

**TRADING UPDATE FOR THE FOURTH QUARTER OF 2019 AND FULL YEAR 2019**

28 January, 2020

*PJSC Polyus ("Polyus" or the "Company") today releases its 4Q 2019 and FY 2019 operating results for the period ending 31 December 2019.*

**FY 2019 Highlights**

- Total gold output increased to 2,841 thousand ounces, compared to 2,440 thousand ounces in the prior year, a 16% increase year on year. This is 1.5% higher than the official guidance for the full year 2019 of 2,800 thousand ounces.
- Doré gold volumes totalled 2,847 thousand ounces, up 16% compared to the prior year.
- Volumes of ore mined rose by 54% year on year to 66,095 thousand tonnes, driven by intensified mining activities at Natalka, Blagodatnoye and Olimpiada.
- Volumes of ore processed increased 16% year-on-year to 44,078 thousand tonnes, reflecting the performance of the Natalka Mill post the ramp-up completion in December 2018, and the implementation of throughput capacity expansion projects across core assets.
- Recovery rate stood at 82.3%, up 1.5 ppts from the previous year.
- Estimated gold sales increased 38% year-on-year to \$3,965 million, with an estimated weighted-average gold selling price of \$1,403/oz (FY2018: \$1,265/oz).

**4Q 2019 Highlights**

- Total gold output increased 7% to 804 thousand ounces compared to the previous quarter. Year on year, volumes of doré gold and total gold output grew by 22% and 26% respectively.
- Volumes of ore mined amounted to 19,011 thousand tonnes, a 9% increase on the previous quarter. On a year on year basis, volumes of ore mined rose by 58%, driven by intensified mining activities at Natalka and Verninskoye.
- Volumes of ore processed totalled 11,527 thousand tonnes, remaining largely flat compared to the previous quarter. Year on year, volumes of ore processed rose by 24% mainly due to the ramp-up of the Natalka Mill.
- Recovery rate stood at 83.2%, up 1.1 ppts from the previous quarter.
- Estimated gold sales amounted to \$1,277 million, up 20% compared to the previous quarter, with an estimated weighted-average gold selling price of \$1,482/oz, remaining flat quarter-on-quarter.
- As at 31 December 2019, the estimated net debt stood at \$3,285 million, compared to \$3,317 million as at the end of the previous quarter.

**Pavel Grachev, Chief Executive Officer of PJSC Polyus, commented:**

*In 2019, Polyus delivered solid results, surpassing production guidance for the sixth consecutive year. Natalka contributed 405 thousand ounces of gold in its first year of operations following the ramp up completion, and was a key driver behind the 16% year-on-year increase in our total gold output figure of 2,841 thousand ounces.*

*Polyus continues to examine new brownfield opportunities within its existing operations. We have recently approved further expansion of throughput capacity at Verninskoye Mill to 3.5 million tonnes per annum. We expect that this initiative will add approximately 40 thousand ounces of incremental volumes in 2021. We are currently evaluating a number of other brownfield options and will provide the market with details on these later in 2020 once feasibility studies are complete.*

*Progress at Sukhoi Log, one of the world's largest gold greenfield projects, has continued to schedule. With the comprehensive exploration drilling programme being completed, and our Pre-Feasibility under way, we expect to provide a maiden Ore Reserve estimate for Sukhoi Log and the key outcomes of the Pre-Feasibility study in 2020.*

*On ESG front, Polyus once again emphasized its commitment to being a sustainable and socially responsible company in joining the UN Global Compact. We are pleased that our work has been recognized with our inclusion in the MSCI Emerging Markets ESG Leaders Index and further improved scores in sustainability ratings including SAM and Sustainalytics. For the first time, we were named Russia's most transparent metals & mining company in the annual rating prepared by WWF.*

*Looking ahead to 2020, we remain committed to our production target of approximately 2.8 million ounces of gold."*

## ESG UPDATE

### FY 2019 highlights:

- LTIFR at 0.08, down from 0.09 in 2018
- One fatality, down from three in 2018
- No serious environmental incidents

### Health and safety:

- Key risk minimization programs were implemented to prevent falls, electric shocks, and risks relating to moving and rotating equipment. This included the design and installation of safety systems, the upgrading of equipment, additional training and updating the organisation of business processes.
- Audits of the health and safety management system, safety culture and regulatory compliance were run at Olimpiada, Blagodatnoye, Kuranakh, Verninskoye, Alluvials, Nataika, Polyus Energy, Polyus Stroi.
- 22 traffic incidents took place in 2019 (down from 26 in 2018), the Automotive Accident Rate<sup>1</sup> was 0.28 (down from 0.37 in 2018).
- Alluvials was successfully certified and received its first ISO 45001 and 14001 certificates. Verninskoye was re-certified.

### Environment:

- Polyus passed 11 state environmental audits and inspections at its assets, including Olimpiada, Blagodatnoye, Alluvials, Polyus Stroi, Polyus Logistics.
- Polyus published a special report on the safety of its tailings storage facilities (TSF). Internal and external safety audits were carried out on TSFs at all operating assets.
- Polyus was named the most transparent company in the Russian metals and mining industry according to the latest WWF and UNEP Environmental Transparency Rating.

