1. Welcome

2. **Austrade Speaker:** Nina Mitropolskaya, Senior Business Development Manager, Austrade Moscow

3. **Guest Speaker:** Peter Myers, Principal Consultant – Head of Mining Department, SRK Consulting

4. **Guest Speaker:** Alexandra Ustinova, Line Manager for New technologies and Innovations, Polyus

5. **Question and Answer Session**
Nina Mitropolskaya
Senior Business Development Manager
Russia & CIS
Land area: 17.1 m. sq km
GDP per capita: $28,957.6
GDP growth (2018): 1.7%
Forecast growth: 1.5% - 1.9%
Capital Moscow: > 13 million

12th Global Economy
RUSSIA IS A KEY GLOBAL MINING MARKET

- In 2018 mining industry grew by 3.84% and contributed 11.54% to GDP (www.finam.ru)
- Local companies seek international help in modernisation and upgrade of mining projects
- Imports between $2.8-$3bn worth of mineral extraction & mining equipment a year
- Increased investment in digitalisation & automation
- Australian METS companies enjoy a high profile

> 50% of Russia’s mineral resources are in the east of the Urals
Mining World Russia 21 - 23 April 2020, Moscow

http://www.miningworld.ru/Home

- Major mining and mineral extraction technology and equipment event
- In 2019 there were 431 exhibitors from 29 countries
- 6,000 industry professionals participate from across the region

Victorian Government Trade mission
CONTACT AUSTRADE MOSCOW
NINA MITROPOLSKAYA
SENIOR BUSINESS DEVELOPMENT MANAGER

NINA.MITROPOLSKAYA@AUSTRADE.GOV.AU
DIRECT: +7 495 231 36 12
IP PHONE CONNECTION DIRECT FROM AUSTRALIA: (02) 6270-7169

THANK YOU & SEE YOU IN RUSSIA
Doing Business in Russia
Russia’s Resources

[Map showing the distribution of resources in Russia]
## Russia’s place

<table>
<thead>
<tr>
<th>Gold 3rd (China)</th>
<th>Copper 10th (Chile)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron 5th (China)</td>
<td>Coal 6th (China)</td>
</tr>
<tr>
<td>Nickel 3rd (Indonesia)</td>
<td>PGEs 2nd (South Africa)</td>
</tr>
<tr>
<td>Diamonds 1st</td>
<td>Potash 2nd (Canada)</td>
</tr>
</tbody>
</table>

Norilsk – Biggest nickel and PGE miner
Norilsk Nickel is one of the world’s leading producers of nickel and refined nickel. It’s also a leading producer of platinum metals, with roughly half of the world’s supply of palladium (virtually the total output of that metal in Russia) and nearly the same share of platinum.

Operates mines in five countries: Russia, Botswana, Australia, South Africa and Finland. 2017 revenue $9.15 billion, net profit of $2.12 billion. The company has a market cap of $25.5 billion as of October 27, 2018.

Polyus – 6th biggest gold miner
Polyus Gold operates five mines in Russia. It is the largest gold producer in Russia and in the top 10 globally, with probable and proven reserves of 68 million ounces. Its Olimpiada and Blagodatnoye mines are among the largest gold mines in the world.

In 2017, Polyus Gold reported revenue of $2.72 billion and profit of $1.24 billion. Polyus has a market cap of $8.33 billion as of October 27, 2018.

Alrosa – biggest diamond miner
This partially state-controlled company is the world’s largest diamond producer in terms of output, which hit 39.6 million carats in 2017. The Russian government sold off an 11 percent stake in the company in 2016, valued at $813 million, to cover a budget deficit.

In 2017, the latest year for which figures are available, Alrosa reported revenue of $4.2 billion and net income of $1.2 billion. The company has a market cap as of October 27, 2018, of roughly $10.4 billion.

