared to the prior-year period, to $232 million. The Company remains focused on operational optimization and improving efficiency. Importantly, in rouble terms, total operational expenses (excluding the local Mineral Extraction Tax (MET)) remained largely flat. Specifically, the increase in labour expenses was fully offset by the decrease in consumables and spares expenses in comparison with the prior-year period.

[11] Sales volumes in 3Q 2016 exclude gold produced at the Poputninskoye deposit, where trial mining was launched in 2015 and continued in 2016.

Cost of sales breakdown

$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Cash operating costs[12]	**232**	**217**	**7%**	**600**	**549**	**9%**
Depreciation and amortisation (D&A) of operating assets	49	42	17%	134	107	25%
Total cost of production	**281**	**259**	**8%**	**734**	**656**	**12%**
Increase in gold-in-process and refined gold inventories	(17)	(6)	183%	(15)	(24)	(38%)
Cost of gold sales	**264**	**253**	**4%**	**719**	**632**	**14%**

Cash operating costs – breakdown by item

$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Consumables and spares	61	71	(14%)	163	183	(11%)
Labour	81	62	31%	206	158	30%
MET	40	39	3%	106	99	7%
Fuel	24	19	26%	56	51	10%
Power	4	3	33%	21	15	40%
Outsourced mining services	5	4	25%	6	8	(25%)
Other	17	19	(11%)	42	35	20%
Total	**232**	**217**	**7%**	**600**	**549**	**9%**

Consumables and spares expenses decreased by 14% compared to the prior-year period, accounting for 26% of cash operating costs. This primarily reflects a decline in ore input costs at Olimpiada, where the Company has ceased higher cost Veduga ore processing, though offset by greater processing volumes across the majority of operations.

Labour expenses increased 31% compared to the prior-year period and accounted for 35% of total cash operating costs. The growth is partially attributable to local currency appreciation as all of the Group's labour costs are rouble denominated. Annual salary indexation as well as planned increase in headcount at the Olimpiada, Blagodatnoye and Kuranakh operations weighed additional pressure.

MET expenses (17% of cash operating costs) were almost flat compared to the prior-year period as a 16% growth in production volumes was partially offset by the decrease of average realised gold price during the same period.

Fuel costs increased 26% compared to 3Q 2016 following the increase of haulage volumes and acceleration of mining activity at all of Polyus' hard rock deposits.

The Group's power costs increased 33% compared to the prior-year period mainly due to local currency strengthening and higher energy consumption. This was partially offset by decrease of energy costs at Kuranakh following the power tariff downward adjustment in the Far Eastern Federal District according to the federal decree.

Other costs decreased 11% compared to the prior-year period largely due to lower transportation expenses.

[12] 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, Other costs, including Refining.

Cash operating costs – breakdown by key business units[13], 3Q 2017

$ million	Krasnoyarsk 3Q 2017	Krasnoyarsk 3Q 2016	Verninskoye 3Q 2017	Verninskoye 3Q 2016	Alluvials 3Q 2017	Alluvials 3Q 2016	Kuranakh 3Q 2017	Kuranakh 3Q 2016
Consumables and spares	38	49	7	8	9	10	6	5
Labour	30	24	9	6	24	17	9	6
MET	30	28	-	2	7	9	3	3
Fuel	8	7	1	-	9	7	3	1
Power	6	4	1	1	3	3	(1)	1
Outsourced mining services	-	-	-	-	3	4	-	-
Other	23	24	3	1	8	3	3	4
Total	**135**	**136**	**21**	**18**	**63**	**53**	**23**	**20**

Cash operating costs – breakdown by key business units, 9M 2017

$ million	Krasnoyarsk 9M 2017	Krasnoyarsk 9M 2016	Verninskoye 9M 2017	Verninskoye 9M 2016	Alluvials 9M 2017	Alluvials 9M 2016	Kuranakh 9M 2017	Kuranakh 9M 2016
Consumables and spares	110	136	21	24	13	15	17	14
Labour	89	72	27	19	36	26	26	18
MET	87	70	-	8	10	12	9	9
Fuel	23	22	4	5	13	11	9	6
Power	17	13	3	2	5	4	4	4
Outsourced mining services	-	-	-	-	4	6	-	-
Other	68	59	9	3	11	5	7	5
Total	**394**	**372**	**64**	**61**	**92**	**79**	**72**	**56**

TOTAL CASH COSTS

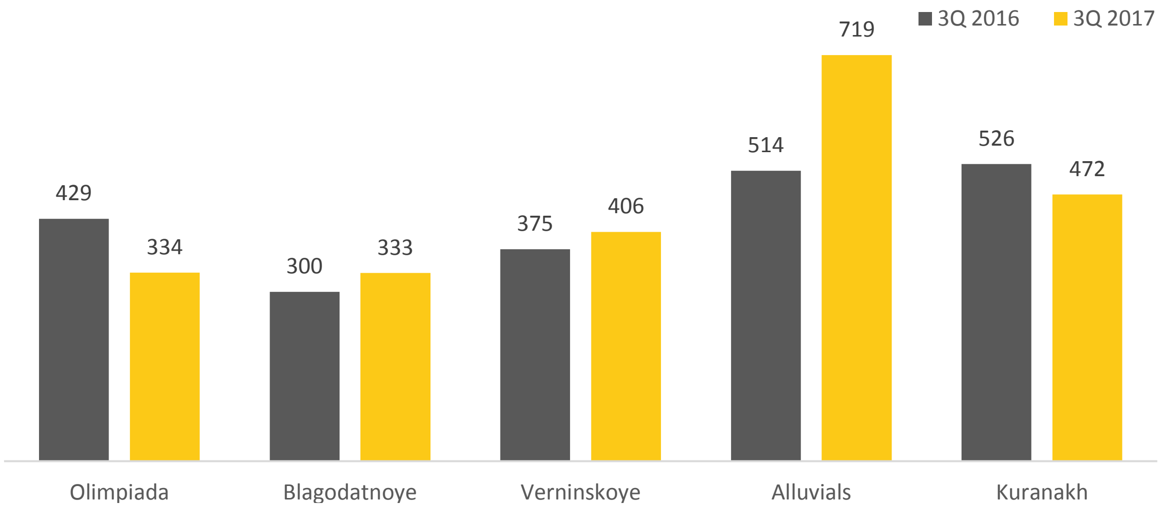
TCC calculation

$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Cost of gold sales	**264**	**253**	**4%**	**719**	**632**	**14%**
property, plant and equipment depreciation	(49)	(41)	20%	(134)	(103)	30%
provision for annual vacation payment	-	2	N.A.	(5)	2	N.A.
employee benefit obligations cost	-	-	N.A.	1	(1)	N.A.
change in allowance for obsolescence of inventory	-	(1)	N.A.	-	(1)	N.A.
non-monetary changes in inventories	4	1	N.A.	11	1	N.A.
TCC	**219**	**214**	**2%**	**592**	**530**	**12%**
Gold sold (koz)	578	527	10%	1,561	1,365	14%
TCC per ounce sold ($/oz)	**380**	**406**	**(6%)**	**380**	**387**	**(2%)**

Group TCC decreased 6% to $380 per ounce, despite local currency strengthening by 9% compared to the prior-year period. The currency move was fully offset by strong operational results during the period, with a higher grade in ore processed at Olimpiada and increased hourly throughput at Olimpiada and Kuranakh, as well as other initiatives to improve operational efficiency.

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

TCC performance by mine, $/oz



In 3Q 2017, TCC at Olimpiada declined to $334 per ounce, a 22% decrease from the prior-year period. This reduction was mainly attributable to higher average grades in ore processed (3.93 grams per tonne in 3Q 2017 compared to 3.43 grams per tonne in 3Q 2016), the cessation of higher cost Veduga ore processing and improved performance of Mill-1 (following its reconfiguration) and Mill-3 (post the feed size reduction). This was partially offset by the increase in labour expenses and local currency appreciation.

At Blagodatnoye, TCC amounted to $333 per ounce, up 11% compared to the prior-year period, primarily due to the local currency strengthening. The increase in labour expenses and lower grades in ore processed (following the intensification of mining activity at lower-grade sites) were partially offset by an increase in mill throughput capacity and processing of lower cost stockpiled ore.

TCC at Verninskoye amounted to $406 per ounce, up 8% in comparison with the prior-year period, also due to the local currency appreciation. The increase in labour costs, and the higher cost of consumables and fuel were offset by operational improvements, including a gradual increase in hourly throughput and recoveries following improvements at the flotation, carbon-in leach (CIL) and cyanidation circuits.

At Kuranakh, TCC decreased 10% compared to the prior-year period, to $472 per ounce, as a result of initiatives to expand the Mill's throughput capacity owing to increased productivity of the grinding equipment. Worth mentioning was a sharp decline in power expenses due to enactment of the federal decree on the power tariff (resulting in a downward adjustment) in the Far Eastern Federal District.

TCC at Alluvials increased to $719 per ounce, compared to $514 per ounce in 3Q 2016, primarily due to a decline in alluvial gold grade (0.55 grams per cubic metre in 3Q 2017 compared to 0.61 grams per cubic metre in 3Q 2016), local currency appreciation and reduced sand washing volumes.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

The Group's selling, general, and administrative (SG&A) expenses amounted to $48 million, a 37% increase from the prior-year period, mainly due to rouble appreciation, an increase in labour costs with the recognition of expenses under the long-term incentive program (LTIP) and salary indexation, as well as growth in other expenses.

SG&A breakdown by item

$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Salaries	32	24	33%	93	69	35%
Distribution expenses related to gold-bearing products	1	-	N.A.	7	-	N.A.
Taxes other than mining and income taxes	3	3	-	9	8	13%
Professional services	5	3	67%	11	8	38%
Amortisation and depreciation	2	-	N.A.	5	2	150%
Other	5	5	-	15	11	36%
Total	**48**	**35**	**37%**	**140**	**98**	**43%**

ALL-IN SUSTAINING COSTS (AISC)

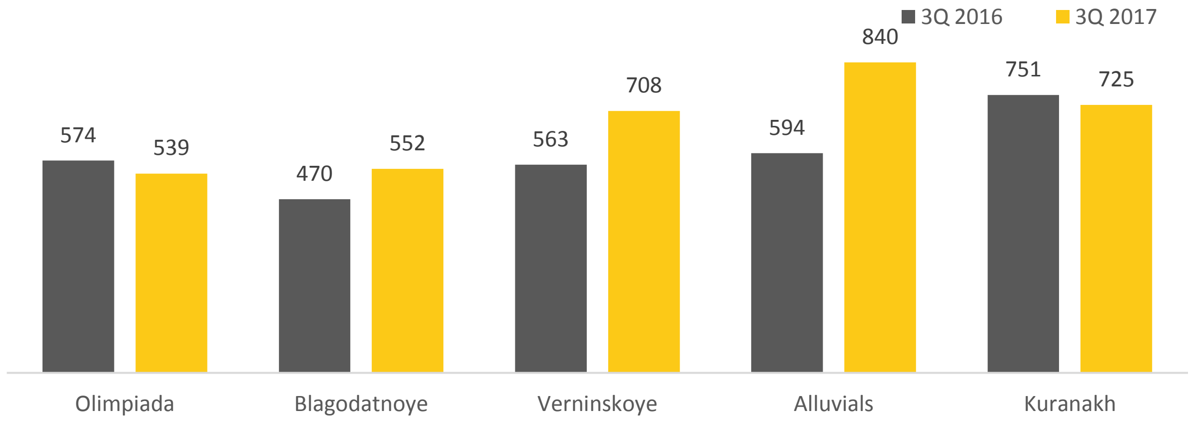
In 3Q 2017, the Group's AISC per ounce increased to $599 per ounce, up 7% compared to the prior-year period. This growth was primarily driven by higher maintenance and stripping expenses.

All-in sustaining costs calculation

$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Total TCC	**219**	**214**	**2%**	**592**	**530**	**12%**
selling, general and administrative expenses	48	35	37%	140	98	43%
amortisation and depreciation	(2)	-	N.A.	(5)	(2)	150%
stripping activity asset additions	38	14	171%	111	44	152%
sustaining capital expenditure	42	33	27%	102	89	15%
unwinding of discounts on decommissioning liabilities	-	1	N.A.	2	2	-
adding back expenses excluded from cost of gold sales						
provision for annual vacation payment	-	(2)	N.A.	5	(2)	N.A.
employee benefit obligations cost	-	-		(1)	1	N.A.
change in allowance for obsolescence of inventory	-	1	N.A.	-	1	N.A.
Total all-in sustaining costs	**345**	**296**	**17%**	**946**	**761**	**24%**
Gold sold (koz)	578	527	10%	1,561	1,365	14%
All-in-sustaining cost ($/oz)	**599**	**560**	**7%**	**606**	**557**	**9%**

AISC at Olimpiada trended in line with TCC per ounce declining to $539 per ounce in 3Q 2017. At Blagodatnoye AISC increased to $552 per ounce as a result of a planned increase in stripping activity (rock moved volumes rose 44% during the same period). Verninskoye posted a 26% increase in AISC from the prior-year period due to higher SG&A expenses and sustained capital expenditure. At Kuranakh, AISC decreased to $725 per ounce driven by lower TCC.

All-in sustaining costs by mine, $/oz



ADJUSTED EBITDA

Increased production driven by higher ore processing volumes at the majority of the Group's hard rock mining assets as well as higher average grades in ore processed at Olimpiada were the key contributing factors to the 7% rise in the Group's adjusted EBITDA compared to the prior-year period. This performance was further supported by the continued focus on improving operational efficiency and cost control as TCC decreased on a per ounce basis in 3Q 2017 compared to the prior-year period.