### Social and employee engagement:

- New employee training programmes were developed, and an employee engagement and motivation survey was held in 2019. For the second time, a company-wide professional skills contest took place.
- Polyus participated in the 95th anniversary of the Yakutia gold industry celebrations. The Company held its corporate Olympics in Nizhny Kuranakh, Yakutia, and financed the upgrade of the town's public sports infrastructure.
- In Krasnoyarsk, Polyus supported cultural events held as part of the 2019 Winter University Games.
- Polyus took the 2nd place in Forbes' rating of best employers in Russia.

### ESG ratings and initiatives:

- Polyus joined UN Global Compact Russia, the national community of Russian UNGC participants.
- Polyus SAM rating score was upgraded to 45, up from 22 in 2018.
- Sustainalytics – 71 (up from 62 in 2018).
- MSCI ESG – BBB (up from BB in 2018).

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<sup>1</sup> The Automotive Accident Rate (AARK) is calculated as the number of automotive accidents of A, B, and C levels, multiplied by total kilometerage since the beginning of the reporting period and divided by 1,000,000 km.

## CONSOLIDATED OPERATING RESULTS

	4Q'19	3Q'19	Q-o-Q	2Q'19	1Q'19	4Q'18	Y-o-Y	2019	2018	Y-o-Y
Olimpiada <sup>2</sup>	300.8	239.9	25%	282.7	248.3	293.3	3%	1,071.7	1,065.4	1%
Blagodatnoye	126.2	96.5	31%	104.1	94.0	112.3	12%	420.8	415.8	1%
Verninskoye <sup>3</sup>	63.9	63.3	1%	61.7	67.0	51.7	24%	255.9	223.3	15%
Alluvials	34.6	81.4	-57%	29.6	-	40.3	-14%	145.6	147.7	-1%
Kuranakh	62.9	68.2	-8%	50.0	43.6	64.4	-2%	224.7	198.9	13%
Natalka	132.3	100.4	32%	87.2	85.1	27.0	390%	405.0	132.7	205%
<b>Refined gold, koz</b>	<b>720.7</b>	<b>649.7</b>	<b>11%</b>	<b>615.3</b>	<b>538.0</b>	<b>589.0</b>	<b>22%</b>	<b>2,523.7</b>	<b>2,183.8</b>	<b>16%</b>
Flotation concentrate production, t	33,756	38,732	-13%	22,725	26,149	21,112	60%	121,362	116,466	4%
Antimony in flotation concentrate, t	4,936	4,978	-1%	3,732	1,127	3,534	40%	14,773	23,602	-37%
<b>Gold in flotation concentrate, koz</b>	<b>83.3</b>	<b>103.0</b>	<b>-19%</b>	<b>68.5</b>	<b>62.7</b>	<b>51.4</b>	<b>62%</b>	<b>317.5</b>	<b>256.3</b>	<b>24%</b>
Gold payable in concentrate, koz	61.8	76.4	-19%	50.8	46.5	38.1	62%	235.5	189.7	24%
<b>Total gold output, koz</b>	<b>804.0</b>	<b>752.7</b>	<b>7%</b>	<b>683.8</b>	<b>600.7</b>	<b>640.4</b>	<b>26%</b>	<b>2,841.2</b>	<b>2,440.1</b>	<b>16%</b>
Rock moved, kt	83,591	86,868	-4%	80,738	77,666	80,949	3%	328,863	300,648	9%
Stripping ratio, t/t	3.4	4.0	-15%	4.2	4.6	5.7	-40%	4.0	6.0	-33%
Ore mined, kt	19,011	17,477	9%	15,661	13,946	12,030	58%	66,095	42,841	54%
Ore processed, kt	11,527	11,366	1%	10,901	10,284	9,279	24%	44,078	38,025	16%
Recovery rate, %	83.2%	82.1%	1.1ppts	82.2%	81.4%	80.6%	2.6ppts	82.3%	80.8%	1.5ppts
Total doré & slime gold output, koz <sup>4</sup>	714.3	770.2	-7%	705.9	656.2	584.8	22%	2,846.6	2,450.0	16%

### FY 2019 Highlights

- Total gold output was 2,841 thousand ounces, compared to 2,440 thousand ounces produced in 2018. This growth was mainly attributable to operations at Natalka, which added a further 272 thousand ounces of incremental volumes compared to the full year 2018, following the completion of its ramp-up in December 2018. This was further supported by increased production volumes across all hard-rock deposits. Doré volumes totalled 2,847 thousand ounces, up 16% year-on-year.
- Volumes of ore processed increased 16% to 44,078 thousand tonnes, following the completion of the ramp-up at the Natalka Mill and the implementation of throughput capacity expansion projects across core assets.
- Recovery rate stood at 82.3%, up 1.5 ppts from the prior year, primarily driven by an increase in recoveries at Olimpiada.

### 4Q 2019 Highlights

- Total gold output amounted to 804 thousand ounces, compared to 753 thousand ounces in the previous quarter. This growth was mainly driven by higher refined gold production at Olimpiada, Natalka and Blagodatnoye.
- Volumes of ore mined amounted to 19,011 thousand tonnes, up 9% on the previous quarter, reflecting higher ore volumes mined at Natalka.
- Volumes of ore processed remained largely flat quarter-on-quarter at 11,527 thousand tonnes, as a seasonal slowdown of heap leaching operations at Kuranakh was fully offset by an increase in processing volumes across all hard-rock deposits.
- Recovery rate increased to 83.2%, compared to 82.1% in the previous quarter, driven by an increase in recoveries at Olimpiada, Blagodatnoye.
- Flotation concentrate output decreased 13% to approximately 34 thousand tonnes, with volumes of gold contained in flotation concentrate amounting to 83 thousand ounce, down 19% on the previous quarter. The Company produced 9 thousand tonnes of merchant gold containing flotation concentrate and 25 thousand tonnes of antimony-rich flotation concentrate. Volumes of antimony in flotation concentrate remained flat at 5 thousand tonnes.