Uralkali – 2nd biggest potash miner
Uralkali produces a large percentage of the world’s potash supply, controlling the entire production chain, from mining the actual potash ore to supplying potassium chloride to customers. The mining company operates seven plants and five mines in Russia, with subsidiaries in Beijing, Singapore, Panama and Brazil, among others.

The company’s 2017 revenue was $2.76 billion, with a net profit of $874.62 million. Uralkali’s market cap is $3.75 billion as of October 27, 2018.

2018 Revenues
- BHP $44 Bil
- Rio $41 Bil
- Vale $37 Bil
- AngloAm $28 Bil
Gold Industry

Top 10 Gold Producing Countries in 2018

Tonnes

- China
- Australia
- Russia
- United States
- Canada
- Indonesia
- Peru
- South Africa
- Mexico
- Ghana

Source: GFMS, Refinitiv, Thomson Reuters, U.S. Global Investors
## Gold Industry

### TOP 10 GOLD MINING COMPANIES

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>COUNTRY</th>
<th>PRODUCTION (Moz) 2018</th>
<th>CHANGE Y/Y (%)</th>
<th>AISC ($/Oz) 2018</th>
<th>CHANGE Y/Y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newmont Goldcorp</td>
<td></td>
<td>5.10</td>
<td>-3</td>
<td>$909</td>
<td>2</td>
</tr>
<tr>
<td>Barrick Gold</td>
<td></td>
<td>4.53</td>
<td>-15</td>
<td>$806</td>
<td>7</td>
</tr>
<tr>
<td>AngloGold Ashanti</td>
<td></td>
<td>3.40</td>
<td>-9</td>
<td>$976</td>
<td>-7</td>
</tr>
<tr>
<td>Kinross Gold</td>
<td></td>
<td>2.45</td>
<td>-8</td>
<td>$965</td>
<td>1</td>
</tr>
<tr>
<td>Freeport McMoran</td>
<td></td>
<td>2.44</td>
<td>55</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Polyus</td>
<td></td>
<td>2.44</td>
<td>13</td>
<td>$607</td>
<td>-1</td>
</tr>
<tr>
<td>Newcrest Mining</td>
<td></td>
<td>2.41</td>
<td>6</td>
<td>$779</td>
<td>-7</td>
</tr>
<tr>
<td>Goldcorp</td>
<td></td>
<td>2.30</td>
<td>-12</td>
<td>$851</td>
<td>3</td>
</tr>
<tr>
<td>Gold Fields</td>
<td></td>
<td>2.04</td>
<td>-6</td>
<td>$981</td>
<td>3</td>
</tr>
<tr>
<td>Agnico Eagle</td>
<td></td>
<td>1.63</td>
<td>-5</td>
<td>$877</td>
<td>9</td>
</tr>
</tbody>
</table>

Production = Attributable ounces based on % ownership for 2018 calendar year. All-in sustaining cost per ounce (AISC) excludes byproduct credits. Graph: MINING.COM Data: Mining Intelligence
Many international mining companies with English as a 1st language have similar cultures

Anglo Saxons

“Hofstede’s Cultural Dimensions Theory” Prof. Geert Hofstede, 1973
Russia has a different culture

Status is important; in a hierarchy everyone has a place; Centralised control; subordinates expect to be told what to do. Think for yourself; personal fulfilment. Look after yourself and direct family only.

Let’s analyse this in detail before we try; we like to control the future; not keen on new ideas. Perseverance, pragmatism; education. Impossible to understand complexity of life.

Society is driven by competition, achievement and success – a value system that starts in school and continues throughout organizational behavior.

People treated as equals; we value your ideas; hierarchy established for convenience; People belong to ‘in groups’ that take care of them in exchange for loyalty.

Let’s try this and work out the details later; we are comfortable seeing what the future brings. Desire to understand the truth. Respect for traditions, unlikely to save for future, focus on quick results.