Adjusted EBITDA growth was predominantly driven by Olimpiada, which achieved double digit growth in gold sales volumes (including sales of flotation concentrate). Olimpiada represents 51% of the Group's adjusted EBITDA for the reporting period.

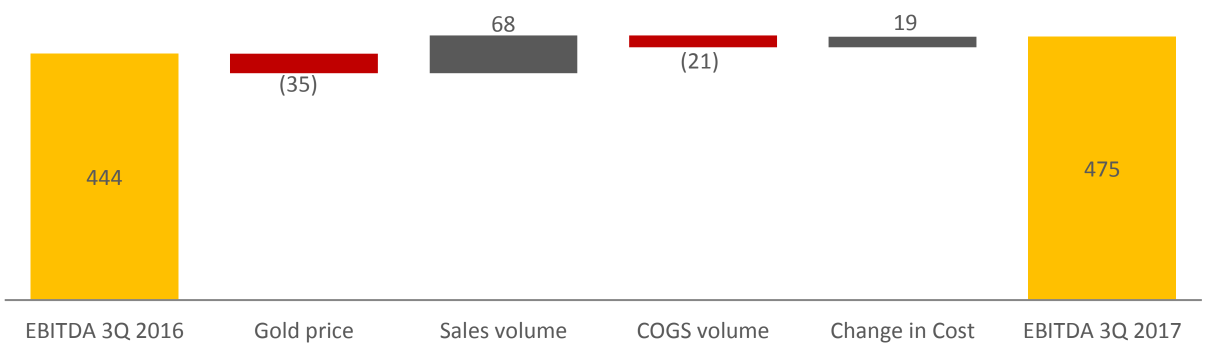
The adjusted EBITDA margin stood at 64%, remaining one of the highest among mining companies globally.

The Company's EBITDA is adjusted for special charitable contributions, which reflect the Company's charitable activity as part of its social responsibility obligations. This includes $11 million donated to several institutions in 3Q 2017.

Adjusted EBITDA calculation

$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Profit for the period	**371**	**390**	**(5%)**	**974**	**889**	**10%**
Income tax expense	75	90	(17%)	172	269	(36%)
Depreciation and amortisation	47	41	15%	129	107	21%
(Gain) / loss on derivative financial instruments and investments, net	(30)	(65)	(54%)	(98)	77	N.A.
Finance costs, net	43	32	34%	151	105	44%
Equity-settled share-based payment plans	6	4	50%	13	10	30%
Foreign exchange gain, net	(43)	(34)	26%	(112)	(291)	(62%)
Interest income	(6)	(12)	(50%)	(23)	(30)	(23%)
Impairment/(reversal of impairment)	-	(1)	N.A.	6	(2)	N.A.
Other	12	(1)	N.A.	25	1	N.A.
Adjusted EBITDA	**475**	**444**	**7%**	**1,237**	**1,135**	**9%**
Total revenue	744	706	5%	1,978	1,788	11%
Adjusted EBITDA margin (%)	**64%**	**63%**	**1 ppts**	**63%**	**63%**	**-**

Adjusted EBITDA bridge, $ million



Adjusted EBITDA breakdown by business unit, $ million

$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Olimpiada	244	205	19%	654	491	33%
Blagodatnoye	104	104	-	311	326	(5%)
Titimukhta	-	-	-	-	36	N.A.
Verninskoye	42	37	14%	120	111	8%
Alluvials	43	70	(39%)	52	83	(37%)
Kuranakh	30	31	(3%)	79	85	(7%)
Other[14]	12	(3)	N.A.	21	3	N.A.
Total	**475**	**444**	**7%**	**1,237**	**1,135**	**9%**

FINANCE COST ANALYSIS

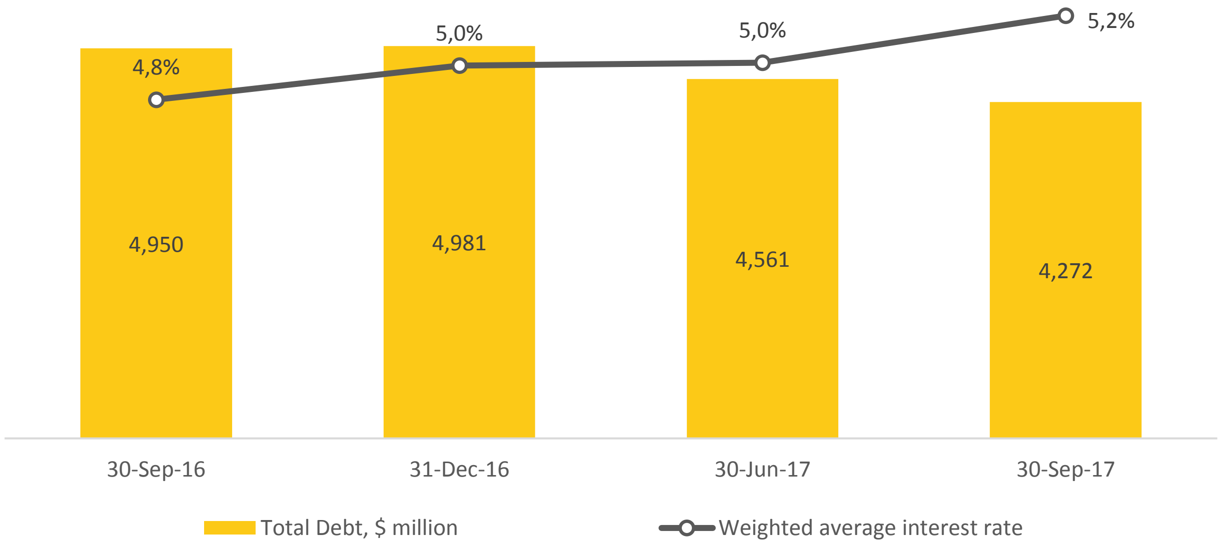
$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Interest on borrowings	76	67	13%	241	198	22%
Write-off of unamortised debt costs due to early extinguishment of debt and bank one-off commissions	6	-	-	17	-	N.A.
Unwinding of discounts	3	1	N.A.	8	2	N.A.
Gain on exchange of interest payments under cross currency swap and interest rate swap	(13)	(12)	8%	(30)	(28)	7%
Other	-	-	-	-	1	N.A.
Sub-total finance cost	**72**	**56**	**29%**	**236**	**173**	**36%**
Interest included in the cost of qualifying assets	(29)	(24)	21%	(85)	(68)	25%
Total finance cost expensed	**43**	**32**	**34%**	**151**	**105**	**44%**

The Group's total finance costs in 3Q 2017 amounted to $43 million, compared to $32 million in 3Q 2016. Interest capitalisation relating to the Natalka development project, where construction works are ongoing, continued. Capitalised interest primarily relating to Natalka and Sukhoi Log amounted to $29 million, compared to $24 million in 3Q 2016.

[14] Reflects consolidation adjustments and financial results of non-producing business units, including exploration business unit, capital construction business unit and unallocated segments.

Interest on borrowings (net of gains on the exchange of interest payments under cross-currency and interest rate swaps), totaled $63 million in 3Q 2017. An increase in amount of interest on borrowings was primarily driven by floating interest rate increase during the year. This was partially offset by the Company's pro-active approach in debt portfolio management. Specifically, floating interest rate debt instruments share within the debt portfolio structure declined to 33% as at 30 September 2017 (compared to 82% as at 30 September 2016) accompanied by a reduction in total debt during the same period.

Weighted average interest rate dynamics[15]



Foreign exchange gain and derivatives

The Group's foreign exchange gain in 3Q 2017 amounted to $43 million, compared to a $34 million gain in 3Q 2016, which reflects the revaluation of USD-denominated bank deposits, USD-denominated accounts receivables and USD-denominated liabilities as at the end of 30 September 2017 due to FX rate fluctuation.

Valuation and hedge accounting of derivative financial instruments as of 30 September 2017 and for the nine months ended 30 September 2017

$ million	Asset	Liability	Fair value recorded in the statement of financial position	Profit & loss (expenses)/ income	Other compre-hensive loss
Revenue stabiliser	-	(63)	(63)	(43)	(15)
Cross-currency swaps	23	(393)	(370)	102	-
Interest rate swaps	6	-	6	(1)	-
Total	**29**	**(456)**	**(427)**	**58**	**(15)**

[15] Weighted average interest rate is calculated as of the end of the period.

Revenue stabilizer[16]

There were no changes to the revenue stabiliser option agreements during the nine months ended 30 September 2017. On 30 June 2017, the hedges for Tranches 1 and 2 were de-designated and hedge accounting in terms of IAS 39 no longer applies on prospective basis, because strikes on remaining options are out of the forecasted gold price. Starting from 1 July 2017 remaining outstanding options of the Tranches 1 and 2 are accounted at fair value through profit or loss.

Cross-currency and interest rate swaps[17]

In 3Q 2017, the overall positive effect from cross-currency and interest rate swaps on finance cost amounted to $13 million. This was recorded within note 7 of the condensed consolidated interim financial statement as a realised gain on the exchange of interest payments under interest rate and cross currency swaps.

PROFIT BEFORE TAX & INCOME TAXES

In 3Q 2017, profit before tax slightly decreased to $446 million partially driven by lower gains on derivatives and investments. Meanwhile, income tax totaled $75 million, down 17% from the prior-year period, resulting in an effective income tax rate of 17%.

NET PROFIT

In 3Q 2017, net profit totaled $371 million, compared to $390 million in 3Q 2016. Whilst the Company delivered higher operating profit, the net profit decline partially reflects the impact of non-cash items on both profit before tax and income tax expenses as described above. Specifically, in 3Q 2017 the gain on derivative financial instruments, which is not subject to tax, was lower than in the prior-year period. Adjusting for these items (see the reconciliation below) and given the higher interest expense, the Group's adjusted net profit for 3Q 2017 amounted to $298 million, a 1% increase from the prior-year period.

Adjusted net profit calculation

$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Net profit for the period	**371**	**390**	**(5%)**	**974**	**889**	**10%**
impairment/(reversal of impairment)	-	(1)	N.A.	6	(2)	N.A.
(gain) / loss on derivative financial instruments and investments, net	(30)	(65)	(54%)	(98)	77	N.A.
foreign exchange gain, net	(43)	(34)	26%	(112)	(291)	(62%)
deferred income tax related to derivatives	-	5	N.A.	3	27	(89%)
Adjusted net profit	**298**	**295**	**1%**	**773**	**700**	**10%**
Total revenue	744	706	5%	1,978	1,788	11%
Adjusted net profit margin	**40%**	**42%**	**(2) ppts**	**39%**	**39%**	**-**

[16] For additional information on revenue stabiliser, see Note 8 and 10 of the condensed consolidated interim financial statements

[17] For additional information on cross-currency and interest rate swaps, see Note 8 and 10 of the condensed consolidated interim financial statements.

Statement of financial position review

DEBT

As at 30 September 2017, the Group's gross debt amounted to $4,272 million, down 6% compared to $4,561 million as at 30 June 2017. The Company demonstrated a pro-active approach in debt portfolio management.

As previously disclosed, Polyus priced a Secondary Public Offering ("SPO") on the London Stock Exchange and the Moscow Exchange with the size of $858 million including the greenshoe on 30 June 2017. The primary component amounted to $400 million. The Company used most of those proceeds to make an early prepayment of several bank credit facilities.

The remaining portion of the offering proceeds is expected to be utilized for further debt repayments during 4Q 2017.

Debt breakdown by type

$ million	30 September 2017	30 June 2017	31 December 2016
Eurobonds	2,032	2,029	1,237
RUB bonds	263	259	253
Deferred payments under letters of credit	-	10	19
Finance lease	14	15	6
Bank loans	1,963	2,248	3,466
Total	**4,272**	**4,561**	**4,981**

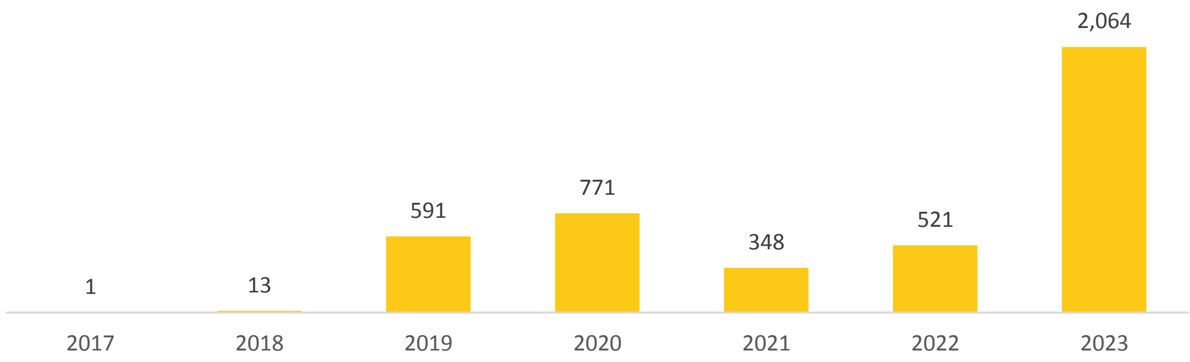
With regard to currency, the Group's debt portfolio remains dominated by USD denominated instruments.

Debt breakdown by currency

	30 September 2017		30 June 2017		31 December 2016	
	$ million	% of total	$ million	% of total	$ million	% of total
EUR	-		3	-	6	-
RUB	919	22%	902	20%	876	18%
USD	3,353	78%	3,656	80%	4,099	82%
Total	**4,272**		**4,561**		**4,981**	

The RUB36 billion credit facility from Sberbank is due in 2019 and the $750 million Eurobond issue is due in 2020. The majority of the maturities due during or after 2021 comprise the $1.25 billion 2023 Sberbank loan along with two Eurobond issues ($500 million due in 2022 and $800 million due in 2023). Existing cash balances cover almost all principal debt repayments up to 2020. The Company's debt profile remains smooth with limited debt maturities outstanding amount to $14 million till the end of 2018.