<sup>2</sup> Including refined gold produced from concentrate purchased from the 3rd party-owned Drazhniy mine (FY2019: 2.7koz)

<sup>3</sup> 4Q'18 refined gold output at Verninskoye was revised up, to 51.7 koz, from 47.8 koz reported in Trading Update for 4Q and FY 2018 on 24 January, 2019

<sup>4</sup> Including doré gold produced from concentrate purchased from the 3rd party-owned Drazhniy mine (FY2019: 2.6koz)

## Olimpiada

### 4Q 2019 Highlights

- Recovery rate increased to 84.0%.
- Total gold output was 384 thousand ounces.

### FY 2019 Highlights

- Volumes of ore processed totalled 13,908 thousand tonnes.
- Recovery rate increased to 82.4%.
- Total gold output was 1,389 thousand ounces



### Gold output

Doré gold output stood at 338 thousand ounces in the fourth quarter of 2019, down 5% compared to the previous quarter, mainly driven by lower grades in ore processed. Total gold output increased by 12% to 384 thousand ounces, reflecting changes in the amount of gold in inventory at the refinery. On a year on year basis, both doré gold output and total gold output grew by 5%. In 2019, the amount of gold contained in concentrate increased by 24% to 318 thousand ounces, mainly reflecting higher volumes of ore processed and unstable performance of bio-oxidation process in the third quarter of 2019. Polyus has already approved and proceeded with a number of initiatives, allowing for BIO units performance improvement. This includes the ongoing modernization of BIO-3 unit, introduction of magnet separation and upgrade of automation and cooling systems. In addition, Polyus is proceeding with construction of two additional reactors at BIO-4 unit and two agitation tanks. The Company currently evaluates further steps to upgrade and expand its existing bio-oxidation facilities with an option to construct an additional BIO-5 unit.

### Mining works

Under the mine plan, Polyus decreased the volumes of ore mined to 4,834 thousand tonnes, down 4% from the previous quarter. The average grade in ore mined decreased to 3.30 g/t, up from 3.52 g/t in the previous quarter in line with the mining plan. During the fourth quarter of 2019, Polyus delivered seven 220-tonne CAT 793D trucks, two 140-tonne Komatsu HD1500 trucks, two 90-tonne CAT 777E trucks and one Komatsu PC1250-8 excavator.

### Ore processing

In 2019, volumes of ore processed totalled 13.9 million tonnes mainly due to lower maintenance works, temporary decrease in ore hardness and increase in the utilization rate of the SAG mill at Mill-3 compared to the previous year. Polyus is continuing to implement a throughput capacity expansion project at Olimpiada, aimed at stabilising it at 13.4 million tonnes per annum with potential to expand it further. Following the decrease in average grades in ore mined, average grades in ore processed decreased to 3.87 g/t in the fourth quarter. The recovery rate rose further to 84.0%, up 1.5 ppts compared to the third quarter of 2019. This increase is mainly attributable to the performance of flash flotation units, which were fully ramped up in the fourth quarter of 2019. In addition, Polyus has completed the installation of the Jameson Cell flotation unit at Mill No. 1 and is in the process of installing of two Jameson Cell flotation units at Mill No. 3. Polyus is also proceeding with ramp-up and calibration of processing parameters of the second stage of alkaline leaching, following the completion of construction works in 2019.

