PJSC “Polyus”

Published consolidated financial statements for the year ended 31 December 2023 and Independent auditor’s report

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PJSC “POLYUS”

MANAGEMENT RESPONSIBILITY STATEMENT FOR THE PREPARATION AND APPROVAL OF THE PUBLISHED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Management of PJSC “Polyus” (“Company”) and its subsidiaries (“group”) is responsible for the preparation of the published consolidated financial statements in accordance with the basis of preparation described in note 2.2 to the published consolidated financial statements.

In preparing the published consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner consistent with the basis of preparation described in more detail in note 2.2, which does not lead to imposition of additional sanctions by foreign states, national unions and (or) associates, state-owned (interstate) institutions of foreign states or of national unions and (or) associates targeting the group and (or) other persons;
- 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.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the group;
- maintaining adequate accounting records that are sufficient to show and explain the group’s transactions and disclose with reasonable accuracy at any time the published consolidated financial position of the group, and which enable them to ensure that the published consolidated financial statements of the group comply with the basis of preparation described in note 2.2 to the published consolidated financial statements;
- 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 published consolidated financial statements of the group for the year ended 31 December 2023 were approved by management on 29 February 2024.

By order of the management,

____
Vostokov A.A.
Chief Executive Officer

Moscow, Russia
29 February 2024

AO BST
5 Lesnaya Street
Moscow, 125047,
Russia

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

INDEPENDENT AUDITOR'S REPORT ON PUBLISHED CONSOLIDATED FINANCIAL STATEMENTS

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

Opinion

We have audited the published consolidated financial statements of Public Joint Stock Company "Polyus" and its subsidiaries (the "group"), which comprise the published consolidated statement of financial position as at 31 December 2023 and the published consolidated statement of profit or loss, published consolidated statement of comprehensive income, published consolidated statement of changes in equity and published consolidated statement of cash flows for the year then ended, and notes to the published consolidated financial statements, including material accounting policy information ("published consolidated financial statements").

In our opinion, the accompanying published consolidated financial statements are prepared in all material respects in accordance with the basis of preparation of published consolidated financial statements described in note 2.2 *"Basis of preparation of published consolidated financial statements"* and in accordance with Decree of the Government of the Russian Federation №1102 dated 4 July 2023 *"On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market"* regarding restrictions on the level of financial information disclosure.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Published Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Auditor's Independence Rules and the Auditor's Professional Ethics Code, that are relevant to our audit of the financial statements in the Russian Federation together with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation and Restriction on Use

We draw attention to note 2.2 to the published consolidated financial statements *"Basis of preparation of published consolidated financial statements"*, which describes the basis of preparation. The purpose of published consolidated financial statements is to comply with the requirements for the publication of the Group's consolidated financial results established within the framework of the requirements of Federal Law № 208 "On Joint-Stock Companies" dated 26 December 1995 as well as taking into account the recommendations set out in Decree of the Government of the Russian Federation №1102 dated 4 July 2023 "On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" regarding restrictions on the level of financial information disclosure in such a way that the information presented in the accompanying published consolidated financial statements could not lead to imposition of additional sanctions by foreign states, national unions, associates and state-owned (interstate) institutions targeting the Group and (or) other persons. As a result, the published consolidated financial statements do not comply with International Financial Reporting Standards ("IFRSs") and do not contain all the information required to be presented and disclosed in accordance with IFRSs and may not be suitable for any other purposes. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the published consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the published consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the published consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the published consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Published Consolidated Financial Statements

Management is responsible for the preparation of the published consolidated financial statements in accordance with the basis of preparation described in note 2.2 and for such internal control as management determines is necessary to enable the preparation of published consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the published consolidated financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Published Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the published consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these published consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the published consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the published consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Ilya Ryabtsev
(ORNZ #21906100462),
Engagement partner,
Acting based on the power of attorney issued by the General Director on 15.12.2023 authorizing to sign off the audit report on behalf of AO “Business Solutions and Technologies” (ORNZ № 12006020384)

29 February 2024

PJSC “POLYUS”