Debt maturity schedule[18], $ million



CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

The Group's cash and cash equivalents and bank deposits totaled $1,121 million, down 24% compared with the end of 1H 2017. The decrease in cash and cash equivalents was due to a repayment of credit facilities in the amount of $313 million and dividend payments for 2H 2016 and 1H 2017 in the amount of $564 million. The majority of the SPO proceeds were used to repay several bank credit facilities.

The Group's cash position is primarily denominated in USD.

Cash, cash equivalents, and bank deposits breakdown by currency

$ million	30 September 2017	30 June 2017	31 December 2016
RUB	111	151	238
USD	1,010	1,326	1,502
Total	**1,121**	**1,477**	**1,740**

NET DEBT

By the end of 3Q 2017, the Group's net debt stood at $3,151 million, up 2% from $3,084 million as of 30 June 2017.

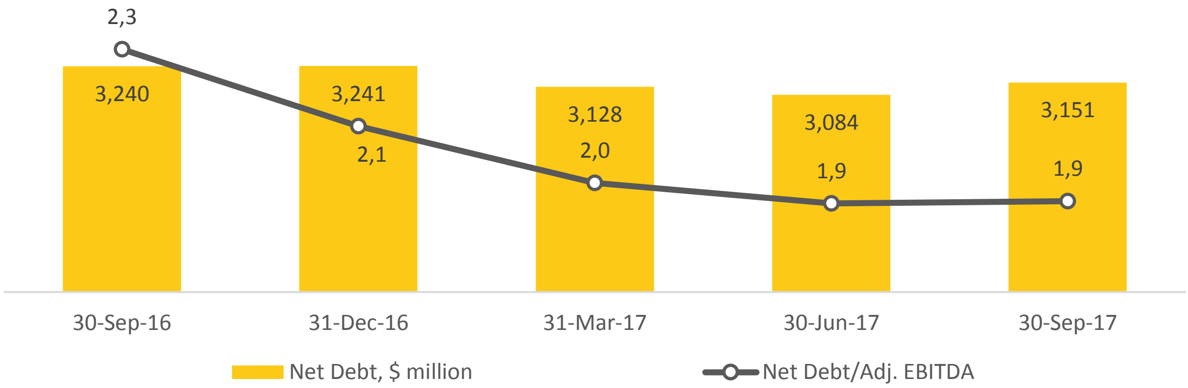
Net debt calculation

$ million	30 September 2017	30 June 2017	31 December 2016
Non-current borrowings	4,262	4,532	4,698
+ Current borrowings	10	29	283
– Cash and cash equivalents	(1,121)	(1,477)	(1,740)
Net debt	**3,151**	**3,084**	**3,241**

The net debt/adjusted EBITDA ratio as of 30 September 2017 remained stable at the level of 1.9x compared to the end of 1H 2017, as an increase in the net debt position was fully offset by the adjusted EBITDA expansion for the last 12 months.

[18] The breakdown is based on actual maturities and excludes $37 million of non-cash IFRS adjustments.

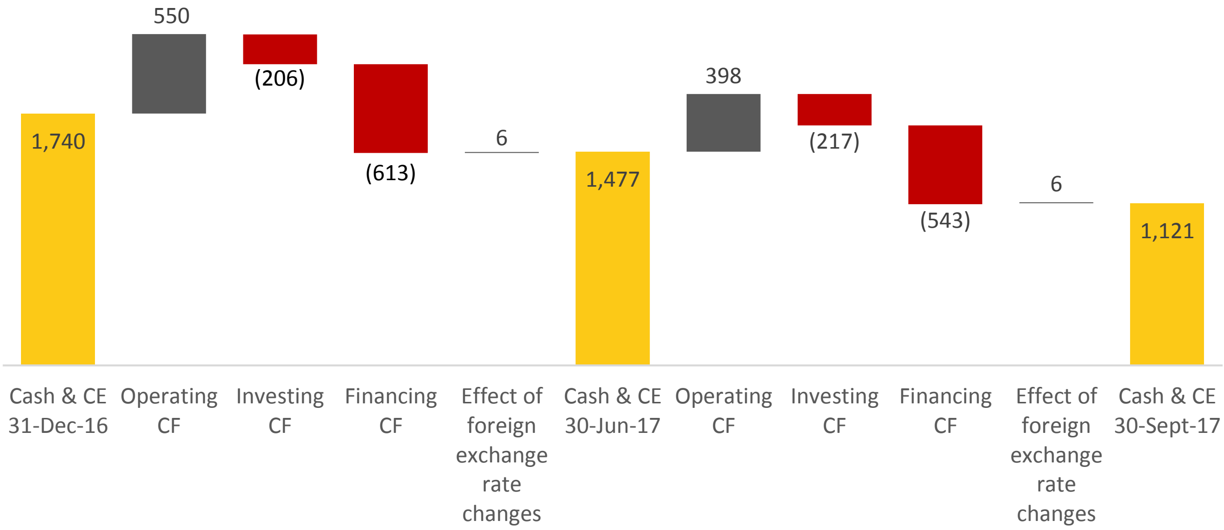
Net debt and net debt/adjusted EBITDA (last 12 months)[19] ratio



[19]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 30 September 2017, Adjusted EBITDA is calculated as the trailing twelve months ended on 30 September 2017 (being Adjusted EBITDA for 2016 less Adjusted EBITDA for the nine months ended 30 September 2016 plus Adjusted EBITDA for the nine months ended 30 September 2017). For the purpose of the net debt to Adjusted EBITDA ratio as of 30 June 2017, Adjusted EBITDA is calculated as the trailing twelve months ended on 30 June 2017 (being Adjusted EBITDA for 2016 less Adjusted EBITDA for the six months ended 30 June 2016 plus Adjusted EBITDA for the six months ended 30 June 2017). For the purpose of the net debt to Adjusted EBITDA ratio as of 31 March 2017, Adjusted EBITDA is calculated as the trailing twelve months ended on 31 March 2017 (being Adjusted EBITDA for 2016 less Adjusted EBITDA for the three months ended 31 March 2016 plus Adjusted EBITDA for the three months ended 31 March 2017). For the purpose of the net debt to Adjusted EBITDA ratio as of 30 September 2016, Adjusted EBITDA is calculated as the trailing twelve months ended on 30 September 2016 (being Adjusted EBITDA for 2015 less Adjusted EBITDA for the nine months ended 30 September 2015 plus Adjusted EBITDA for the nine months ended 30 September 2016).

Statement of cash flows review

Cash flow bridge, $ million



In 3Q 2017, cash flow from operations increased to $398 million, compared to $393 million in 3Q 2016. Due to higher capex spending in 3Q 2017, cash outflow on investing activities reached $217 million. Net financing cash outflow totaled $543 million, reflecting both the inflow of the primary component of the SPO proceeds in the total amount of $400 million, and the repayment of around $313 million of credit facilities and $564 million of dividend payments for 2H 2016 and 1H 2017 respectively.

OPERATING CASH FLOW

In 3Q 2017, the Group generated operational cash flow of $398 million driven by strong adjusted EBITDA. In the meantime, operating cash flow was negatively impacted by a working capital outflow totaling $29 million. This reflects an increased scope of operations, in particular, the accumulation of ore stockpiles at Natalka, Krasnoyarsk and Kuranakh, the advanced purchase of diesel fuel at Krasnoyarsk, Verninskoye and Alluvials, which were partially offset by write-off of the capitalization of deferred expenses at Alluvials due to active phase of washing season.

INVESTING CASH FLOW

In 3Q 2017, capital expenditures rose to $224 million, from $109 million in 3Q 2016. The increase reflects higher maintenance capital expenditures as well as the ongoing construction works at Natalka and brownfield development projects.

Capital expenditures at Natalka, the Group's main development project, increased 168% in 3Q 2017, to $126 million. Mining activity at Natalka was relaunched in January 2017 (the deposit was previously mined from 2013 through 2014). Hot commissioning of Natalka officially started in early September 2017 and the Company anticipates that production will be fully ramped up by the end of 2018.

Capital expenditures at Olimpiada increased to $41 million due to preparations to connect the mine to the new Razdolinskaya-Taiga grid, procurement of a mining fleet and the construction of Bio Oxidation circuit ("BIO-4") at the Mills-1, 2, 3 complex. The BIO-4 project is expected to be launched by the end of 2017. According to the plan, the installation of the first four reactors is set to be in 4Q 2017 and the installation of the remaining four reactors is scheduled for 1H 2018.

At Blagodatnoye, capital expenditures increased to $17 million, primarily due to optimisation works at the Blagodatnoye Mill following the completion of the processing capacity expansion project.

At Verninskoye, capital expenditures increased to $11 million in 3Q 2017 due to the expansion of the Verninskoye Mill.

Capital expenditures at Kuranakh increased to $17 million in 3Q 2017 due to further progress with the heap leach project and the launch of the second stage of the Kuranakh Mill processing capacity expansion to 5.0 mtpa. With the heap-leaching project now being largely completed, the Company started processing low-grade in-situ and stockpiled ore.

At Alluvials, capital expenditures remained flat at $5 million compared to the prior-year period and predominantly consisted of exploration activity as well as the ongoing replacement of worn-out equipment.

Capex breakdown[20]

$ million	3Q 2017	3Q 2016	Y-o-Y	9M 2017	9M 2016	Y-o-Y
Natalka	126	47	168%	305	129	136%
Olimpiada	41	17	141%	93	50	86%
Blagodatnoye	17	5	240%	30	14	114%
Verninskoye	11	8	38%	23	14	64%
Alluvials	5	5	-	17	16	6%
Kuranakh	17	6	183%	39	18	117%
Exploration	2	4	(50%)	4	7	(43%)
Sukhoi Log[21]	4	-	N.A.	9	-	N.A.
Other (including power projects)	1	17	N.A.	26	47	(45%)
Total	**224**	**109**	**106%**	**546**	**295**	**85%**

In December 2016 Polyus entered into a number of cash option agreements with LLC “RT Development” (RT) to acquire a 23.9% stake in SL Gold during 2017-2022. In May 2017, the Company exercised the first option agreement in a total amount of $21 million and increased its stake in SL Gold by 3.6%.

Moreover, in July 2017 JSC Polyus entered into a number of option agreements with RT to acquire an additional 25,1% participation interest in SL Gold. Total consideration for the additional 25,1% participation interest is fixed at $145,9 million and will be payable in Polyus’ shares within the next five years in five tranches, with Polyus having the right to accelerate. Subsequently, the Company exercised the first option agreement in a total amount of $22 million and increased its stake in SL Gold by 3.8%.

Currently Polyus owns a 58.4% stake in SL Gold.

Other areas of investing activities in 3Q 2017 generated $6 million of interest.

FINANCING CASH FLOW

In 3Q 2017, net financing cash outflow totaled $543 million compared to $35 million of cash inflow in 3Q 2016. In 3Q 2017, Polyus completed a repayment of approximately $313 million of credit facilities with share placement cash proceeds utilised for this purpose and made $564 million of dividend payments for 2H 2016 and 1H 2017.

[20] The capex above presents the capital construction-in-progress unit as allocated to other business units, whilst in the condensed consolidated interim financial statements capital construction-in-progress is presented as a separate business unit.
[21] Presented net of the Sukhoi Log deposit license acquisition cost and payments to RT

Outlook

Based on the performance in 3Q 2017, the Group reiterates its production guidance for 2017 to be in the range of 2.075–2.125 million ounces.

With the majority of brownfield development projects expected to be completed in 2017 and production at Natalka anticipated to be launched by the end of the year and further ramped-up throughout 2018, the Group expects total gold output to increase further to 2.35–2.40 million ounces in 2018 and 2.8 million ounces in 2019.

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 19 to 21. As of 30 September 2017 the Group held $1,121 million in cash and cash equivalents and bank deposits and had a net debt of $3,151 million, with $689 million of undrawn but committed credit facilities, subject to covenant compliance. Details on borrowings and credit facilities are disclosed in note 16 to the condensed consolidated interim financial statements. In assessing its going-concern status, the directors 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 Directors 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 consolidated 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 consolidated 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 financials depend largely on gold prices. The gold market follows cyclical patterns and is sensitive to general macroeconomic trends. The Group constantly monitors gold market, implements cost optimisation measures and reviews its investment programme.

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.

The Directors do not believe that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2016. Detailed explanation of the risks summarized below, together with the Group's risk mitigation plans, can be found on pages 159 to 163 of the 2016 Annual Report which is available at http://www.polyus.com/upload/iblock/6ba/polyus_96dpi-_1_.pdf

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 commodity price, foreign exchange, and interest rate movements. The Board of Directors is responsible for overseeing the Group's risk management framework.

Commodity price risk

The Group's earnings are exposed to price movements in gold, which is the Group's main source of revenue. The Group sells most of its gold output at prevailing market prices. However, to protect its earnings and balance sheet from a potential significant fall in gold prices the Group initiated Strategic Price Protection Programme, which includes a revenue stabiliser.

Foreign exchange risk

As stated on page 7, 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 30 September 2017, 90% of the cash and cash equivalents and bank deposits of the Group were in USD – see page 20 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 17.

Interest rate risk

The Group is exposed to interest rate risk, as 33% of the Group's debt portfolio is made up of USD floating rate borrowings. Fluctuations in interest rates may affect the Group's financial results. The Group continues to shift from floating to fixed interest rate on the back of higher finance cost expectations.