Society are caring for others and quality of life. Quality of life is the sign of success and standing out from the crowd is not admirable.
Russia has a different culture

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Australia & Russia

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Australia & Russia

![Bar chart comparing Power Distance and Individualism between Australia and Russia]
Russia has a different culture

Status is important; in a hierarchy everyone has a place; Centralised control; subordinates expect to be told what to do

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---

Australia & Russia

<table>
<thead>
<tr>
<th>Power Distance</th>
<th>Individualism</th>
<th>Masculinity</th>
</tr>
</thead>
<tbody>
<tr>
<td>People treated as equals; we value your ideas; hierarchy established for convenience;</td>
<td>People belong to ‘in groups’ that take care of them in exchange for loyalty.</td>
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Australia & Russia

<table>
<thead>
<tr>
<th>Metric</th>
<th>Russia</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Distance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individualism</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Masculinity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td></td>
<td></td>
</tr>
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- **Power Distance**: People treated as equals; we value your ideas; hierarchy established for convenience;
- **Individualism**: People belong to ‘in groups’ that take care of them in exchange for loyalty;
- **Masculinity**: Society are caring for others and quality of life. Quality of life is the sign of success and standing out from the crowd is not admirable.
- **Uncertainty Avoidance**: Let’s try this and work out the details later; we are comfortable seeing what the future brings
- **Long term outlook**: Desire to understand the truth. Respect for traditions, unlikely to save for future, focus on quick results
## Power / Distance

<table>
<thead>
<tr>
<th>PD</th>
<th>Characteristics</th>
<th>Tips</th>
</tr>
</thead>
</table>
| High PD| • Centralized companies.  
• Strong hierarchies.  
• Large gaps in compensation, authority, and respect. | • Acknowledge a leader's power.  
• Be aware that you may need to go to the top for answers |
| Low PD | • Flatter organizations.  
• Supervisors and employees are considered almost as equals. | • Use teamwork.  
• Involve as many people as possible in decision making |

**Comment:** This refers to the degree of inequality that exists – and is accepted – among people with and without power. A high PD score indicates that society accepts an unequal distribution of power, and that people understand "their place" in the system. Low PD means that power is shared and well dispersed. It also means that society members view themselves as equals.

**Application:** According to Hofstede's model, in a high PD country such as Russia, you would probably send reports only to top management and have closed-door meetings where only select powerful leaders were in attendance.
## Individualism

<table>
<thead>
<tr>
<th>IDV</th>
<th>Characteristics</th>
<th>Tips</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High IDV</strong></td>
<td>• High valuation on people's time and their need for freedom.</td>
<td>• Acknowledge accomplishments.</td>
</tr>
<tr>
<td></td>
<td>• An enjoyment of challenges, and an expectation of rewards for hard work.</td>
<td>• Don't ask for too much personal information.</td>
</tr>
<tr>
<td></td>
<td>• Respect for privacy.</td>
<td>• Encourage debate and expression of own ideas.</td>
</tr>
<tr>
<td><strong>Low IDV</strong></td>
<td>• Emphasis on building skills and becoming masters of something.</td>
<td>• Show respect for age and wisdom.</td>
</tr>
<tr>
<td></td>
<td>• Work for intrinsic rewards.</td>
<td>• Suppress feelings and emotions to work in harmony.</td>
</tr>
<tr>
<td></td>
<td>• Harmony more important than honesty.</td>
<td>• Respect traditions and introduce change slowly.</td>
</tr>
</tbody>
</table>

### Comment:
This refers to the strength of the ties people have to others within the community. A high IDV score indicates loose connections. In countries with a high IDV score there is a lack of interpersonal connection, and little sharing of responsibility beyond family and perhaps a few close friends. A society with a low IDV score would have strong group cohesion, and there would be a large amount of loyalty and respect for members of the group. The group itself is also larger and people take more responsibility for each other's well being.