PUBLISHED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US Dollars)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Gold sales	5	5,341	4,172
Other sales		95	85
Total revenue		**5,436**	**4,257**
Cost of gold sales	6	(1,626)	(1,788)
Cost of other sales		(90)	(73)
Total cost		**(1,716)**	**(1,861)**
Gross profit		**3,720**	**2,396**
Selling, general and administrative expenses	7	(426)	(400)
Other expenses	8	(122)	(98)
Operating profit		**3,172**	**1,898**
Finance costs	9	(314)	(179)
Interest income		58	32
Gain on acquisition of subsidiaries	24	-	3
(Loss) / gain on revaluation of derivative financial instruments and investments	10	(600)	250
Foreign exchange loss		(187)	(112)
Profit before income tax		**2,129**	**1,892**
Income tax expense	11	(400)	(345)
Profit for the year		**1,729**	**1,547**
Profit / (loss) for the year attributable to:			
Shareholders of the Company		1,729	1,548
Non-controlling interests		-	(1)
		1,729	**1,547**
Weighted average number of ordinary shares ’000			
- for basic earnings per share	16	116,356	135,354
- for diluted earnings per share	16	116,856	136,028
Earnings per share (US Dollar per share)			
- basic		14.86	11.44
- diluted		14.80	11.38

PJSC "POLYUS"

PUBLISHED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US Dollars)

	Year ended 31 December	
	2023	**2022**
Profit for the year	**1,729**	**1,547**
Other comprehensive (loss) / income for the year		
Items that may be subsequently reclassified to profit or loss:		
Effect of translation to presentation currency	(1,283)	225
Items that will not be subsequently reclassified to profit or loss		
Increase in other reserves	1	4
Other comprehensive (loss) / income for the year	**(1,282)**	**229**
Total comprehensive income for the year	**447**	**1,776**
Total comprehensive income / (loss) for the year attributable to:		
Shareholders of the Company	449	1,773
Non-controlling interests	(2)	3
	447	**1,776**

PJSC “POLYUS”

PUBLISHED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023
(in millions of US Dollars)

	Notes	31 Dec. 2023	31 Dec. 2022
Assets			
Non-current assets			
Intangible assets		122	191
Property, plant and equipment	12	4,899	5,766
Inventories	13	1,018	806
Deferred tax assets	11	71	115
Derivative financial instruments and investments	18	70	330
Other receivables and non-current assets		21	28
		6,201	**7,236**
Current assets			
Inventories	13	925	1,006
Deferred expenditure		16	23
Derivative financial instruments and investments	18	47	61
Advances paid to suppliers and prepaid expenses	14	109	92
Trade and other receivables	14	130	46
Taxes receivable	14	130	139
Income tax prepaid		15	15
Cash and cash equivalents	15	1,711	1,317
		3,083	**2,699**
Total assets		**9,284**	**9,935**
Equity and liabilities			
Capital and reserves			
Share capital	16	5	5
Additional paid-in capital	16	2,377	2,390
Treasury shares	16	(6,493)	(133)
Translation reserve		(4,124)	(2,843)
Other reserves		7	6
Retained earnings		7,594	5,858
Equity attributable to shareholders of the Company		**(634)**	**5,283**
Non-controlling interests		7	10
		(627)	**5,293**
Non-current liabilities			
Borrowings	17	8,004	3,173
Derivative financial instruments	18	74	72
Deferred tax liabilities	11	259	468
Site restoration, decommissioning and environmental obligations		47	58
Other non-current liabilities		33	46
		8,417	**3,817**
Current liabilities			
Borrowings	17	649	348
Derivative financial instruments	18	332	-
Trade and other payables	19	390	378
Taxes other than income tax payable	19	72	91
Income tax payable		51	8
		1,494	**825**
Total liabilities		**9,911**	**4,642**
Total equity and liabilities		**9,284**	**9,935**

PJSC “POLYUS”

PUBLISHED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US Dollars)