Inflation risk

As stated on page 8, 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.

Deloitte.

ZAO Deloitte & Touche CIS
5 Lesnaya Street
Moscow, 125047,
Russia

Tel: +7 (495) 787 06 00
Fax: +7 (495) 787 06 01
deloitte.ru

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the 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 (collectively - the "Group") as at 30 September 2017 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three and nine months then ended, and selected explanatory notes. Directors are 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Olga Tabakova
Engagement partner

Deloitte & Touche

ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «ДЕЛОЙТ И ТУШ СНГ»
для аудиторских заключений и отчетов
Россия, г. Москва, ул. Лесная, д. 5

9 November 2017

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, Talmyr (Dolgan-Nenetsk) and Evenki autonomous okrugs

Address: 123104, Russian Federation, Moscow, Tverskoy bulvar, 15/1

Audit Firm: ZAO "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-regulated organization of auditors "Russian Union of auditors" (Association), ORNZ 11603080484.

PJSC “Polyus”

Condensed consolidated interim financial statements

for the three and nine months ended 30 September 2017 (unaudited)

POLYUS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

(in millions of US Dollars, except for earnings per share data)

	Notes	Three months ended 30 September 2017	Three months ended 30 September 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
Gold sales	4	733	700	1,950	1,769
Other sales		11	6	28	19
Total revenue		**744**	**706**	**1,978**	**1,788**
Cost of gold sales	5	(264)	(253)	(719)	(632)
Cost of other sales		(9)	(7)	(23)	(19)
Gross profit		**471**	**446**	**1,236**	**1,137**
Selling, general and administrative expenses	6	(48)	(35)	(140)	(98)
Other expenses, net		(13)	(10)	(32)	(20)
Operating profit		**410**	**401**	**1,064**	**1,019**
Finance costs, net	7	(43)	(32)	(151)	(105)
Interest income		6	12	23	30
Gain / (loss) on investments and revaluation of derivative financial instruments, net	8	30	65	98	(77)
Foreign exchange gain, net		43	34	112	291
Profit before income tax		**446**	**480**	**1,146**	**1,158**
Income tax expense		(75)	(90)	(172)	(269)
Profit for the period		**371**	**390**	**974**	**889**
Attributable to:					
Shareholders of the Company		360	367	969	863
Non-controlling interests		11	23	5	26
		371	**390**	**974**	**889**
Weighted average number of ordinary shares’000					
- for basic earnings per share	15	131,218	130,109	127,516	145,846
- for dilutive earnings per share	15	132,651	130,109	128,077	145,846
Earnings per share (US Dollar)					
- basic	15	2.74	2.82	7.60	5.92
- dilutive	15	2.73	2.82	7.60	5.92

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)

(in millions of US Dollars)

	Notes	Three months ended 30 September 2017	Three months ended 30 September 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
Profit for the period		**371**	**390**	**974**	**889**
Other comprehensive income / (loss)					
Items that may be subsequently reclassified to profit or loss:					
(Decrease) / increase in revaluation of cash flow hedge reserve on revenue stabiliser	10	-	(26)	4	(88)
Decrease in revaluation of cash flow hedge reserve on gold forward		-	-	-	(12)
Deferred tax relating to decrease / (increase) in revaluation of cash flow hedge reserve		-	4	(1)	19
		-	**(22)**	**3**	**(81)**
Items that will not be reclassified through profit or loss:					
Effect of translation to presentation currency		15	(3)	(5)	(54)
Items that have been reclassified through profit or loss:					
Cash flow hedge reserve reclassified to consolidated statement of profit or loss on revenue stabiliser	10	-	(4)	(19)	(37)
Cash flow hedge reserve reclassified to consolidated statement of profit or loss on gold forward		-	-	-	(8)
Deferred tax relating to cash flow hedge reserve reclassified to consolidated statement of profit or loss		-	-	4	8
		-	**(4)**	**(15)**	**(37)**
Other comprehensive income / (loss)		**15**	**(29)**	**(17)**	**(172)**
Total comprehensive income		**386**	**361**	**957**	**717**
Attributable to:					
Shareholders of the Company		375	337	948	681
Non-controlling interests		11	24	9	36
		386	**361**	**957**	**717**

POLYUS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2017 (UNAUDITED)
(in millions of US Dollars)

	Notes	30 Sep. 2017	31 Dec. 2016
Assets			
Non-current assets			
Property, plant and equipment	9	3,701	2,938
Derivative financial instruments and investments	10	30	57
Inventories	11	300	264
Deferred tax assets		77	75
Assets classified as held for sale	14	98	-
Other non-current assets		44	37
		4,250	**3,371**
Current assets			
Derivative financial instruments and investments	10	-	10
Inventories	11	427	369
Deferred expenditures		12	10
Trade and other receivables		40	58
Advances paid to suppliers and prepaid expenses		24	19
Taxes receivable	13	119	89
Assets classified as held for sale	14	47	-
Cash and cash equivalents	12	1,121	1,740
		1,790	**2,295**
Total assets		**6,040**	**5,666**
Equity and liabilities			
Capital and reserves			
Share capital	15	5	7
Additional paid-in capital		1,945	2,288
Treasury shares		(89)	(3,712)
Cash flow hedge revaluation reserve	10	-	12
Translation reserve		(2,729)	(2,720)
Retained earnings		1,154	3,617
Equity attributable to shareholders of the Company		**286**	**(508)**
Non-controlling interests		100	94
		386	**(414)**
Non-current liabilities			
Site restoration, decommissioning and environmental obligations		47	38
Borrowings	16	4,262	4,698
Derivative financial instruments	10	456	456
Deferred revenue	19	79	76
Deferred consideration	20	214	-
Deferred tax liabilities		192	182
Other non-current liabilities		39	32
		5,289	**5,482**
Current liabilities			
Borrowings	16	10	283
Trade and other payables	17	299	222
Taxes payable	18	56	93
		365	**598**
Total liabilities		**5,654**	**6,080**
Total equity and liabilities		**6,040**	**5,666**

POLYUS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)
(in millions of US Dollars)

		Equity attributable to shareholders of the Company									
	Notes	Number of outstanding shares'000	Share capital	Additional paid-in capital	Treasury shares	Cash flow hedge revaluation reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total
Balance at 31 December 2015		**190,628**	**7**	**2,273**	**-**	**123**	**(2,623)**	**2,196**	**1,976**	**71**	**2,047**
Profit for the period		-	-	-	-	-	-	863	**863**	26	**889**
Increase in cash flow hedge revaluation reserve	10	-	-	-	-	(118)	-	-	**(118)**	-	**(118)**
Effect of translation to presentation currency		-	-	-	-	-	(64)	-	**(64)**	10	**(54)**
Total comprehensive income / (loss)		**-**	**-**	**-**	**-**	**(118)**	**(64)**	**863**	**681**	**36**	**717**
Equity-settled share-based payment plans (LTIP)		-	-	10	-	-	-	-	**10**	-	**10**
Increase of ownership in subsidiaries		-	-	-	-	-	-	(2)	**(2)**	(1)	**(3)**
Buy-back of treasury shares		(60,519)	-	-	(3,443)	-	-	-	**(3,443)**	-	**(3,443)**
Settlement of issued loans by own shares		(4,477)	-	-	(269)	-	-	-	**(269)**	-	**(269)**
Release of translation reserve due to disposal of subsidiary		-	-	-	-	-	(3)	3	**-**	-	**-**
Dividends declared to shareholders of non-controlling interests		-	-	-	-	-	-	-	**-**	(7)	**(7)**
Balance at 30 September 2016		**125,632**	**7**	**2,283**	**(3,712)**	**5**	**(2,690)**	**3,060**	**(1,047)**	**99**	**(948)**
Balance at 31 December 2016		**125,632**	**7**	**2,288**	**(3,712)**	**12**	**(2,720)**	**3,617**	**(508)**	**94**	**(414)**
Profit for the period		-	-	-	-	-	-	969	**969**	5	**974**
Decrease in cash flow hedge revaluation reserve	10	-	-	-	-	(12)	-	-	**(12)**	-	**(12)**
Effect of translation to presentation currency		-	-	-	-	-	(9)	-	**(9)**	4	**(5)**
Total comprehensive (loss) / income		**-**	**-**	**-**	**-**	**(12)**	**(9)**	**969**	**948**	**9**	**957**
Equity-settled share-based payment plans (LTIP), net of tax		-	-	15	-	-	-	-	**15**	-	**15**
Buy-back of treasury shares	15	(14)	-	-	(1)	-	-	-	**(1)**	-	**(1)**
Cancellation of treasure shares	15	-	(2)	(749)	3,604	-	-	(2,853)	**-**	-	**-**
Issuance of shares	15	6,016	-	389	-	-	-	-	**389**	-	**389**
Purchase of additional ownership in SL Gold through issuance of treasury shares	15	290	-	2	20	-	-	-	**22**	-	**22**
Declared dividends	15	-	-	-	-	-	-	(579)	**(579)**	-	**(579)**
Dividends declared to shareholders of non-controlling interests		-	-	-	-	-	-	-	**-**	(3)	**(3)**
Balance at 30 September 2017		**131,924**	**5**	**1,945**	**(89)**	**-**	**(2,729)**	**1,154**	**286**	**100**	**386**

POLYUS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)
(in millions of US Dollars)

	Notes	Three months ended 30 September 2017	Three months ended 30 September 2016	Nine months ended 30 September 2017	Nine months ended 30 September 2016
Operating activities					
Profit before income tax		**446**	**480**	**1,146**	**1,158**
Adjustments for:					
Finance costs, net	7	43	32	151	105
Interest income		(6)	(12)	(23)	(30)
Unrealised (gain) / loss on investments and revaluation of derivative financial instruments, net	8	(30)	(65)	(98)	77
Depreciation and amortisation	9	47	41	129	107
Foreign exchange gain, net		(43)	(34)	(112)	(291)
Other		7	4	20	11
		464	**446**	**1,213**	**1,137**
Movements in working capital					
Inventories		(46)	(16)	(61)	(56)
Deferred expenditures		21	11	(2)	(2)
Trade and other receivables		13	(14)	27	(19)
Advances paid to suppliers and prepaid expenses		(6)	(2)	(10)	(5)
Taxes receivable		(24)	(6)	(14)	(14)
Trade and other payables and accrued expenses		12	30	9	18
Taxes payable		2	11	(17)	7
Other		(1)	(1)	(3)	(1)
Cash flows from operations		**435**	**459**	**1,142**	**1,065**
Income tax paid		(37)	(66)	(194)	(193)
Net cash generated from operating activities		**398**	**393**	**948**	**872**
Investing activities					
Purchase of property, plant and equipment (excluding payments for the Sukhoi Log deposit)		(223)	(115)	(510)	(255)
Payments for the Sukhoi Log deposit	20	-	-	(36)	-
Interest received		6	17	26	37
Proceeds from repayment of loans issued		-	1	-	124
Proceeds from disposal of joint venture	8	-	-	100	-
Proceeds from disposal of subsidiary, net of cash disposed of		-	-	-	10
Other		-	-	(3)	-
Net cash utilised in investing activities		**(217)**	**(97)**	**(423)**	**(84)**
Financing activities					
Interest paid		(71)	(49)	(234)	(163)
Commissions on borrowings paid		(1)	-	(11)	(41)
Proceeds from leaseback transactions		-	-	11	2
Repayments under lease		(1)	-	(4)	-
Net proceeds on exchange of interest payments under interest and cross currency rate swaps	10	13	12	30	28
Payment for buy-back of shares	15	-	(1)	(1)	(3,443)
Proceeds from issuance of shares	15	400	-	400	-
Direct expenses associated with issuance of the Company's shares		(3)	-	(3)	-
Proceeds from borrowings	16	-	90	800	2,722
Repayment of borrowings	16	(313)	(10)	(1,577)	(27)
Dividends paid to shareholders of the Company	15	(564)	-	(564)	-
Dividends paid to non-controlling interests		(3)	(7)	(3)	(7)
Cash used to increase ownership in subsidiaries		-	-	-	(3)
Net cash (utilised in) / generated from financing activities		**(543)**	**35**	**(1,156)**	**(932)**
Net (decrease) / increase in cash and cash equivalents		**(362)**	**331**	**(631)**	**(144)**
Cash and cash equivalents at the beginning of the period	12	**1,477**	**1,382**	**1,740**	**1,825**
Effect of foreign exchange rate changes on cash and cash equivalents		6	(3)	12	29
Cash and cash equivalents at the end of the period	12	**1,121**	**1,710**	**1,121**	**1,710**

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 and Irkutsk regions and the Sakha Republic of the Russian Federation. The Group also performs research, exploration and development works; the development works being primarily at the Natalka licence area located in the Magadan region of the Russian Federation. Further details regarding the nature of the business and of the significant subsidiaries of the Group are presented in note 23.

The shares of the Company are "level one" listed at Moscow Exchange. On 5 July 2017, global depositary shares representing Polyus' shares (with two global depositary shares representing interest in one Polyus share) were admitted to the official list maintained by the United Kingdom Financial Conduct Authority and to trading 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 public limited company registered in Jersey. As at 30 September 2017 and 31 December 2016, the ultimate controlling party of the Company was Mr. Said Kerimov.

2. BASIS OF PREPARATION AND PRESENTATION

Going concern

In assessing its going concern status, the Directors have taken account of the Group's financial position, expected future trading performance, its borrowings, available credit facilities and its capital expenditure commitments, considerations of the gold price, currency exchange rates and other risks facing the Group. After making appropriate enquiries, the Directors consider 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.

Compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 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 2016.

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 2016, except for the enhanced disclosure of the segments' performance by presenting two mines within Krasnoyarsk business unit as separate segments, to reflect business segments being analysed by the chief operating decision maker.