### Mining works and ore processing

	4Q'19	3Q'19	Q-o-Q	2Q'19	1Q'19	4Q'18	Y-o-Y	2019	2018	Y-o-Y
Rock moved, kt	34,388	35,508	-3%	33,361	32,232	35,176	-2%	135,489	126,608	7%
<i>incl. stripping, kt</i>	29,554	30,465	-3%	27,692	27,065	30,019	-2%	114,776	108,449	6%
Stripping ratio, t/t	6.1	6.0	2%	4.9	5.2	5.8	5%	5.5	6.0	-8%
<b>Ore mined, kt</b>	<b>4,834</b>	<b>5,043</b>	<b>-4%</b>	<b>5,669</b>	<b>5,167</b>	<b>5,158</b>	<b>-6%</b>	<b>20,713</b>	<b>18,160</b>	<b>14%</b>
Average grade in ore mined, g/t	3.30	3.52	-6%	3.48	3.36	3.67	-10%	3.42	3.71	-8%
<b>Ore processed, kt</b>	<b>3,645</b>	<b>3,416</b>	<b>7%</b>	<b>3,358</b>	<b>3,489</b>	<b>3,410</b>	<b>7%</b>	<b>13,908</b>	<b>13,267</b>	<b>5%</b>
Average grade in ore processed, g/t	3.88	4.01	-3%	4.03	3.76	4.01	-3%	3.92	4.10	-4%
Recovery, %	84.0%	82.5%	1.5ppts	82.1%	80.8%	78.8%	5.1ppts	82.4%	79.3%	3.1ppts
<b>Doré gold (incl. gold in concentrate), koz<sup>5</sup></b>	<b>338.4</b>	<b>356.1</b>	<b>-5%</b>	<b>343.1</b>	<b>348.2</b>	<b>320.0</b>	<b>6%</b>	<b>1,385.8</b>	<b>1,325.3</b>	<b>5%</b>
<b>Refined gold output, koz<sup>6</sup></b>	<b>300.8</b>	<b>239.9</b>	<b>25%</b>	<b>282.7</b>	<b>248.3</b>	<b>293.3</b>	<b>3%</b>	<b>1,071.7</b>	<b>1,065.4</b>	<b>1%</b>
Flotation concentrate production, t	33,756	38,732	-13%	22,725	26,149	21,112	60%	121,362	116,466	4%
Antimony in flotation concentrate, t	4,936	4,978	-1%	3,732	1,127	3,534	40%	14,773	23,602	-37%
<b>Gold contained in concentrate, koz</b>	<b>83.3</b>	<b>103.0</b>	<b>-19%</b>	<b>68.5</b>	<b>62.7</b>	<b>51.4</b>	<b>62%</b>	<b>317.5</b>	<b>256.3</b>	<b>24%</b>
<b>Total gold output, koz</b>	<b>384.1</b>	<b>342.9</b>	<b>12%</b>	<b>351.2</b>	<b>311.0</b>	<b>344.7</b>	<b>11%</b>	<b>1,389.2</b>	<b>1,321.7</b>	<b>5%</b>

<sup>5</sup> Including doré gold produced from concentrate purchased from the 3rd party-owned Drazhniy mine (FY2019: 2.6koz)

<sup>6</sup> Including refined gold produced from concentrate purchased from the 3rd party-owned Drazhniy mine (FY2019: 2.7koz)

## Blagodatnoye

### 4Q 2019 Highlights

- Volumes of ore processed increased 14% compared to the previous quarter.
- Recovery rate rose to 88.5%, up 0.8 ppts quarter-on-quarter.
- Refined gold output amounted to 126 thousand ounces.

### FY 2019 Highlights

- Volumes of ore processed rose to 9,005 thousand tonnes.
- Recovery rate increased to 87.8%.
- Refined gold output totalled 421 thousand ounces.



### Gold output

Doré gold output in the fourth quarter of 2019 amounted to 115 thousand ounces, up 13% compared to the previous quarter. Refined gold output amounted to 126 thousand ounces, compared to 96 thousand ounces in the previous reporting period, reflecting changes in gold in inventory at the refinery. On a year on year basis, refined gold output remained largely flat.

### Mining works

Volumes of rock moved decreased 5% to 16,727 thousand tonnes compared to the previous quarter.

Volumes of ore mined increased 24% to 5,443 thousand tonnes, compared to 4,392 thousand tonnes in the third quarter of 2019. Polyus continued mining activities at lower-grade flanks, which resulted in a decline in the average grade in ore mined to 1.11 g/t (from 1.17 g/t in the previous quarter).

### Ore processing

The average grade in ore processed increased to 1.77 g/t during the reporting period, from 1.72 g/t in the third quarter of 2019, reflecting the selective feeding of higher-grade stockpiled ore.

Volumes of ore processed increased by 14% to 2,340 thousand tonnes as scheduled maintenance works had been carried out at Mill No. 4 in the previous reporting period. In 2019, Polyus completed the project to expand the Blagodatnoye Mill throughput capacity to 9.0 million tonnes per annum. The Company proceeds with operational initiatives targeting further recovery improvement and stabilisation of current processing parameters.

Recovery rate increased to 88.5%, compared to 87.7% in the third quarter of 2019. During the reporting period, the Company added Jameson Cell flotation unit at Mill-4 for further recovery improvement.

Polyus is considering a construction of a new mill (Mill-5), with capacity of 6.0 million tonnes per annum, bringing total processing capacity at Blagodatnoye to 15 million tonnes per annum. The Feasibility Study is expected to be completed in the first half of 2020.

### Mining works and ore processing

	4Q'19	3Q'19	Q-o-Q	2Q'19	1Q'19	4Q'18	Y-o-Y	2019	2018	Y-o-Y
Total rock moved, kt	16,727	17,691	-5%	16,334	17,050	18,151	-8%	67,802	77,407	-12%
<i>including stripping, kt</i>	11,284	13,299	-15%	13,754	14,835	16,178	-30%	53,172	70,236	-24%
Stripping ratio, t/t	2.1	3.0	-30%	5.3	6.7	8.2	-74%	3.6	9.8	-63%
<b>Ore mined, kt</b>	<b>5,443</b>	<b>4,392</b>	<b>24%</b>	<b>2,580</b>	<b>2,215</b>	<b>1,972</b>	<b>176%</b>	<b>14,630</b>	<b>7,170</b>	<b>104%</b>
Average grade in ore mined, g/t	1.11	1.17	-5%	1.34	1.20	1.56	-29%	1.18	1.60	-26%
<b>Ore processed, kt</b>	<b>2,340</b>	<b>2,061</b>	<b>14%</b>	<b>2,322</b>	<b>2,282</b>	<b>2,135</b>	<b>10%</b>	<b>9,005</b>	<b>8,719</b>	<b>3%</b>
Average grade in ore processed, g/t	1.77	1.72	3%	1.61	1.57	1.76	1%	1.67	1.70	-2%
Recovery, %	88.5%	87.7%	0.8ppts	87.5%	87.5%	87.7%	0.8ppts	87.8%	87.5%	0.3ppts
<b>Doré gold, koz</b>	<b>114.5</b>	<b>101.1</b>	<b>13%</b>	<b>104.4</b>	<b>101.2</b>	<b>104.5</b>	<b>10%</b>	<b>421.2</b>	<b>417.3</b>	<b>1%</b>
<b>Refined gold output, koz</b>	<b>126.2</b>	<b>96.5</b>	<b>31%</b>	<b>104.1</b>	<b>94.0</b>	<b>112.3</b>	<b>12%</b>	<b>420.8</b>	<b>415.8</b>	<b>1%</b>