### Application:
Hofstede's analysis suggests that in Russia where the IDV score is relatively low, a marketing or sales campaign that emphasized benefits to the wider organisation or community, or that tied into a popular political movement would likely be understood and well received.
# Masculinity

<table>
<thead>
<tr>
<th>MAS</th>
<th>Characteristics</th>
<th>Tips</th>
</tr>
</thead>
</table>
| **High MAS** | • Men are masculine and women are feminine.  
• There is a well defined distinction between men's work and women's work. | • Be aware that people may expect male and female roles to be distinct.  
• Advise men to avoid discussing emotions or making emotionally based decisions or arguments. |
| **Low MAS**  | • A woman can do anything a man can do.  
• Powerful and successful women are admired and respected. | • Avoid an "old boys' club" mentality.  
• Ensure job design and practices are not discriminatory to either gender.  
• Treat men and women equally. |

**Comment:** This refers to how much a society sticks with, and values, traditional male and female roles. High MAS scores are found in countries where men are expected to be "tough," to be the provider, and to be assertive. If women work outside the home, they tend to have separate professions from men. Low MAS scores do not reverse the gender roles. In a low MAS society, the roles are simply blurred. You see women and men working together equally across many professions. Men are allowed to be sensitive, and women can work hard for professional success.

**Application:** In Russia, women are well accepted at all levels of an organisation. Teams at all levels tend to be more balanced in terms of skill rather than gender, when compared to Australia.
### Uncertainty Avoidance

<table>
<thead>
<tr>
<th>UAI</th>
<th>Characteristics</th>
<th>Tips</th>
</tr>
</thead>
</table>
| **High UAI** | • Very formal business conduct with lots of rules and policies.  
  • Need and expect structure.  
  • Sense of nervousness spurns high levels of emotion and expression.  
  • Differences are avoided. | • Be clear and concise about your expectations and parameters.  
  • Plan and prepare, communicate often and early, provide detailed plans, and focus on the tactical aspects of a job or project.  
  • Express your emotions through hand gestures and raised voices. |
| **Low UAI** | • Informal business attitude.  
  • More concern with long term strategy than what is happening on a daily basis.  
  • Accepting of change and risk. | • Do not impose rules or structure unnecessarily.  
  • Minimize your emotional response by being calm and contemplating situations before speaking.  
  • Express curiosity when you discover differences. |

**Comment:** This relates to the degree of anxiety that society members feel when in uncertain or unknown situations. High UAI-scoring nations try to avoid ambiguous situations whenever possible. They are governed by rules and order and they seek a collective "truth." Low UAI scores indicate that the society enjoys novel events and values differences. There are very few rules, and people are encouraged to discover their own truth.

**Application:** Hofstede's Cultural Dimensions imply that when discussing a project with people in Russia, with a high score on the UAI scale, you should investigate the various options in detail and then present a limited number of choices, but have very detailed information available on your contingency and risk plans.
# Long Term Orientation

<table>
<thead>
<tr>
<th>LTO</th>
<th>Characteristics</th>
<th>Tips</th>
</tr>
</thead>
</table>
| **High LTO** | • Family is the basis of society.  
• Parents and men have more authority than young people and women.  
• Strong work ethic.  
• High value placed on education and training. | • Show respect for traditions.  
• Do not display extravagance or act frivolously.  
• Reward perseverance, loyalty, and commitment.  
• Avoid doing anything that would cause another to "lose face." |
| **Low LTO** | • Promotion of equality.  
• High creativity, individualism.  
• Treat others as you would like to be treated.  
• Self-actualization is sought. | • Expect to live by the same standards and rules you create.  
• Be respectful of others.  
• Do not hesitate to introduce necessary changes. |

**Comment:** This refers to how much society values long-standing — as opposed to short-term — traditions and values. This is the fifth dimension that Hofstede added in the 1990s, after finding that Asian countries with a strong link to Confucian philosophy acted differently from Western cultures. In countries with a high LTO score, delivering on social obligations and avoiding "loss of face" are considered very important. This applies in Russia.