Basis of presentation

The entities of the Group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the Russian Federation where they are incorporated and registered. The accounting principles and financial reporting procedures in the Russian Federation may differ substantially from those generally accepted under International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board. 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*, which are accounted for at fair value.

(in millions of US Dollars)

IFRS standards update

The following is a list of new or amended IFRS standards and interpretation that have been issued by the IASB that have been applied in the preparation of these condensed consolidated interim financial statements for the three and nine months ended 30 September 2017:

Title	Subject
Amendments to IAS 7	Statement of cash flows
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to IFRS 12	Disclosure of interests in other entities

Adoption of the new and revised standards and interpretations as mentioned above had no effect on the amounts presented in the condensed consolidated interim financial statements for the three and nine months ended 30 September 2017 or overall presentation and disclosures.

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

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the condensed consolidated interim financial statements
Amendments to IAS 40	Investment property	1 January 2018	No effect
Amendments to IFRS 1	First-time adoption of international financial reporting standards	1 January 2018	No effect
Amendments to IFRS 2	Share-based payment	1 January 2018	No effect
IFRS 9	Financial instruments	1 January 2018	Under review
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective date deferred indefinitely	No effect
IFRS 15	Revenue from contracts with customers	1 January 2018	Under review
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018	No effect
IFRS 16	Leases	1 January 2019	Under review
IFRIC 23	Uncertainty over Income Tax Treatment	1 January 2019	Under review
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019	Under review

Management is currently considering the potential impact of the adoption of standards and amendments that are under review. However, it is not practicable to provide a reasonable estimate of their effect until a detailed review has been completed.

Exchange rates

Exchange rates used in the preparation of these condensed consolidated interim financial statements were as follow:

Russian Rouble/US Dollar	30 Sep. 2017	31 Dec. 2016
Period end rate	58.02	60.66

All income or expenses and respective cash flows are translated at the monthly average exchange rates, except for significant transactions that are translated at rates on the date of such transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as noted below, 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 and nine months ended 30 September 2017 are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2016.

In the preparation of these condensed consolidated interim financial statements, the management of the Group has made a significant judgment in respect of *Initial recognition of share options agreements,* as presented below.

Initial recognition of share options

On 16 December 2016, JSC Polyus Krasnoyarsk, a 100% subsidiary of the Group, entered into a number of put and call option agreements as well as certain other transaction documents (thereafter, the “First set of options”) with LLC RT Business Development (“RT”), a wholly owned subsidiary of Russian state-owned Rostec Corporation (“Rostec”) over the 23.9% interest in the Group’s subsidiary LLC SL Gold (“SL Gold) owned by RT. On 11 July 2017, JSC Polyus Krasnoyarsk entered into a series of additional put and call option agreements over the remaining 25.1% interest in SL Gold (thereafter, the “Second set of options”) with RT (note 20).

Based on standalone contractual rights and obligations the First set of options would be recognised as financial liabilities with a corresponding decrease in equity.

The management has concluded that the substance of the consideration payable by the Group under the First set of options represents an additional cost element of mineral rights licence for the Sukhoi Log deposit as the options were directly linked to the acquisition of the license and together with the payment for the licence itself represented a single transaction designed to achieve an overall commercial effect.

This conclusion was due mainly to the following reasons:

- the options become exercisable only if the license is received and remains valid;
- the option agreements considered on their own are not economically justified.

Similarly, as the Second set of options represented modification to the original terms of the transaction it has been concluded that a similar accounting treatment is appropriate under the circumstances. Therefore an additional liability of USD 131 million is recognised in respect of Deferred consideration payable by the Group under the Second set of options with a corresponding debit to the cost of Exploration and evaluation assets within Mineral rights (notes 9 and 20).

4. 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"). The Group enhanced the disclosure of the segmental performance by presenting two mines with Krasnoyarsk business unit as separate segments reflecting the way segments are now analysed by the chief operating decision maker. The following is a description of operations of the Group's nine identified reportable segments and those that do not meet the quantitative reporting threshold:

- ***Krasnoyarsk business unit Olimpiada mine*** (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[1];
- ***Krasnoyarsk business unit Blagodatnoye mine*** (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;
- ***Irkutsk alluvial business unit*** (Irkutsk region, Bodaibo district of the Russian Federation) – mining (including initial processing) and sale of gold from several alluvial deposits;
- ***Irkutsk ore business unit*** (Irkutsk region, Bodaibo district 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;
- ***Yakutia Kuranakh business unit*** (Sakha Republic of the Russian Federation) – mining (including initial processing) and sale of gold from the Kuranakh mines;
- ***Magadan business unit*** (Magadan region of the Russian Federation) – represented by JSC Matrosova Mine which performs development works at the Natalka deposit;
- ***Sukhoi Log business unit*** (Irkutsk region of the Russian Federation) – represented by SL Gold which performs exploration and evaluation works at the Sukhoi Log deposit;
- ***Exploration business unit*** (Krasnoyarsk region, Irkutsk region, Amur region, and others) – research and exploration works in several regions of the Russian Federation;
- ***Capital construction unit*** - represented by LLC Polyus Stroy, JSC TaigaEnergoStroy and JSC VitimEnergoStroy which perform construction works at Natalka, Verninskoye, Olimpiada and other deposits;
- ***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 required 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 per ounce of gold sold (TCC); 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 does not allocate the results of companies that perform management, investing activities and certain other administrative functions within its internal reporting.

[1] Results of Titimukhta mine are included within Krasnoyarsk business unit Olimpiada mine segment because extraction from the Titimukhta deposit is insignificant and Titimukhta processing facilities are now being used to process Olimpiada ore

(in millions of US Dollars)

	Gold sales	Ounces of gold sold in thousand[2]	Adjusted EBITDA	TCC per ounce of gold sold (USD per ounce)[2]	Capital expenditures
Three months ended 30 September 2017					
Business units					
Krasnoyarsk - Olimpiada	352	281	244	334	41
Krasnoyarsk – Blagodatnoye	148	116	104	333	17
Irkutsk alluvial	109	85	43	719	5
Irkutsk ore	68	53	42	406	11
Yakutia Kuranakh	56	43	30	472	17
Exploration	-	-	-	-	2
Magadan	-	-	-	-	126
Capital construction	-	-	-	-	-
Unallocated	-	-	12	-	1
Sukhoi Log	-	-	-	-	135
Total	**733**	**578**	**475**	**380**	**355**
Three months ended 30 September 2016					
Business units					
Krasnoyarsk – Olimpiada	310	228	205	429	17
Krasnoyarsk – Blagodatnoye	147	116	104	300	5
Irkutsk alluvial	132	100	70	514	5
Irkutsk ore	58	43	37	375	8
Yakutia Kuranakh	53	40	31	526	6
Exploration	-	-	-	-	4
Magadan	-	-	(1)	-	47
Capital construction	-	-	-	-	15
Unallocated	-	-	(2)	-	2
Total	**700**	**527**	**444**	**406**	**109**
Nine months ended 30 September 2017					
Business units					
Krasnoyarsk – Olimpiada	1,006	816	654	361	93
Krasnoyarsk – Blagodatnoye	440	346	311	312	30
Irkutsk alluvial	148	116	52	705	17
Irkutsk ore	201	160	120	403	23
Yakutia Kuranakh	155	123	79	538	39
Exploration	-	-	-	-	4
Magadan	-	-	3	-	305
Capital construction	-	-	1	-	13
Unallocated	-	-	17	-	13
Sukhoi Log	-	-	-	-	276
Total	**1,950**	**1,561**	**1,237**	**380**	**813**
Nine months ended 30 September 2016					
Business units					
Krasnoyarsk – Olimpiada	817	620	527	419	50
Krasnoyarsk – Blagodatnoye	446	347	326	286	14
Irkutsk alluvial	174	133	83	522	16
Irkutsk ore	179	143	111	399	14
Yakutia Kuranakh	148	118	85	495	18
Exploration	5	4	1	1,010	7
Magadan	-	-	(1)	-	129
Capital construction	-	-	-	-	33
Unallocated	-	-	3	-	14
Total	**1,769**	**1,365**	**1,135**	**387**	**295**

[2] Unaudited and not reviewed

(in millions of US Dollars)

Gold sales reported above represent revenue generated from external customers. There were no inter-segment gold sales during the three and nine months ended 30 September 2017 and 2016.

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
Refined gold	718	683	1,871	1,752
Other gold-bearing products	15	17	79	17
Total gold sales	**733**	**700**	**1,950**	**1,769**

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
Profit for the period	**371**	**390**	**974**	**889**
Income tax	75	90	172	269
Depreciation and amortisation (note 9)	47	41	129	107
Finance costs, net (note 7)	43	32	151	105
Equity-settled share-based payment plans	6	4	13	10
Foreign exchange gain, net	(43)	(34)	(112)	(291)
(Gain) / loss on investments and revaluation of derivative financial instruments (note 8)	(30)	(65)	(98)	77
Interest income	(6)	(12)	(23)	(30)
Special charitable contributions	11	-	29	-
Impairment / (reversal of impairment)	-	(1)	6	(2)
Other	1	(1)	(4)	1
Adjusted EBITDA	**475**	**444**	**1,237**	**1,135**

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

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
Cost of gold sales	**264**	**253**	**719**	**632**
Adjusted for:				
Depreciation and amortisation (note 9)	(49)	(41)	(134)	(103)
Depreciation, amortisation and accrual provisions in inventory change	4	2	7	1
TCC[3]	**219**	**214**	**592**	**530**
Ounces of gold sold, in thousand[3]	578	527	1,561	1,365
TCC per ounce of gold sold, USD per ounce[3]	**380**	**406**	**380**	**387**

Capital expenditures are primarily related to the following projects:

- ***Natalka:*** The entire scope of the Mill's core process equipment was delivered and installed. The equipment piping was completed at the gravity separation, desorption, cyanidation circuits, and in the gold room. Commissioning was ongoing supervised by the engineers of the main equipment manufacturers to ensure staged delivery of the facilities.
- ***Olimpiada:*** preparation for the connection to the Razdolinskaya – Taiga power line, construction of new BIO capacities, procurement of mining fleet and capitalised mining within the 4th stage of the Vostochny pit.

[3] Unaudited and not reviewed

(in millions of US Dollars)

- ***Blagodatnoye:*** on-going optimisation and expansion of the Blagodatnoye Mill.
- ***Kuranakh:*** active works were on-going under the heap leaching project to ensure readiness of the facility for pilot tests. Pilot operation was launched in September, the pile was stacked and a cycle of irrigation was run, first pregnant solutions were obtained. As far as the Mill Expansion project is concerned, technical refurbishment of the Mill within the existing building is ongoing.
- ***Verninskoye:*** assembly and installation of the adsorption tanks were completed within the framework of the Verninskoye Mill Expansion project, preparation for the installation of the process equipment is on-going.

The Group's non-current assets are located in the Russian Federation.

5. COST OF GOLD SALES

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Labour	81	62	206	158
Consumables and spares	61	71	163	183
Depreciation and amortisation of operating assets (note 9)	49	42	134	107
Tax on mining	40	39	106	99
Fuel	24	19	56	51
Power	4	3	21	15
Outsourced mining services	5	4	6	8
Other	17	19	42	35
Total cost of production	**281**	**259**	**734**	**656**
Increase in stockpiles, gold-in-process and refined gold inventories	(17)	(6)	(15)	(24)
Total	**264**	**253**	**719**	**632**

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Salaries	32	24	93	69
Distribution expenses related to gold-bearing products	1	-	7	-
Taxes other than mining and income taxes	3	3	9	8
Professional services	5	3	11	8
Depreciation and amortisation (note 9)	2	-	5	2
Other	5	5	15	11
Total	**48**	**35**	**140**	**98**

(in millions of US Dollars)

7. FINANCE COSTS, NET

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
Interest on borrowings	76	67	241	198
Bank commissions and write-off of unamortised debt cost due to early extinguishment of the debt	6	-	17	-
Unwinding of discounts	3	1	8	2
Gain on exchange of interest payments under cross currency swaps (note 10)	(13)	(12)	(29)	(23)
Gain on exchange of interest payments under interest rate swaps (note 10)	-	-	(1)	(5)
Other	-	-	-	1
Sub-total finance cost	**72**	**56**	**236**	**173**
Interest included in the cost of qualifying assets (note 9 and 14)	(29)	(24)	(85)	(68)
Total finance cost, net	**43**	**32**	**151**	**105**

8. GAIN / (LOSS) ON DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENTS, NET

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
Revaluation (loss) / gain on ineffective part of the revenue stabiliser under Tranches 1 and 2 during cash flow hedge period (note 10)	-	9	(27)	(57)
Revaluation (loss) / gain on revenue stabiliser	(6)	51	(38)	(173)
Revaluation gain on cross currency swaps (note 10)	36	11	73	132
Revaluation (loss) / gain on interest rate swap (note 10)	-	(7)	(2)	5
Gain on disposal of joint venture (see below)	-	-	92	-
Gain on disposal of subsidiary	-	-	-	16
Other	-	1	-	-
Total	**30**	**65**	**98**	**(77)**

In March 2017, the Group entered into an agreement to sell its 82.34% stake in a joint venture entity with Polymetal which holds the license for Nezhdaninskoe deposit.

The stake was sold for a total consideration of USD 158 million. The consideration consisted of two parts:

- cash consideration of USD 100 million payable upon completion of the transaction and which was received by the Group in March 2017;
- contingent cash consideration of USD 58 million which could be adjusted upon achievement by the project of certain operational and financial criteria payable on commissioning of the deposit and construction of the processing plant.