## Verninskoye

### 4Q 2019 Highlights

- Volumes of ore processed amounted to 796 thousand, up 10% quarter-on-quarter.
- Recovery rate stood at 89.6%.
- Doré output totalled 67 thousand ounces, up 10% on the previous quarter.

### FY 2019 Highlights

- Volumes of ore mined rose to 4,448 thousand tonnes, up 49% from the prior year.
- Average grade in ore processed stood at 2.90 g/t, compared to 2.63 g/t in the previous year.
- Refined gold output totalled 256 thousand ounces, up 15% on a year on year basis.



### Gold output

Doré gold output stood at 67 thousand ounces, up 10% quarter-on-quarter. Refined gold output amounted to 64 thousand ounces, compared to 63 thousand ounces in the third quarter of 2019. Year-on-year, doré gold output and refined gold output grew by 12% and 15%, respectively.

### Mining works

Volumes of rock moved declined by 12% to 5,879 thousand tonnes, compared to the previous quarter, in line with the mining plan.

Volumes of ore mined stood at 1,274 thousand tonnes, while the average grade in ore mined stood at 2.32 g/t, both remaining almost flat compared to the previous quarter.

### Ore processing

In the fourth quarter of 2019, the average grade in ore processed stood at 2.90 g/t, unchanged from the previous quarter.

Volumes of ore processed amounted to 796 thousand tonnes, up 10% on the previous quarter, reflecting the completion of scheduled maintenance works at the Verninskoye Mill in September 2019. In 2019, volumes of ore processed exceeded 3.0 million tonnes.

The recovery rate stood at 89.6% and remained flat compared to the previous quarter.

Polyus continues further expansion of the Verninskoye Mill to 3.5 million tonnes per annum. The Company carried out construction works at the extension to the main building, where an additional grinding circuit will be installed.

### Mining works and ore processing

	4Q'19	3Q'19	Q-o-Q	2Q'19	1Q'19	4Q'18	Y-o-Y	2019	2018	Y-o-Y
Total rock moved, kt	5,879	6,682	-12%	6,263	5,649	4,174	41%	24,473	19,341	27%
<i>including stripping, kt</i>	4,605	5,426	-15%	5,323	4,671	3,525	31%	20,025	16,352	22%
Stripping ratio, t/t	3.6	4.3	-16%	5.7	4.8	5.4	-33%	4.5	5.5	-18%
<b>Ore mined, kt</b>	<b>1,274</b>	<b>1,256</b>	<b>1%</b>	<b>940</b>	<b>978</b>	<b>649</b>	<b>96%</b>	<b>4,448</b>	<b>2,990</b>	<b>49%</b>
Average grade in ore mined, g/t	2.32	2.30	1%	3.01	2.66	2.70	-14%	2.54	2.63	-3%
<b>Ore processed, kt</b>	<b>796</b>	<b>724</b>	<b>10%</b>	<b>790</b>	<b>725</b>	<b>792</b>	<b>1%</b>	<b>3,035</b>	<b>2,979</b>	<b>2%</b>
Average grade in ore processed, g/t	2.90	2.90	0%	2.90	2.90	2.63	10%	2.90	2.63	10%
Recovery, %	89.6%	89.5%	0.1ppts	89.5%	89.5%	89.6%	0.0ppts	89.5%	89.5%	0.0ppts
<b>Doré gold, koz</b>	<b>66.7</b>	<b>60.7</b>	<b>10%</b>	<b>66.1</b>	<b>60.5</b>	<b>60.0</b>	<b>11%</b>	<b>254.0</b>	<b>225.8</b>	<b>12%</b>
<b>Refined gold output, koz<sup>7</sup></b>	<b>63.9</b>	<b>63.3</b>	<b>1%</b>	<b>61.7</b>	<b>67.0</b>	<b>51.7</b>	<b>24%</b>	<b>255.9</b>	<b>223.3</b>	<b>15%</b>

<sup>7</sup> 4Q'18 refined gold output at Verninskoye was revised up, to 51.7 koz, from 47.8 koz reported in Trading Update for 4Q and FY 2018 on 24 January, 2019

### Alluvials

#### 4Q 2019 Highlights

- Gold in slime production amounted to 21 thousand ounces.
- Refined gold output totalled 35 thousand ounces.

#### FY 2019 Highlights

- Refined gold output amounted to 146 thousand ounces, remaining largely flat compared to the previous year.



In the fourth quarter of 2019, due to the seasonality of placer operations, gold in slime production declined to 21 thousand ounces, down 75% on the previous quarter.