**Application:** According to Hofstede's analysis, people in Australia have low LTO scores. This suggests that you can pretty much expect anything in this culture in terms of creative expression and novel ideas. The model implies that people in Australia don't value tradition as much as in Russia, and are therefore likely to be willing to help you execute the most innovative plans as long as they get to participate fully.
Russia follows the Civil Code legal system; Australia the Common Law system

**Common Law** gives judges an active role in developing rules

**Civil Law** is based on fixed codes and statutes

**Common Law** is free to evolve quickly

**Civil Law** can be inconsistent and inertial

In practice:

- Under Civil Law, The Contract means what it says so pay attention to the details
- Beware of the absence of limits, performance parameters are usually absolute
How foreign companies thrive in Russia?

- Understand that you are welcome
- Be seen to give without compensation
- Communicate frequently
- Create multiple communication paths
- Develop relationships
- International specialists must be good
- Be consistent yet flexible
- Be aware of the history & culture
- Be aware of similarities & differences
- Be willing to push hard
- Have a thick skin & be willing to drink
1. overview
Large-scale Assets Spread Across Siberia and the Far East

**Production breakdown**

- **Olimpiada**: 54%
- **Kuranakh**: 8%
- **Verninskoye**: 9%
- **Blagodatnoye**: 17%
- **Alluvials**: 6%
- **Natalka**: 5%

**FY2018**

- **Production**: 2,440koz

**PRODUCTION**

1. Olimpiada
2. Blagodatnoye
3. Verninskoye
4. Kuranakh
5. Alluvials
6. Natalka
7. SUKHOL LOG
8. Chertovo Koryto

**Strong growth across all key metrics since 2013**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total rock moved, kt</th>
<th>Ore processed, kt</th>
<th>Recovery, %</th>
<th>Gold production, koz</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>125,019</td>
<td>22,480</td>
<td>79.3%</td>
<td>1,652</td>
</tr>
<tr>
<td>2014</td>
<td>140,630</td>
<td>23,743</td>
<td>82.2%</td>
<td>1,696</td>
</tr>
<tr>
<td>2015</td>
<td>147,206</td>
<td>24,740</td>
<td>83.7%</td>
<td>1,763</td>
</tr>
<tr>
<td>2016</td>
<td>144,360</td>
<td>26,445</td>
<td>83.9%</td>
<td>1,968</td>
</tr>
<tr>
<td>2017</td>
<td>224,423</td>
<td>28,663</td>
<td>83.4%</td>
<td>2,160</td>
</tr>
<tr>
<td>2018</td>
<td>300,648</td>
<td>38,025</td>
<td>80.8%</td>
<td>2,440</td>
</tr>
</tbody>
</table>

Source: Company data

2. Sustainability, health & safety
Latest news

- Automated HSE data and processes management system launched across Polyus’ operations.
- Polyus’ integrated HSE management system certified in accordance with ISO 14001 and 45001. Polyus became the first Russian company certified in accordance with ISO 45001.
- Waste management: plastic waste crusher introduced at Verninskoye, new waste management facility installed at the Krasnoyarsk Business Unit.

LTIFR BENCHMARKING (LATEST REPORTED)

LTIFR\(^1\) DYNAMICS AT POLYUS

Source: Companies’ data
1. Lost time injury frequency rate is calculated based on 200,000 work hours factor
3. Value accretive growth
Leading reserve base….

One of the largest reserve bases¹...