The difference between the cash consideration received and the carrying value of investment in the joint venture at the date of sale resulted in a gain of USD 92 million recognised in the condensed consolidated interim statement of profit or loss. The fair value of contingent consideration is linked to the achievement of certain operational and financial parameters, which cannot be yet properly assessed and evaluated given the project stage. The Group will assess the fair value once these operational and financial parameters can be reliably estimated.

(in millions of US Dollars)

9. PROPERTY, PLANT AND EQUIPMENT

	Fixed assets	Mine under develop-ment	Stripping activity assets	Capital constru-ction in progress	Explora-tion and evaluation assets	Total
Cost						
Balance at 31 December 2015	**1,283**	**968**	**243**	**153**	**249**	**2,896**
Additions	-	128	44	152	12	**336**
Change in site restoration, decommissioning and environmental obligations	4	-	-	-	-	**4**
Disposals	(5)	(6)	-	(1)	-	**(12)**
Disposal of subsidiary	-	-	-	-	(105)	**(105)**
Transfers	92	(1)	-	(82)	-	**9**
Effect of translation to presentation currency	204	160	41	33	13	**451**
Balance at 30 September 2016	**1,578**	**1,249**	**328**	**255**	**169**	**3,579**
Balance at 31 December 2016	**1,703**	**1,370**	**353**	**301**	**306**	**4,033**
Additions	-	305	111	212	286	**914**
Change in site restoration, decommissioning and environmental obligations	11	-	-	-	-	**11**
Disposals	(18)	-	-	(1)	(15)	**(34)**
Reclassified as held for sale (note 14)	(55)	-	-	(97)	-	**(152)**
Transfers	158	(18)	-	(136)	-	**4**
Effect of translation to presentation currency	76	65	17	12	19	**189**
Balance at 30 September 2017	**1,875**	**1,722**	**481**	**291**	**596**	**4,965**
Accumulated amortisation, depreciation and impairment						
Balance at 31 December 2015	**(663)**	**(9)**	**(45)**	**(7)**	**(149)**	**(873)**
Charge	(96)	-	(24)	-	-	**(120)**
Disposals	5	-	-	-	-	**5**
Disposal of subsidiary	-	-	-	-	105	**105**
Reversal of impairment	-	1	-	1	-	**2**
Transfers	(9)	-	-	-	-	**(9)**
Effect of translation to presentation currency	(109)	(1)	(9)	(3)	3	**(119)**
Balance at 30 September 2016	**(872)**	**(9)**	**(78)**	**(9)**	**(41)**	**(1,009)**
Balance at 31 December 2016	**(938)**	**(7)**	**(99)**	**(8)**	**(43)**	**(1,095)**
Charge	(117)	-	(39)	-	-	**(156)**
Disposals	16	-	-	-	15	**31**
Reclassified as held for sale (note 14)	5	-	-	-	-	**5**
Impairment	-	-	-	-	(2)	**(2)**
Transfers	-	-	-	3	-	**3**
Effect of translation to presentation currency	(42)	-	(5)	(1)	(2)	**(50)**
Balance at 30 September 2017	**(1,076)**	**(7)**	**(143)**	**(6)**	**(32)**	**(1,264)**
Net book value at						
Balance at 31 December 2015	**620**	**959**	**198**	**146**	**100**	**2,023**
Balance at 30 September 2016	**706**	**1,240**	**250**	**246**	**128**	**2,570**
Balance at 31 December 2016	**765**	**1,363**	**254**	**293**	**263**	**2,938**
Balance at 30 September 2017	**799**	**1,715**	**338**	**285**	**564**	**3,701**

(in millions of US Dollars)

Mineral rights

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

	30 Sep. 2017	31 Dec. 2016
Mineral rights presented within fixed assets	49	49
Mineral rights presented within mine under development	36	34
Mineral rights presented within exploration and evaluation assets	449	159
Total	**534**	**242**

Exploration and evaluation assets

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

	30 Sep. 2017	31 Dec. 2016
Sukhoi Log	430	141
Chertovo Koryto	29	28
Razdolinskoye	30	24
Bamsky	18	18
Panimba	16	16
Smezhny	10	9
Blagodatnoye	9	7
Olimpiada	9	5
Burgakhchan area	7	7
Medvezhy Zapadny	2	2
Other	4	6
Total	**564**	**263**

Amounts related to Sukhoi Log exploration and evaluation asset were capitalised as follows:

Balance at 31 December 2016	**141**
Value of the First set of options on initial recognition (note 20)	121
Value of the Second set of options on initial recognition (note 20)	131
Additional payment in auction for the license	15
Additions	1
Interest capitalised	8
Effect of translation to presentation currency	13
Balance at 30 September 2017	**430**

Depreciation and amortisation charge is allocated as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Cost of gold sales	45	41	123	103
Depreciation in change in inventory	4	1	11	4
Total depreciation and amortisation within cost of production (note 5)	**49**	**42**	**134**	**107**
Capitalised within capital construction-in-progress	3	2	19	12
Selling, general and administrative expenses (note 6)	2	-	5	2
Cost of other sales	-	-	1	2
Total depreciation and amortisation	**54**	**44**	**159**	**123**
Less: amortisation of other non-current assets	(3)	(1)	(3)	(3)
Total depreciation of property, plant and equipment	**51**	**43**	**156**	**120**

(in millions of US Dollars)

Capitalised borrowing costs

Included in the cost of *qualifying assets* are capitalised borrowing costs consisted of the following:

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
Interest expenses (note 7)	27	24	83	68
Foreign exchange gain	-	(3)	1	(2)
Interest income on bank deposits	(1)	(2)	(3)	(7)
Total	**26**	**19**	**81**	**59**

10. DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENTS

	30 Sep. 2017	**31 Dec. 2016**
Non-current derivative assets and investments		
Revenue stabiliser	-	32
Cross currency swaps	23	10
Interest rate swaps	6	7
Investment in joint venture	-	7
Loans issued	1	1
Sub-total	**30**	**57**
Current derivative assets and investments		
Revenue stabiliser	-	10
Sub-total	**-**	**10**
Total derivative assets and investments	**30**	**67**
Non-current derivative liabilities		
Cross currency swaps	393	434
Revenue stabiliser	63	22
Total non-current derivative liabilities	**456**	**456**

Strategic Price Protection Programme

In March 2014, the Group initiated a Strategic Price Protection Programme (the “Programme”).

Under the Programme, the Group has entered into a series of price protection arrangements comprised of two components:

- zero cost Asian gold collars (“revenue stabiliser”); and
- gold forward contracts.

Revenue stabiliser

The revenue stabiliser component represents a series of zero cost Asian barrier collar agreements to purchase put options and sell call options with “knock-out” and “knock-in” barriers.

During the nine months ended 30 September 2017, there were no changes in the revenue stabiliser option agreements. Scheduled quarterly exercise of the options resulted in the following realised gains on derivatives included within gold sales for the respective reporting periods:

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
Realised gains on derivatives	-	4	22	41

(in millions of US Dollars)

The allocation of volumes between years under the revenue stabiliser agreements (thousand ounces) is presented below:

		Year ended 31 December									
	Total	**2014**	**2015**	**2016**	**2017**		**2018**		**2019**		**2020**
		1-3 years	1-3 years	1-3 years	1-3 years	4th year	1-3 years	4th year	1-3 years	4th year	4th year
Tranche 1 (covering the period 1 April 2014 - 30 March 2018)											
Total as per options agreements	**1,320**	225	300	300	75	315	-	105	-	-	-
Exercised	**(1,110)**	(225)	(300)	(300)	(75)	(210)	-	-	-	-	-
Outstanding as of 30 September 2017	**210**	**-**	**-**	**-**	**-**	**105**	**-**	**105**	**-**	**-**	**-**
Tranche 2 (covering the period 1 July 2014 – 29 June 2018)											
Total as per options agreements	**720**	60	120	120	60	180	-	180	-	-	-
Exercised	**(450)**	(60)	(120)	(120)	(60)	(90)	-	-	-	-	-
Outstanding as of 30 September 2017	**270**	**-**	**-**	**-**	**-**	**90**	**-**	**180**	**-**	**-**	**-**
Tranche 3 (covering the period 1 January 2016 – 31 December 2019)											
Total as per options agreements	**1,680**	-	-	280	280	-	280	-	-	840	-
Exercised	**(490)**	-	-	(280)	(210)	-	-	-	-	-	-
Outstanding as of 30 September 2017	**1,190**	**-**	**-**	**-**	**70**	**-**	**280**	**-**	**-**	**840**	**-**
Tranche 4 (covering the period 1 April 2016 – 31 December 2020)											
Total as per options agreements	**570**	-	-	75	70	-	100	-	25	225	75
Exercised	**(120)**	-	-	(75)	(45)	-	-	-	-	-	-
Outstanding as of 30 September 2017	**450**	**-**	**-**	**-**	**25**	**-**	**100**	**-**	**25**	**225**	**75**
Total outstanding as of 30 September 2017	**2,120**	**-**	**-**	**-**	**95**	**195**	**380**	**285**	**25**	**1,065**	**75**

The allocation of weighted average strikes and barriers prices (USD per ounce) between years under the revenue stabiliser agreements (Tranches 1, 2, 3 and 4) is presented below:

	Year ended 31 December									
	2014	**2015**	**2016**	**2017**		**2018**		**2019**		**2020**
	1-3 years	1-3 years	1-3 years	1-3 years	4th year	1-3 years	4th year	1-3 years	4th year	4th year
Put										
Strike	1,378	1,377	1,314	1,242	1,104	1,242	1,103	1,271	977	1,000
Knock-out barrier	950	950	916	900	900	900	900	900	927	950
Call										
Strike	1,498	1,491	1,422	1,350	1,528	1,350	1,519	1,350	1,192	1,420
Knock-in barrier	1,633	1,618	1,531	1,450	1,704	1,450	1,687	1,450	1,357	1,620

(in millions of US Dollars)

The allocation of strikes and barriers (USD per ounce) between years under the revenue stabiliser agreements is presented below:

	Year ended 31 December									
	2014	**2015**	**2016**	**2017**		**2018**		**2019**		**2020**
	1-3 years	1-3 years	1-3 years	1-3 years	4th year	1-3 years	4th year	1-3 years	4th year	4th year
Tranche 1 (covering the period 1 April 2014 - 30 March 2018)										
Put										
Strike	1,383	1,383	1,383	1,383	1,107	-	1,107	-	-	-
Knock-out barrier	950	950	921	911	900	-	900	-	-	-
Call										
Strike	1,518	1,518	1,518	1,518	1,551	-	1,551	-	-	-
Knock-in barrier	1,662	1,655	1,634	1,634	1,750	-	1,750	-	-	-
Tranche 2 (covering the period 1 July 2014 – 29 June 2018)										
Put										
Strike	1,359	1,359	1,359	1,359	1,100	-	1,100	-	-	-
Knock-out barrier	950	950	950	950	900	-	900	-	-	-
Call										
Strike	1,425	1,425	1,425	1,425	1,500	-	1,500	-	-	-
Knock-in barrier	1,525	1,525	1,525	1,525	1,650	-	1,650	-	-	-
Tranche 3 (covering the period 1 January 2016 – 31 December 2019)										
Put										
Strike	-	-	1,232	1,232	-	1,232	-	-	971	-
Knock-out barrier	-	-	900	900	-	900	-	-	921	-
Call										
Strike	-	-	1,350	1,350	-	1,350	-	-	1,391	-
Knock-in barrier	-	-	1,450	1,450	-	1,450	-	-	1,591	-
Tranche 4 (covering the period 1 April 2016 – 31 December 2020)										
Put										
Strike	-	-	1,271	1,271	-	1,271	-	1,271	1,000	1,000
Knock-out barrier	-	-	900	900	-	900	-	900	950	950
Call										
Strike	-	-	1,300	1,300	-	1,350	-	1,350	1,350	1,420
Knock-in barrier	-	-	1,433	1,450	-	1,450	-	1,450	1,450	1,620

As a result of Tranche 1 of the revenue stabiliser, the Group ensures a minimum weighted average price of USD 1,383 per ounce for 300 thousand ounces of gold output annually during the first three years of the Programme, provided the gold price does not fall below USD 911 per ounce. During the first three years the Group benefits from price increases until the gold price reaches USD 1,634 per ounce, in which case the weighted average price is capped at USD 1,518 per ounce. In the fourth year of the Programme, the Group ensures a minimum weighted average price of USD 1,107 per ounce for the price-protected amount of 420 thousand ounces, provided the gold price does not fall below USD 900 per ounce. Additionally, in the fourth year of the Programme, the Group will have an obligation to sell 420 thousand ounces of gold at USD 1,551 per ounce should the gold price exceed USD 1,750 per ounce.

As a result of Tranche 2 of the revenue stabiliser, the Group ensures a minimum weighted average price of USD 1,359 per ounce for 120 thousand ounces of gold annually output during the first three years of the Programme, provided the gold price does not fall below USD 950 per ounce. During the first three years the Group benefits from price increases until the gold price reaches USD 1,525 per ounce, in which case the weighted average price is capped at USD 1,425 per ounce. In the fourth year of the Programme, the Group ensures a minimum weighted average price of USD 1,100 per ounce for the price-protected amount of 360 thousand ounces, provided the gold price does not fall below USD 900 per ounce. Additionally, in the fourth year of the Programme, the Group will have an obligation to sell 360 thousand ounces of gold at USD 1,500 per ounce should the gold price exceed USD 1,650 per ounce.