Refined gold output totalled 35 thousand ounces, down 57% from the third quarter of 2019.

#### Sands washing

	4Q'19	3Q'19	Q-o-Q	2Q'19	1Q'19	4Q'18	Y-o-Y	2019	2018	Y-o-Y
Sands washed, 000 m <sup>3</sup>	1,207	5,115	-76%	2,259	-	1,258	-4%	8,581	7,689	12%
Average grade, g/m <sup>3</sup>	0.54	0.52	4%	0.55	-	0.69	-22%	0.53	0.60	-12%
<b>Gold in slime, koz</b>	<b>21.1</b>	<b>84.9</b>	<b>-75%</b>	<b>39.6</b>	<b>-</b>	<b>28</b>	<b>-25%</b>	<b>145.6</b>	<b>147.7</b>	<b>-1%</b>
<b>Refined gold output, koz</b>	<b>34.6</b>	<b>81.4</b>	<b>-57%</b>	<b>29.6</b>	<b>-</b>	<b>40.3</b>	<b>-14%</b>	<b>145.6</b>	<b>147.7</b>	<b>-1%</b>



## Kuranakh

### 4Q 2019 Highlights

- Recovery rate at the Kuranakh Mill rose to a record high of 89.0%.
- Refined gold output was 63 thousand ounces.

### FY 2019 Highlights

- Volumes of ore processed at the Kuranakh Mill rose 8% to 5,634 thousand tonnes on a year on year basis.
- Refined gold output totalled 225 thousand ounces, up 13% from the prior year.



### Gold output

Doré gold output in the fourth quarter of 2019 amounted to 56 thousand ounces, a 17% decline compared to the third quarter of 2019, driven by seasonally lower volumes of ore processed at heap leaching facilities. Refined gold output amounted to 63 thousand ounces, down 8% on the previous quarter. In 2019, both doré gold output and refined gold output increased 13%.

### Mining works

Volumes of ore mined declined 25% compared to the previous quarter, to 1,691 thousand tonnes, as Polyus downscaled mining activities at low-grade areas due to the seasonal slowdown of heap leaching operations. Consequently, this resulted in higher grades in ore mined (1.21 g/t in the fourth quarter of 2019, compared to 1.03 g/t in the third quarter of 2019).

### Ore processing

Volumes of ore processed at the Kuranakh Mill amounted to 1,457 thousand tonnes, remaining almost flat compared to the previous quarter. The recovery rate at the mill reached a record high of 89.0%, compared to 88.8% in the previous quarter. Average grade in ore processed at the mill increased to 1.25 g/t, on a quarter-on-quarter basis. The Kuranakh Mill throughput capacity reached 5.8 million tonnes on an annualized basis in the second half of 2019.

### Heap leaching

In the fourth quarter of 2019, Polyus processed 48 thousand tonnes of ore at the Kuranakh heap leaching facilities, with average grade of 0.77 g/t. Doré gold output amounted to 4.4 thousand ounces. Due to the seasonality of heap leaching operations, leaching activities have been temporarily suspended until Spring 2020.

### Mining works and ore processing

	4Q'19	3Q'19	Q-o-Q	2Q'19	1Q'19	4Q'18	Y-o-Y	2019	2018	Y-o-Y
Total rock moved, kt	7,373	8,083	-9%	7,965	7,392	7,739	-5%	30,813	31,948	-4%
<i>including stripping, kt</i>	5,682	5,831	-3%	5,685	5,766	6,051	-6%	22,964	24,116	-5%
Stripping ratio, t/t	3.4	2.6	31%	2.5	3.5	3.6	-6%	2.9	3.1	-6%
<b>Ore mined, kt</b>	<b>1,691</b>	<b>2,252</b>	<b>-25%</b>	<b>2,280</b>	<b>1,626</b>	<b>1,688</b>	<b>0%</b>	<b>7,849</b>	<b>7,833</b>	<b>0%</b>
Average grade in ore mined, g/t	1.21	1.03	17%	1.04	1.14	1.13	7%	1.09	1.07	2%
<b>Total ore processed, kt</b>	<b>1,505</b>	<b>2,313</b>	<b>-35%</b>	<b>1,720</b>	<b>1,344</b>	<b>1,475</b>	<b>2%</b>	<b>6,882</b>	<b>6,709</b>	<b>3%</b>
<b>Mill</b>										
Ore processed, kt	1,457	1,469	-1%	1,364	1,344	1,329	10%	5,634	5,195	8%
<i>Average grade in ore processed, g/t</i>	1.25	1.21	3%	1.23	1.22	1.22	2%	1.23	1.23	0%
Recovery, %	89.0%	88.8%	0.2ppts	88.9%	88.7%	88.7%	0.3ppts	88.8%	88.7%	0.1ppts
Doré gold, koz	52.0	50.3	3%	48.2	47.2	45.5	14%	197.7	181.5	9%
<b>Heap-leach</b>										
Ore processed, kt	48	844	-94%	356	-	146	-67%	1,248	1,514	-18%
<i>Average grade in ore processed, g/t</i>	0.77	0.78	-1%	0.73	-	0.73	5%	0.76	0.75	1%
Recovery, %	72.3%	72.3%	0.0ppts	72.3%	-	72.2%	0.1ppts	72.3%	72.3%	0.0ppts
Doré gold, koz	4.4	17.4	-75%	6.1	0	6.5	-32%	27.9	18.2	53%
<b>Total doré gold, koz</b>	<b>56.4</b>	<b>67.7</b>	<b>-17%</b>	<b>54.3</b>	<b>47.2</b>	<b>51.9</b>	<b>9%</b>	<b>225.6</b>	<b>199.6</b>	<b>13%</b>
<b>Refined gold output, koz</b>	<b>62.9</b>	<b>68.2</b>	<b>-8%</b>	<b>50.0</b>	<b>43.6</b>	<b>64.4</b>	<b>-2%</b>	<b>224.7</b>	<b>198.9</b>	<b>13%</b>