100% open-pit operator with grades typical for underground mining

Average grade in reserves (ex-Polyus) @ 1.7 g/t

Which translates into record-high life of mine³

Source: Companies data

¹Last reported
²Including Randgold reserves
³Production for calendar year 2018 was used for LoM calculation. LoM is calculated as the last reported reserves divided by 2018A production
# Moving from 2.4 moz in 2018 to 2.8 moz in 2019

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2018¹</th>
<th>2019F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barrick</td>
<td>7.2</td>
<td>5.1</td>
<td>Newmont GoldCorp</td>
</tr>
<tr>
<td>Newmont</td>
<td>5.1</td>
<td>Barrick</td>
<td>4.5</td>
</tr>
<tr>
<td>Anglogold</td>
<td>4.1</td>
<td>Anglogold</td>
<td>3.4</td>
</tr>
<tr>
<td>Goldcorp</td>
<td>2.7</td>
<td>Kinross</td>
<td>2.5</td>
</tr>
<tr>
<td>Kinross</td>
<td>2.6</td>
<td>Polyus</td>
<td>2.4</td>
</tr>
<tr>
<td>Newcrest</td>
<td>2.4</td>
<td>Newcrest</td>
<td>2.4</td>
</tr>
<tr>
<td>Gold Fields</td>
<td>2.0</td>
<td>Goldcorp</td>
<td>2.29</td>
</tr>
<tr>
<td>Polyus</td>
<td>1.7</td>
<td>Gold Fields</td>
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<tr>
<td>Sibanye</td>
<td>1.4</td>
<td>Agnico Eagle</td>
<td>1.6</td>
</tr>
<tr>
<td>Harmony</td>
<td>1.1</td>
<td>Polymetal</td>
<td>1.6</td>
</tr>
</tbody>
</table>

## Drivers of growth in 2019

- Completion of the ramp-up at Natalka in December 2018
- A suite of low risk and cost-efficient brownfield projects

---

1 Production for last reported 12 months (ex. recently announced Barrick-Randgold merger and Newmont-Goldcorp merger)
2 Production guidance for the 12 months ended 30 June 2019
3 Following Randgold acquisition
Polyus completed the ramp up at Natalka in December 2018.

In 2Q 2019, the Natalka Mill reached a record-high of 1,430 t/h. A 9% q-o-q improvement in hourly throughput was driven by optimised grinding media loading into the ball mill, the introduction of a cooling system for SAG and ball mills engines and reducing the circulation load at the grinding circuit following an upgrade of hydrocyclones.

---

1 Mill 1 excluded due to implementation of the reconfiguration project in 2015-2017

2 Recovery rate and hourly throughput of the Mill

3 Normalized hourly throughput of the Kuranakh Mill based on weighted average operating hours in 2018
Currently Polyus evaluates a set of new projects, which could be added in the medium term and represent a potential upside

1. Verninskoye Mill expansion up to 3.5 mtpa
   - Following the completion of the expansion project to 2.95 mtpa, Polyus’ technical team identified a potential for a further capacity expansion up to 3.5 mtpa, which might be achieved by debottlenecking of certain circuits.
   - Feasibility study is completed

2. BIO units modernization at Olimpiada Mill complex
   - Recently commissioned BIO-4 unit demonstrated a step up in operational efficiency compared to BIO 1,2,3 units, including higher recovery, throughput and decreased reagent consumption.
   - Polyus is currently evaluating possible options for further BIO modernization by replicating BIO-4 technical solutions at BIO 1,2,3.

3. Blagodatnoye expansion up to 15.0 mtpa
   - Polyus is currently considering opportunities to increase throughput capacity at Blagodatnoye up to 15.0 mtpa reflecting the asset’s large resource base.
   - The project may involve construction of an additional 6 mtpa mill on site, which will be partially utilizing existing infrastructure.

4. Chertovo Koryto (ChK) development
   - Scoping study completed in 2016 demonstrated economic viability of further project development.
   - Geotech drilling to provide necessary inputs for further studies is currently being finalized, technical reports are being prepared.
   - Polyus initiated the Pre-feasibility study of the project. Results are expected by 2019 YE.
Verninskoye Mill Expansion to 3.5 mtpa

Incremental ounces pa

Ca. 40 koz

Capex requirements

Ca. $60 mln

Expected completion

2021

**Rationale**

- Capex-light debottlenecking of crushing, grinding, flotation and hydrometallurgy circuits.
- Feasibility study has been completed.
- Equipment procurement is underway.