As a result of Tranche 3 of the revenue stabiliser, the Group ensures a minimum weighted average price of USD 1,232 per ounce for 280 thousand ounces of gold annually output during the first three years of the Programme, provided the gold price does not fall below USD 900 per ounce. During the first three years the Group benefits from price increases until the gold price reaches USD 1,450 per ounce, in which case the weighted average price is capped at USD 1,350 per ounce. In the fourth year of the Programme, the Group ensures a minimum weighted average price of USD 971 per ounce for the price-protected amount of 840 thousand ounces, provided the gold price does not fall below USD 921 per ounce. Additionally, in the fourth year of the Programme, the Group will have an obligation to sell 840 thousand ounces of gold at USD 1,391 per ounce should the gold price exceed USD 1,591 per ounce.

As a result of Tranche 4 of the revenue stabiliser, the Group ensures a minimum weighted average price of USD 1,271 per ounce for 270 thousand ounces of gold output during the first three years of the Programme, provided the gold price does not fall below USD 900 per ounce. During the first three years the Group benefits from price increases until the weighted average gold price reaches USD 1,450 per ounce for 175 thousand ounces, in which case the weighted average price is capped at USD 1,350 per ounce. Thereafter (period from 1 April 2019 to 31 December 2020 of the Programme), the Group ensures a minimum weighted average price of USD 1,000 per ounce for the price-protection amount of 300 thousand ounces, provided the gold price does not fall below USD 950 per ounce. Additionally, the Group will have an obligation to sell 375 thousand ounces of gold at the weighted average gold price USD 1,406 per ounce should the weighted average gold price exceed USD 1,586 per ounce.

The revenue stabiliser options are exercised quarterly.

On 30 June 2017, following the scheduled release of all amounts previously recognised in the condensed consolidated interim statement of comprehensive income into the condensed consolidated interim statement of profit or loss within Gold sales line, the hedges for Tranches 1 and 2 were de-designated and hedge accounting in terms of IAS 39 no longer applies on prospective basis, because strikes on remaining options are out of the forecasted gold price. Starting from 1 July 2017 remaining outstanding options of the Tranches 1 and 2 are accounted at fair value through profit or loss (note 8).

Because Tranches 1 and 2 of the revenue stabiliser arrangements were designated as a cash flow hedge until 30 June 2017 any change in the intrinsic value of the collars was recognised in the *Cash flow hedge revaluation reserve* within consolidated statement of changes in equity, whilst the remaining change in the fair value was reflected in the consolidated statement of profit or loss (note 8). During the nine months ended 30 September 2017, under Tranches 1 and 2, a gain of USD 4 million was recognised in the *Cash flow hedge revaluation reserve* within consolidated statement of changes in equity (the nine months ended 30 September 2016: a loss of USD 62 million) and following the sale of the hedged volume of gold and the exercise of certain options USD 19 million was subsequently reclassified to Gold sales within the consolidated statement of profit or loss (the nine months ended 30 September 2016: USD 33 million).

Tranches 3 and 4 continue to be accounted at fair value through profit or loss. The change in their fair value is presented within the note 8 of the consolidated statement of profit or loss and following the sale of the hedged volume of gold and the exercise of certain options USD 3 million was subsequently reclassified to *Gold sales* within the consolidated statement of profit or loss (the nine months ended 30 September 2016: USD 4 million).

Initially, the revenue stabiliser agreements are recognised at fair value using a Monte Carlo simulation model. Input data used in the valuation model (spot gold prices and volatility) corresponds to Level 2 of the fair value hierarchy in IFRS 13.

Cross currency swaps

RUB denominated credit facilities with fixed interest rate

During the year ended 31 December 2014, the Group entered into cross currency swaps with leading Russian banks to economically hedge interest payments and principal amounts nominated in RUB. According to the cross currency swap agreements dated to 2014 the Group quarterly paid to the banks LIBOR + Margin 2.47% in USD and received from the banks 10.35% in RUB; and at maturity (9 April 2019) the Group has to exchange principal amounts paying USD 1,023 million and receiving RUB 35,999 million.

Following certain amendments to the previous cross currency contracts and new fixed rate swap, offsetting the floating swap, that took place in 2016, the following terms were in place as of 30 September 2017:

- the Group quarterly pays to the banks 3.94% in USD and receives from the banks 10.35% in RUB; and at maturity (9 April 2019) the Group exchanges principal amounts paying USD 808 million and receiving RUB 28,443 million (amended terms of cross currency swap agreements with the same banks dated to 2014);
- the Group quarterly pays to the banks 3.98% in USD and receives from the banks 10.35% in RUB; and at maturity (9 April 2019) the Group exchanges principal amounts paying USD 215 million and receiving RUB 7,557 million. These terms were achieved by keeping unchanged previous cross currency contracts and entering into new fixed rate swaps.

Rusbonds

In 2015, the Group entered into cross currency swaps with leading Russian banks for a total amount of RUB 15 billion to economically hedge interest payments and principal amounts for Rusbonds. According to the cross currency swap agreements the Group will semi-annually pay to the banks (6MLIBOR + Margin 4.45% for RUB 10 billion and + 5.9% for RUB 5 billion) in USD and receive from the banks 12.1% in RUB; and at maturity (July 2021) the Group will exchange principal amounts paying USD 255 million and receiving RUB 15 billion.

According to IAS 39, the swaps were not eligible to be designated as cash flow or fair value hedges. The Group accounted for these derivative financial instruments at fair value through profit or loss which was determined using a discounted cash flow valuation technique. Changes in the fair value of the cross currency swaps are recognised in the consolidated statement of profit or loss (note 8). The gain or loss on the exchange of interest payments is recognised within the *Finance cost, net* (note 7).

The fair value measurement is based on inputs (spot currency exchange rates and forward USD LIBOR and RUB rates), which are observable in the market and the Group classified them as Level 2 in accordance with the hierarchy of fair value.

Interest rate swaps

In 2014, the Group entered into interest rate swap agreements with leading Russian banks, according to which the Group pays semi-annually and until 29 April 2020 LIBOR + 3.55% in USD and receives 5.625% in USD in respect of a USD 750 million nominal amount. The purpose of this swap was to decrease the effective interest rate for the USD 750 million Eurobonds.

In 2016, the Group signed new offsetting interest rate swap agreements, according to which the Group pays semi-annually and until 29 April 2020 5.342% in USD and receives LIBOR + 3.55% in USD in respect of a USD 750 million nominal amount, to effectively swap variable interest rate payments under 2014 interest rate swaps into fixed ones.

In 2016, certain of the new interest rate swap agreements were concluded with the same counterparties and will settle on a net basis. Those swaps are presented on a net basis.

(in millions of US Dollars)

According to IAS 39, the swaps were not eligible to be designated as either a cash flow or fair value hedge. The Group accounts for it at fair value through profit or loss which was determined using a discounted cash flow valuation technique.

Changes in the fair value of the interest rate swaps are recognised in the consolidated statement of profit or loss (note 8). The gain or loss on the exchange of interest payments is recognised within the *Finance cost* (note 7).

The fair value measurement is based on inputs (forward USD LIBOR rates), which are observable in the market and the Group classified them as Level 2 in accordance with the hierarchy of fair value.

11. INVENTORIES

	30 Sep. 2017	31 Dec. 2016
Inventories expected to be recovered after 12 months		
Stockpiles	287	253
Gold-in-process	13	11
Sub-total	**300**	**264**
Inventories expected to be recovered in the next 12 months		
Stockpiles	50	51
Gold-in-process	66	54
Refined gold	19	23
Stores and materials	304	253
Less: provision for obsolete and slow-moving stores and materials	(12)	(12)
Sub-total	**427**	**369**
Total	**727**	**633**

12. CASH AND CASH EQUIVALENTS

	30 Sep. 2017	31 Dec. 2016
Bank deposits		
- USD	798	1,443
- RUB	53	82
Current bank accounts		
- USD	212	41
- RUB	17	82
Cash in the Federal Treasury	41	74
Other cash and cash equivalents	-	18
Total	**1,121**	**1,740**

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 amounts denominated in RUB and USD and accrue interest at the following rates:

- USD	0.8 – 3.2%	1.1 - 4.4%
- RUB	7.1 – 8.2%	8.4 - 10.2%

(in millions of US Dollars)

13. TAXES RECEIVABLE

	30 Sep. 2017	31 Dec. 2016
Reimbursable value added tax	93	73
Income tax prepaid	18	9
Other prepaid taxes	8	7
Total	**119**	**89**

14. ASSETS CLASSIFIED AS HELD FOR SALE

The Group reached preliminary agreements and expects within one year time to dispose of a part of the 110 kW Peleduy-Polyus grid from the Peleduy sub-station to pylon No.809, 220 kW Razdolinskaya Taiga grid and 220 kW sub-station Taiga from the Capital construction business segment. Accordingly, cost of those assets was reclassified from property, plant and equipment to assets held for sale. USD 98 million are expected to be repaid to the Group within a period of more than one year after the sale, while remaining USD 47 million within one year period.

Impairment loss of USD 4 million was recognised as the management of the Group have indicators that the fair value of these assets is lower than their carrying amount.

During the nine months ended 30 September 2017 USD 2 million of borrowings costs were capitalised into the cost of the assets classified as held for sale.

15. SHARE CAPITAL

Authorised, issued and fully paid share capital of the Company as of 30 September 2017 comprised 133,561,119 ordinary shares at par value of RUB 1.

Purchase of the Company's shares

On 22 December 2016, the majority of the Company's shareholders approved the merger of LLC Polyus-Invest, a then indirect 100% subsidiary of the Company, into the Company. At the same time certain shareholders who did not participate in the shareholders meeting or voted against the reorganisation demanded the Company to purchase their shares. On 3 March 2017, as a result of the completion of the above mentioned transactions, the Company purchased 13,556 ordinary shares (0.01% ownership) at 4,497 RUB per share.

Treasury shares

On 7 April 2017, LLC Polyus-Invest merged into PJSC Polyus, a then 100% direct subsidiary of the Company, as a result of which 63,082,318 of PJSC Polyus treasury shares were cancelled on 10 April 2017, and 1,926,756 remained as treasury shares. Following the Polyus shares transfer under the SL Gold options in July 2017, the number of treasury shares decreased by 290,049 and comprised 1,636,707 (note 20).

Offering of shares and global depositary shares of the Company ("Offering")

The Offering comprised an offering by the Company of newly issued shares of the Company ("New Shares") in the Russian Federation and offering of existing shares ("Shares") and global depositary shares ("GDSs") of the Company by PGIL and Polyus Gold plc both in the Russian Federation and outside of the Russian Federation as well as through the facilities of the LSE. The total size of the Offering amounted to USD 858 million, including New Shares issued by the Company for a total amount of USD 400 million, and Shares and GDSs sold by PGIL, including over-allotment Shares and GDSs, constituting USD 458 million.

(in millions of US Dollars)

On 30 June 2017, the Company announced price of the Offering, which was USD 66.50 per share and USD 33.25 per GDS (1 share = 2 GDS). The New Shares in the total amount of 6,015,690 were issued and paid in July 2017, which was presented as an increase in the Additional paid-in capital in the amount of USD 389 million, net of directly attributable accrued expenses of USD 14 million, before income tax effect of USD 3 million.

Weighted average number of ordinary shares

The weighted average number of ordinary shares for the three and nine months ended 30 September 2017 and 2016 used in the calculation of basic and diluted earnings per share ("EPS") is presented below:

	Three months ended 30 September		Nine months ended 30 September	
	2017	**2016**	**2017**	**2016**
Ordinary shares'000 in issue at the beginning of the reporting period	**125,717**	**130,109**	**125,632**	**190,628**
Treasury shares	-	-	(14)	(60,519)
New Shares issued during the Offering	5,917	-	6,016	-
Purchase of additional ownership in SL Gold through issuance of treasury shares	290	-	290	-
Weighted average number of ordinary shares'000 – basic EPS	**131,218**	**130,109**	**127,516**	**145,846**
Deferred consideration for SL Gold ownership interest (note 20)	1,027	-	348	-
LTIP	406	-	213	-
Weighted average number of ordinary shares'000 – diluted EPS	**132,651**	**130,109**	**128,077**	**145,846**
Profit after tax attributable to the Shareholders of the Company (million USD)	360	367	969	863
Effect of potential dilution (million USD)	2	-	4	-
Profit after tax attributable to the Shareholders of the Company for diluted EPS calculation (million USD)	**362**	**367**	**973**	**863**

Dividends

On 30 June 2017 the Company declared 2016 dividends in the total amount of RUB 20,063 million (USD 340 million) or 152.41 RUB per share (USD 2.58), including USD 100 million of special dividends (at the exchange rate of 59.09 RUB/USD as of 30 June 2017). The dividends were paid in July-August 2017 and were not allocated on treasury shares. The USD 16 million related to the New Shares.

On 15 September 2017 the Company declared dividends for the six months ended 30 June 2017 in the total amount of RUB 13,760 million (USD 239 million) or 104.3 RUB per share (USD 1.81) (at the exchange rate of 57.77 RUB/USD as of 15 September 2017). The dividends were mostly paid in September 2017, with the remaining amount of approximately USD 10 million paid in October 2017, and were not allocated on treasury shares.