## Natalka

### 4Q 2019 Highlights

- Volumes of ore processed increased 14% on the previous quarter.
- Average grade in ore processed stood at 1.61 g/t, compared to 1.51 g/t in the previous reporting period.
- Recovery rate increased to 72.3%.
- Refined gold output reached 132 thousand ounces.

### FY 2019 Highlights

- Volumes of ore processed amounted to 11,248 thousand tonnes.
- Grades in ore processed stood 1.61 g/t.
- Refined gold output was 405 thousand ounces.



### Mining works

In the fourth quarter of 2019, volumes of rock moved totalled 19,218 thousand tonnes, while volumes of ore mined rose to 5,768 thousand tonnes, a 27% increase from the third quarter of 2019. The average grades in ore mined rose to 1.17 g/t (1.13 g/t in the third quarter of 2019).

Over the reporting period, the Company delivered and assembled two 180-tonne CAT 789 trucks.

### Ore processing

Over the course of 2019, Polyus' technical team completed a set of operational initiatives, including optimisation of grinding media loading into the ball mill, the introduction of an air-conditioning system for SAG and ball mills and reducing the circulation load at the grinding circuit by upgrading the hydrocyclones. This resulted in a 45% year-on-year increase in hourly throughput at the Natalka Mill to an average of 1,462 t/h in 2019, exceeding its initial nameplate hourly throughput capacity of 1,227 t/h. In the fourth quarter of 2019, hourly throughput at the Natalka Mill reached 1,563 t/h.

Average grade in ore processed stood at 1.61 g/t, compared to 1.51 g/t in the third quarter of 2019, as the share of higher-grade material in ore mined increased in the reporting period.

Recovery rate increased to 72.3% in the reporting period, up 0.7 ppts from the previous quarter.

The Company is continuing to implement operational initiatives targeting further recovery rate improvement at Natalka. In the reporting period, Polyus continued to debottleneck the first stage of gravity concentration by introducing four additional Knelson concentrators, bringing the total number of concentrators operating at the first stage up to 26. Polyus identified a set of further development initiatives, scheduled for 2020, including flash flotation technology roll out combined with CIL expansion, concentration shaker tables introduction at the first stage of gravity circuit to increase productivity of intensive cyanidation.

### Mining works and ore processing

	4Q'19	3Q'19	Q-o-Q	2Q'19	1Q'19	4Q'18	Y-o-Y	2019	2018	Y-o-Y
Total rock moved, kt	19,218	18,904	2%	16,809	15,343	15,707	22%	70,274	45,297	55%
<i>including stripping, kt</i>	13,450	14,370	-6%	12,618	11,383	13,144	2%	51,821	38,637	34%
Stripping ratio, t/t	2.3	3.2	-28%	3.0	2.9	5.1	-55%	2.8	5.8	-52%
<b>Ore mined, kt</b>	<b>5,768</b>	<b>4,534</b>	<b>27%</b>	<b>4,191</b>	<b>3,960</b>	<b>2,564</b>	<b>125%</b>	<b>18,453</b>	<b>6,661</b>	<b>177%</b>
Average grade in ore mined, g/t	1.17	1.13	4%	1.10	1.08	1.07	9%	1.13	1.03	10%
<b>Ore processed, kt</b>	<b>3,241</b>	<b>2,852</b>	<b>14%</b>	<b>2,711</b>	<b>2,444</b>	<b>1,468</b>	<b>121%</b>	<b>11,248</b>	<b>6,352</b>	<b>77%</b>
Average grade in ore processed, g/t	1.61	1.51	7%	1.56	1.78	0.90	79%	1.61	1.10	46%
Recovery, %	72.3%	71.6%	0.7ppts	71.4%	71.7%	55.1%	16.5ppts	71.8%	62.9%	8.9ppts
<b>Doré gold, koz</b>	<b>117.2</b>	<b>99.8</b>	<b>17%</b>	<b>98.3</b>	<b>99.1</b>	<b>20.4</b>	<b>475%</b>	<b>414.4</b>	<b>134.3</b>	<b>209%</b>
Refined gold output, koz	132.3	100.4	32%	87.2	85.1	27.0	390%	405.0	132.7	205%

## Sukhoi Log

### 4Q 2019 Highlights

- Polyus completed the geotechnical and hydrogeological drilling programme.

### FY 2019 Highlights

- Polyus completed the exploration and verification drilling programme of approximately 204 kilometres launched in 2017.
- The Pre-Feasibility Study is at an advanced stage.



The Company has completed a comprehensive assessment of the drilling samples obtained during the exploration and verification programme.