**Crushing + grinding**

- Installation of a screen preceding C-150 jaw crusher
- Replacement of two screens with larger models
- Installation of an additional cone crusher

**Flotation**

- Installation of additional centrifugal concentrator

**CIL**

- Installation of an additional reactivation kiln in the building extension
**INVESTMENT PROGRAM in 2019**

Polyus revised 2019 capex guidance due to:

- Capex roll over from 2018, related to a recalibration of brownfield projects
- Delayed construction of some infrastructure projects at Natalka
- Additional spending on new mid-sized projects (in PFS and FS stages) and efficiency improvement initiatives
- Higher exploration expenditures at the core assets
- Higher spending on the IT infrastructure and automation (incl. ERP)

### 2019 capital expenditures guidance reconciliation ($ mln)

<table>
<thead>
<tr>
<th></th>
<th>Initial guidance for 2019¹</th>
<th>2018 capex roll over</th>
<th>Mining equipment</th>
<th>Exploration</th>
<th>New projects²</th>
<th>IT</th>
<th>Revised guidance for 2019¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>650</td>
<td>30</td>
<td>(15)</td>
<td>25</td>
<td>30</td>
<td>5</td>
<td>725</td>
</tr>
</tbody>
</table>

² Mid-sized projects in pre-feasibility & feasibility stages and a set of smaller efficiency improvement projects

¹ At RUB/USD fx rate 60
Capex for Business process transformation and IT

### Business process transformation related capex, $mln

<table>
<thead>
<tr>
<th>Projects</th>
<th>2019F</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERP</td>
<td></td>
</tr>
<tr>
<td>Investment management optimization (Primavera)</td>
<td></td>
</tr>
<tr>
<td>Manufacturing execution system (MES)</td>
<td></td>
</tr>
<tr>
<td>Maintenance and repair management platform</td>
<td></td>
</tr>
<tr>
<td>Multi-functional center</td>
<td></td>
</tr>
<tr>
<td>Budgeting and Reporting automation</td>
<td></td>
</tr>
<tr>
<td>Automated systems for HR (SAP SuccessFactors)</td>
<td></td>
</tr>
</tbody>
</table>

### It related capex, $mln

<table>
<thead>
<tr>
<th>Projects</th>
<th>2019F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other IT projects</td>
<td></td>
</tr>
<tr>
<td>Data transmission networks</td>
<td></td>
</tr>
<tr>
<td>Equipment and software for workstations</td>
<td></td>
</tr>
<tr>
<td>IT infrastructure development</td>
<td></td>
</tr>
</tbody>
</table>

- Development of wireless networks at Natalka and Olimpiada mines covering 125 sq km.
- External Data Processing Center in Krasnoyarsk.
- Mobile Data Processing Center at Olimpiada.
- Infrastructure development for SAP ERP

Source: Company data
4. Natalka update
Natalka in 2Q 2019

Ore processed
Up 11% q-o-q
2,711 kt

Recovery rate
down 0.3 ppts
71.4%

Hourly throughput
Up 9% q-o-q
1,430 t/h

Refined Gold output
Up 2% q-o-q
87 koz

RECOVERY RATE, %

ORE MINED VOLUMES, KT

PROCESSING VOLUMES AND HOURLY THROUGHPUT

Currently, the Company is targeting further gradual recovery improvement (please see the next slide)
Further Recovery rate improvement at natalka

EXPANSION OF THE GRAVITY CONCENTRATION CIRCUIT AT NATALKA

- In 2Q 2019, Polyus introduced two additional concentrators at the first stage of gravity separation and commissioned the fourth stage of gravity concentration.

INTRODUCTION OF FLASH FLOTATION

- Polyus approved the roll out of flash flotation technology at the Natalka Mill and anticipates the commissioning of flash flotation units in 2020.