(in millions of US Dollars)

16. BORROWINGS

	Nominal rate %	30 Sep. 2017	31 Dec. 2016
Credit facilities with financial institutions nominated in USD with variable interest rates	USD LIBOR + 4.50%	1,240	2,513
USD 750 million Eurobonds with fixed interest rate due in 2020	5.625%	745	-
USD 500 million Eurobonds with fixed interest rate due in 2022	4.699%	494	-
USD 800 million Eurobonds with fixed interest rate due in 2023	5.250%	793	-
PGIL USD-credit facilities with fixed interest rate	4.799% - 5.725%	-	1,237
Credit facilities with financial institutions nominated in RUB with fixed interest rates	10.35%	571	541
Credit facilities with financial institutions nominated in USD with fixed interest rates	4.10%	67	331
Notes due in 2025 (Rusbonds) with noteholders' early repayment option in 2021	12.1%	263	253
Credit facilities with financial institutions nominated in RUB with variable interest rates	Central bank rate + 2.3%	85	81
Letters of credit with deferred payments terms with variable rates	Euribor +1.8%, USD LIBOR + 1.15%	-	19
Lease liabilities nominated with fixed interest rates in USD	5.1% - 8.5%	14	6
Sub-total		**4,272**	**4,981**
Less: short-term borrowings and current portion of long-term borrowings due within 12 months		(10)	(283)
Long-term borrowings		**4,262**	**4,698**

The Company and subsidiaries of the Group from time to time obtain credit facilities from different financial institutions and issue notes to finance capital investment projects and for general corporate purposes.

Eurobonds

On 7 February 2017, PGIL issued USD 800 million Notes due in 2023 that have a coupon of 5.25% per annum and are guaranteed by the Company. On 14 February 2017, the Company borrowed USD 800 million from PGIL, which were used for refinancing of other borrowings.

During April and May 2017, all rights and obligations under the USD 800 million Notes due in 2023, the USD 750 million Notes due in 2020 and the USD 500 million Notes 2022 were transferred from PGIL to Polyus Finance Plc, a 100% subsidiary of JSC Polyus Krasnoyarsk. Accordingly, all rights and obligations for the same amount under the loan from PGIL to JSC Polyus Krasnoyarsk were transferred from PGIL to Polyus Finance Plc.

Repayment of debt

During the 9 months 2017 USD 1,563 million of credit facilities were repaid in advance of the payment schedule.

Unused credit facilities

In 2014, one of the Group's subsidiaries entered into a five year RUB 40,000 million credit line with a bank to fund its general corporate purposes. As of 30 September 2017, the amount of unused credit facilities was RUB 40,000 million, which is equivalent to USD 689 million at 30 September 2017 exchange rate.

(in millions of US Dollars)

Pledge

As of 30 September 2017 and 31 December 2016, all shares of JSC TaigaEnergoStroy, belonging to the Group, were pledged to secure a credit line.

Other matters

There were a number of financial covenants under several loan agreements in effect as of 30 September 2017 according to which the respective subsidiaries of the Company and the Company itself are limited in its level of leverage and other financial and non-financial parameters.

The Group tests covenants quarterly and was in compliance with the covenants as of 30 September 2017.

Rusbonds and its reclassifications

On 22 December 2016, the Company's shareholders approved the merger of LLC Polyus-Invest into PJSC Polyus. Pursuant to Article 60 of the Russian Civil Code, immediately thereafter the holders of Rusbonds became entitled to an early redemption of the bonds. As a result, the full outstanding amount of Rusbonds was reclassified to short-term as of 31 December 2016.

The bondholders had to notify the issuer by 24 March 2017 to exercise their right, but such notifications from bondholders were not received and accordingly, the full outstanding amount of Rusbonds was reclassified back to long-term starting from 24 March 2017.

Fair value measurements

Except as detailed in the following table, the directors consider that the carrying amounts of financial liabilities recorded at amortised cost in the financial statements approximate to their fair values due to the short term nature of the liabilities.

	30 Sep. 2017		31 Dec. 2016	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities				
Borrowings (Level 2)	1,977	1,994	4,728	4,248
Eurobonds (Level 1)	2,032	2,142	-	-
Rusbonds (Level 1)	263	293	253	272
Total	**4,272**	**4,429**	**4,981**	**4,520**

Whilst measured at amortised cost, the fair value measurement 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, because the Eurobonds and Rusbonds are publicly traded in an active market.

The fair value measurement of other borrowings is based on inputs (spot currency exchange rates and forward USD LIBOR and RUB interest rates), which are observable in the market and the Group classified them as Level 2 in accordance with the hierarchy of fair value.

(in millions of US Dollars)

17. TRADE AND OTHER PAYABLES

	30 Sep. 2017	31 Dec. 2016
Wages and salaries payable	73	77
Interest payable	54	58
Trade payables to third parties	50	34
Other accounts payable and accrued expenses	81	32
Accrued annual leave	30	21
Dividends payable to shareholders	11	-
Total	**299**	**222**

18. TAXES PAYABLE

	30 Sep. 2017	31 Dec. 2016
Income tax payable	17	40
Value added tax	13	30
Tax on mining	14	11
Social taxes	7	6
Property tax	2	3
Other taxes	3	3
Total	**56**	**93**

19. DEFERRED REVENUE

On 13 September 2016, the Ministry for the Development of the Russian Far East (the "Minvostokrazvitiya") and JSC Matrosova Mine (the Matrosova Mine), a 100% subsidiary of the Group representing Magadan business unit, signed-off an agreement under which Minvostokrazvitiya has to provide to Matrosova Mine government grant in the following expected amounts:

During the year ended 31 December	**30 Sep. 2017**
2016 (fully received)	79
2017 (expected to be received by the end of 2017)	45
2018	27
Total	**151**

During the three months ended 30 September 2017, following the project documentation update, the overall amount of the grant was decreased to RUB 8,797 million (USD 151 million), (amount of the third tranche decreased to RUB 1,570 million (USD 27 million).

Carrying value as of 31 December 2016	76
Effect of translation to presentation currency	3
Carrying value as of 30 September 2017	**79**

Under the agreement Matrosova Mine receives the government grant, cash from which should be used for the construction of: (i) electricity transmission line 220 kW "Ust'-Omchug – Omchak New", (ii) 220 kW distribution point and (iii) electric power substation for 220 kW "Omchak New". The construction is expected to be completed during the second quarter of the year ending 31 December 2019. Unutilised balance of the government grant will have to be returned to Minvostokrazvitiya. JSC Polyus Krasnoyarsk is a guarantor under the agreement.

(in millions of US Dollars)

20. DEFERRED CONSIDERATION

On 16 December 2016, JSC Polyus Krasnoyarsk entered into the First set of options with RT, a wholly owned subsidiary of Rostec. Under these option agreements the Group was expected to increase its ownership interest in SL Gold, then a 51% subsidiary of the Group[4], by 23.9% within following five years (with a right to accelerate the exercise of the Group's call options) for an undiscounted consideration of USD 139 million (note 3).

On 26 January 2017, the date when the Group became committed to the First set of option agreements, it recognised a liability for the gross amount payable under the respective put options at USD 121 million (note 9), being the discounted amount of contractual cash flows measured by applying the appropriate discount factors based on observable market data on that date and varying from 3.0% to 4.9% p.a.

In May 2017, the Group exercised certain part of the First set of options paying USD 21 million in cash increasing its ownership in the share capital of SL Gold by 3.6% to 54.6%.

On 11 July 2017, JSC Polyus Krasnoyarsk entered into the Second set of options with RT. Under these option agreements, the Group is expected to increase its ownership interest in SL Gold by an additional 25.1% taking its total interest to 100% within the following five years (with a right to accelerate the Group's call options) for an undiscounted consideration of USD 146 million (note 3). The consideration shall be payable by a variable number of the Company's shares with a fair value at the exercise date equal to a fixed US Dollar amount. The Group recognised a liability for the gross amount payable under the respective put options in the Second set of options at USD 131 million (Note 9), being the discounted amount of contractual cash flows measured by applying the appropriate discount factors based on observable market data and varying from 2.7% to 4.5% p.a.

In July 2017, the Group increased effective ownership in SL Gold (note 23) from 54.6% to 58.4% paying in kind by Polyus treasury shares valued at USD 22 million respectively.

The movement in the carrying value of share option liabilities was as follows:

Balance at 31 December 2016	**-**
Value of the First set of options on initial recognition (note 9)	121
Value of the Second set of options on initial recognition (note 9)	131
Unwinding of interest on deferred consideration	4
Settled in cash	(21)
Settlement of obligation in the form of treasury shares	(22)
Foreign exchange gain, net	(8)
Effect of translation to presentation currency	9
Balance at 30 September 2017	**214**

The fair value measurement on the date of initial recognition is based on inputs (spot currency exchange rates and discount rates), which are observable in the market and the Group classified them as Level 2 in accordance with the hierarchy of fair value. As of 30 September 2017, the fair value of the *Deferred consideration* approximately equals to USD 217 million.

[4] In May and July 2017, the Group increased effective ownership in SL Gold (note 20) from 51.0% to 58.4% for a cash consideration of USD 21 million and Polyus shares transfer valued at USD 22 million.

(in millions of US Dollars)

21. RELATED PARTIES

Related parties include substantial shareholders, entities under common ownership and control within the Group and members of key management. The Company and its subsidiaries, in the ordinary course of business, generally obtain and issue loans from / (to) related parties and make appropriate accruals and cash receipts of interest income and expense.

Immediate shareholder

The Group recognised the following amounts in respect of transactions with its parent entity:

	30 Sep. 2017	31 Dec. 2016
Trade and other receivables	-	-
Borrowings (note 16)	-	1,237
Trade and other payables	-	12

The Group entered into the following transactions with parent entity:

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Interest income	-	2	-	6
Interest received	-	7	-	7
Interest expense	-	-	19	1
Interest capitalised	-	11	16	33
Transfer of PGIL Notes (note 16)	-	-	2,050	-
Proceeds from borrowings	-	-	800	-
Repayment of borrowing and interest accrued	-	-	46	23
Proceeds from loans given	-	-	-	123
Buy-back of treasure shares	-	-	-	3,423
Settlement of issued loans by own shares (note 15)	-	269	-	269

Key management personnel

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Short-term compensation paid to key management personnel accrued	4	3	13	18
Equity-settled share-based payments plans (LTIP)	7	4	15	10
Total	**11**	**7**	**28**	**28**

22. COMMITMENTS AND CONTINGENCIES

Capital commitments

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

	30 Sept. 2017	31 Dec. 2016
Project Natalka	157	190
Other capital commitments	141	67
Total	**298**	**257**

Contingencies

Litigations

In the ordinary course of business, the Group is subject to litigation, the outcome of which is uncertain and could give rise to adverse outcomes. At the date of issuance of these condensed consolidated interim financial statements there were no material claims or litigation applicable to the Group.

Taxation contingencies in the Russian Federation

Laws and regulation affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. However, the relevant authorities may have differing interpretations, and the effects on the financial statements could be significant. With regards to matters where practice concerning payment of taxes is unclear, management estimates that there were no tax exposures as of 30 September 2017.

In August 2016 JSC Polyus Verninskoye, a wholly owned subsidiary of the Group, commenced applying Regional Investment Program preferential tax regime to Irkutsk Ore business unit. In June 2017, the tax authorities completed a tax audit and challenged certain aspects of the application of reduced income tax rates (regional part) from the standard 17% to 0% from 1 January 2017 onwards. Management believes that the assumptions made regarding the Group's compliance with the Regional Investment Program requirements as of 31 December 2016 and 30 September 2017 are appropriate and intends to defend its position with the tax authorities. Had the Group applied the standard regional tax rate, income tax expense for the nine months ended 30 September 2017 would be higher by USD 16 million (three months ended 30 September 2017: USD 6 million). However, to avoid late payment interest (should the case be resolved against Polyus Verninskoye) the tax has been prepaid to the budget. This prepayment is recognised as an asset in the Group's consolidated statement of financial position.

Environmental matters

The Group is subject to extensive federal and local environmental controls and regulations in the regions in which it operates. The Group's operations involve the discharge of materials and contaminants into the environment, disturbance of land that could potentially impact on flora and fauna, and give rise to other environmental concerns. The Group's management believes that its mining and production technologies are in compliance with existing Russian environmental legislation.

However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those laws and regulations may change. Such change, if it occurs, may require that the Group changes its technology to meet more stringent standards.

The Group is obliged under the terms of various laws, mining licences and 'use of mineral rights' agreements to decommission mine facilities on cessation of its mining operations and to restore and rehabilitate the environment. Management of the Group regularly reassesses site restoration, decommissioning and environmental obligations for its operations. Estimations are based on management's understanding of the current legal requirements and the terms of the licence agreements. Should the requirements of applicable environmental legislation change or be clarified, the Group may incur additional site restoration, decommissioning and environmental obligations.

Operating environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

(in millions of US Dollars)

Starting from March 2014, sanctions have been imposed in several packages by the U.S. and the E.U. 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.

23. INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

		Effective % held[5] at	
Subsidiaries	**Nature of business**	**30 Sept. 2017**	**31 Dec. 2016**
Incorporated in Russian Federation			
JSC Polyus Krasnoyarsk (renamed, previously JSC "Gold Mining Company Polyus")	Mining (open pit)	100	100
JSC Aldanzoloto GRK	Mining (open pit)	100	100
JSC Polyus Verninskoye (renamed, previously JSC "Pervenets")	Mining (open pit)	100	100
PJSC Lenzoloto	Holding company	64	64
JSC ZDK Lenzoloto	Mining (alluvial)	66	66
JSC Svetliy	Mining (alluvial)	56	56
JSC Matrosova Mine	Mining (development stage)	100	100
LLC Polyus Stroy	Construction	100	100
JSC TaigaEnergoStroy	Construction	100	100
LLC SL Gold[6]	Exploration and evaluation of Sukhoi Log deposit	58	51

24. EVENTS AFTER THE REPORTING DATE

There were no events subsequent to the reporting date that should be disclosed in these condensed consolidated interim financial statements.

[5] Effective % held by the Company, including holdings by other subsidiaries of the Group.
[6] In May and July 2017, the Group increased effective ownership in SL Gold (note 20) from 51.0% to 58.4% for a cash consideration of USD 21 million and Polyus shares transfer valued at USD 22 million.