In line with the initial schedule, based on the assessment results, the Company expects to provide a further update on the Inferred & Indicated Mineral Resources estimates and publish a maiden Ore Reserve estimate for Sukhoi Log in 2020.

Development of geological, geophysical, hydrometeorological surveys has been completed. The results of those surveys will be used for infrastructure layout and processing facilities design.

In 2019, Polyus completed trade-off studies on comminution and throughput capacity, gravity and flotation circuits, loading and drilling mining equipment.

### Additional drilling activity at Sukhoi Log

In December 2019, the Company completed geotechnical, hydrogeological drilling (approximately 18 kilometres) required for the design of Sukhoi Log pit.

In 2020, Polyus plans to complete an additional 30,000 meters of in-fill drilling at Sukhoi Log. The drilling works will be focused on the future pit area, where Polyus expects to carry out mining activities during the first years of Sukhoi Log's operations. This will allow the Company to better define the gold mineralisation within this area and support the more accurate planning and sequence of mining works.

The Company also plans to conduct additional drilling at Sukhoi Log's flanks and deep levels in 2020.

## FINANCIAL UPDATE

### Gold sales

In the fourth quarter of 2019, the Company sold a total of 894 thousand ounces of gold, a 23% increase on the previous quarter. Total gold sales include 172 thousand ounces of gold contained in concentrate from Olimpiada. Estimated gold sales in the reporting period totalled approximately \$1,277 million, compared to \$1,061 million in the previous quarter and \$764 million in the fourth quarter of 2018.

In 2019, the Company sold a total of 2,878 thousand ounces of gold, up 23% from the prior year. Total gold sales include 330 thousand ounces of gold contained in concentrate from Olimpiada.

Estimated gold sales in 2019 totalled approximately \$3,965 million, compared to \$2,876 million in 2018.

### Debt management

The Company's gross debt increased to \$5,086 million, compared to \$4,855 million as at the end of the third quarter of 2019.

In October 2019, Polyus has issued RUB20 billion 10-year (with a put in 5 years) rouble bond and entered into cross-currency swaps with banks to convert those amounts into a fixed-rate USD liability (approximately \$310 million), following the placement. The interest rate was set at 3.23%, the lowest rate across the existing Polyus' debt portfolio, excluding convertibles. In the reporting period, the Company prepaid \$150 million of bank loans.

As at 31 December 2019, the Company's estimated cash position increased to \$1,801 million (30 September 2019: \$1,538 million), while its estimated net debt position decreased, compared to the previous quarter and amounted to \$3,285 million (30 September 2019: \$3,317 million). Among other factors, the change in cash position reflects a dividend payout for the first half of 2019 in amount of \$342 million. Existing cash balances cover all principal debt repayments up to 2022.

	2020	2021	2022	2023	2024
Debt maturities <sup>8</sup> , \$ mln	698	463	503	1,246	2,149

Eurobonds	Bank loans	Convertibles	Finance lease	Local rouble bonds
47%	36%	4%	2%	11%

	4Q'19	3Q'19	Q-o-Q	2Q'19	1Q'19	4Q'18	Y-o-Y	2019	2018	Y-o-Y
Refined gold sold, koz	722	650	11%	628	548	569	27%	2,548	2,122	20%
Gold contained in concentrate, koz	172	79	118%	57	22	75	129%	330	211	56%
Gold payable in concentrate, koz	140	67	109%	46	18	50	180%	271	154	76%
Total gold sales, koz	894	729	23%	685	570	644	39%	2,878	2,333	23%
Gold sales (incl. an SPPP effect), \$ mln	1,277	1,061	20%	886	741	764	67%	3,965	2,876	38%
Weighted-average refined gold selling price (excl. SPPP), \$/oz	1,482	1,482	0%	1,314	1,308	1,229	21%	1,403	1,263	11%
Weighted-average refined gold selling price (incl. SPPP), \$/oz	1,482	1,482	0%	1,314	1,308	1,232	20%	1,403	1,265	11%
SPPP effect, \$ mln	0	0	0%	0	0	1	-100%	0	4	-100%
Average LBMA price, \$/oz	1,481	1,472	1%	1,309	1,304	1,226	21%	1,393	1,268	10%
Net debt, \$ mln	3,285	3,317	-1%	3,639	3,011	3,086	6%	3,285	3,086	6%

<sup>8</sup> Net of non-cash IFRS adjustments

## CONFERENCE CALL INFORMATION

Polyus will host an analyst conference call on 28 January 2020 at 2 pm London time (5 pm Moscow time) to present and discuss the fourth quarter operating results.

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## **Forward looking statements**

This announcement may contain “forward-looking statements” concerning Polyus and/or Polyus Group. Generally, the words “will”, “may”, “should”, “could”, “would”, “can”, “continue”, “opportunity”, “believes”, “expects”, “intends”, “anticipates”, “estimates” or similar expressions identify forward-looking statements. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Forward-looking statements include statements relating to future capital expenditures and business and management strategies and the expansion and growth of Polyus’ and/or Polyus Group’s operations. Many of these risks and uncertainties relate to factors that are beyond Polyus’ and/or Polyus Group’s ability to control or estimate precisely and therefore undue reliance should not be placed on such statements which speak only as of the date of this announcement. Polyus and/or any Polyus Company assumes no obligation in respect of, and does not intend to update, these forward-looking statements, except as required pursuant to applicable law.