Smaller-scale initiatives

- Transition to new 63 mm milling balls
- Replacement of steel with rubber-steel lining at the ball mill
- Installation of a belt magnet to remove recirculating scrap metal at the ball mill
- Reduction of recirculation load by maximizing cyclones efficiency
infrastructure development (current status)

**ASSAY LABORATORY**

- Polyus commissioned the assay laboratory in 1Q 2019

**UST-OMCHUG / OMCHAK GRID**

- The Grid is supposed to link Ust-Srednekanskaya HPP with Natalka, increasing available power capacity
- Grid length: 120 km
- Capex: RUB 7.9 bln (state subsidy)
- Completion by the end of 2019

**TAILINGS STORAGE FACILITY**

- Polyus proceeds with dam construction at Zimniy creek

**FUEL STORAGE FACILITY**

- Tanks installation is ongoing
5. Absolute cost leadership
## Key Financial Figures & BENCHMARKING

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cash costs, $/oz</td>
<td>585</td>
<td>424</td>
<td>389</td>
<td>364</td>
<td>348</td>
<td>(4%)</td>
</tr>
<tr>
<td>EBITDA adjusted, $ mln</td>
<td>1,018</td>
<td>1,278</td>
<td>1,536</td>
<td>1,702</td>
<td>1,865</td>
<td>10%</td>
</tr>
<tr>
<td>EBITDA adjusted, margin %</td>
<td>45%</td>
<td>58%</td>
<td>62%</td>
<td>63%</td>
<td>64%</td>
<td>1 ppts</td>
</tr>
<tr>
<td>Capex, $ mln</td>
<td>525</td>
<td>268</td>
<td>466</td>
<td>804</td>
<td>736</td>
<td>(8%)</td>
</tr>
<tr>
<td>FCF, $ mln</td>
<td>282</td>
<td>351</td>
<td>902</td>
<td>610</td>
<td>672</td>
<td>10%</td>
</tr>
<tr>
<td>Net debt / EBITDA adjusted, “x”</td>
<td>0.3</td>
<td>0.3</td>
<td>2.1</td>
<td>1.8</td>
<td>1.7</td>
<td>(6%)</td>
</tr>
</tbody>
</table>

### TCC & AISC VS. top-10 global majors (2018)

<table>
<thead>
<tr>
<th>Company</th>
<th>TCC, $/oz</th>
<th>AISC, $/oz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polyus</td>
<td>348</td>
<td>807</td>
</tr>
<tr>
<td>Newcrest</td>
<td>778</td>
<td>637</td>
</tr>
<tr>
<td>Barrick</td>
<td>807</td>
<td>637</td>
</tr>
<tr>
<td>Goldcorp</td>
<td>849</td>
<td>709</td>
</tr>
<tr>
<td>Polymetal</td>
<td>861</td>
<td>723</td>
</tr>
<tr>
<td>Agnico Eagle</td>
<td>877</td>
<td>773</td>
</tr>
<tr>
<td>Newmont</td>
<td>937</td>
<td>976</td>
</tr>
<tr>
<td>Kinross</td>
<td>959</td>
<td>980</td>
</tr>
<tr>
<td>AngloGold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goldfields</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### EBITDA margin VS. m&m companies globally

- **Polyus**: 64% (2018)
- **Gold peers**: 19% (2018)
- **Russian M&M companies**: 29% (2018)
- **Global diversified miners**: 7% (2018)

## Sources
- Company data, Metals Focus, Bloomberg
THE LOWEST COST PRODUCER GLOBALLY

RECENT RESULTS OVERVIEW

THE LOWEST COST PRODUCER GLOBALLY

Sources: Company data, Metals Focus, Bloomberg

$/oz

Polyus TCC @ $358/oz

Polyus AISC @ $589/oz

1Q 2019 average gold price = $1,304/oz

TCC dynamics of Russian Gold miners, rebased vs. 2013, %

First decile on the global TCC and AISC curves
THANK YOU
THANK YOU

QUESTION & ANSWER SESSION

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