		Equity attributable to shareholders of the Company								
	Notes	**Share capital**	**Additional paid-in capital**	**Treasury shares**	**Other reserves**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Balance at 31 December 2021		**5**	**2,411**	**(226)**	**2**	**(3,064)**	**4,346**	**3,474**	**25**	**3,499**
Profit / (loss) for the year		-	-	-	-	-	1,548	**1,548**	(1)	**1,547**
Other comprehensive income		-	-	-	4	221	-	**225**	4	**229**
Total comprehensive income		**-**	**-**	**-**	**4**	**221**	**1,548**	**1,773**	**3**	**1,776**
Equity-settled share-based compensation (LTIP), net of tax		-	27	-	-	-	-	**27**	-	**27**
Shares awarded under LTIP		-	(48)	101	-	-	(50)	**3**	-	**3**
Share buyback		-	-	(8)	-	-	-	**(8)**	-	**(8)**
Dividends declared to shareholders of non-controlling interests		-	-	-	-	-	-	**-**	(4)	**(4)**
Other		-	-	-	-	-	14	**14**	(14)	**-**
Balance at 31 December 2022		**5**	**2,390**	**(133)**	**6**	**(2,843)**	**5,858**	**5,283**	**10**	**5,293**
Profit for the year		-	-	-	-	-	1,729	**1,729**	-	**1,729**
Other comprehensive income / (loss)		-	-	-	1	(1,281)	-	**(1,280)**	(2)	**(1,282)**
Total comprehensive income / (loss)		-	-	-	1	(1,281)	1,729	**449**	(2)	**447**
Equity-settled share-based compensation (LTIP), net of tax	16	-	23	-	-	-	-	**23**	-	**23**
Shares awarded under LTIP	16	-	(36)	-	-	-	6	**(30)**	-	**(30)**
Share buyback	16	-	-	(6,360)	-	-	-	**(6,360)**	-	**(6,360)**
Dividends declared to shareholders of non-controlling interests		-	-	-	-	-	-	**-**	(1)	**(1)**
Other		-	-	-	-	-	1	**1**	-	**1**
Balance at 31 December 2023		**5**	**2,377**	**(6,493)**	**7**	**(4,124)**	**7,594**	**(634)**	**7**	**(627)**

PJSC “POLYUS”

PUBLISHED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(in millions of US Dollars)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Operating activities			
Profit before income tax		**2,129**	**1,892**
Adjustments for:			
Finance costs	9	314	179
Interest income		(58)	(32)
Gain on acquisition of subsidiaries	24	-	(3)
Loss / (gain) on revaluation of derivative financial instruments and investments	10	600	(250)
Depreciation and amortisation		484	449
Foreign exchange loss		187	112
Other		143	121
		3,799	**2,468**
Movements in working capital			
Inventories		(316)	(391)
Deferred expenditure		(4)	6
Trade and other receivables		(86)	15
Advances paid to suppliers and prepaid expenses		(37)	(24)
Taxes receivable		(12)	24
Trade and other payables		4	34
Taxes other than income tax payable		12	(17)
Cash flows from operations		**3,360**	**2,115**
Income tax paid		(464)	(234)
Net cash generated by operating activities		**2,896**	**1,881**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(1,188)	(1,355)
Acquisition of subsidiaries, net of cash acquired	24	-	(143)
Interest received		59	24
Loans issued		(117)	(440)
Proceeds on disposal of subsidiaries, net of cash disposed	10	68	-
Proceeds from repayment of loans receivable		323	8
Other		(1)	6
Net cash utilised in investing activities		**(856)**	**(1,900)**
Financing activities			
Proceeds from borrowings	17	5,837	665
Repayment of borrowings	17	(340)	(509)
Interest paid		(317)	(197)
Commissions paid on borrowings		(32)	(2)
Payments of lease liability		(19)	(20)
Net proceeds on exchange of interest payments under cross currency swaps	9	29	56
Proceeds from termination of cross-currency swaps		-	24
Payment on currency forward		(271)	-
Payments for share buyback	16	(6,395)	(8)
Dividends paid to shareholders of non-controlling interests		(1)	(3)
Net cash (utilised in) / generated by financing activities		**(1,509)**	**6**
Net increase / (decrease) in cash and cash equivalents		**531**	**(13)**
Cash and cash equivalents at the beginning of the year	15	**1,317**	**1,343**
Effect of foreign exchange rate changes on cash and cash equivalents		(137)	(13)
Cash and cash equivalents at the end of the year	15	**1,711**	**1,317**

1. GENERAL

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

The principal activities of the Company and its controlled entities (the “group”) are the extraction, refining and sale of gold. The mining and processing facilities of the group are located in the Krasnoyarsk, Irkutsk, Magadan regions and the Sakha Republic of the Russian Federation. The group also performs research and exploration works.

The shares of the Company are “level one” listed on the Moscow Exchange. Global Depositary receipts (“GDRs”) each representing interest in ½ of an ordinary share in the Company were traded on the main market for listed securities of the London Stock Exchange plc (“LSE”). At 25 July 2023, the UK Financial Conduct Authority has cancelled the listings of the Company’s GDRs according to Management request, given current circumstances (including, among other things, the recent imposition of US and UK blocking sanctions against the Company and several subsidiaries, refer to Note 21).

2. BASIS OF PREPARATION AND PRESENTATION

2.1. Going concern

Management has, at the time of approving the published consolidated financial statements, a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the group continues to adopt the going concern basis of accounting in preparing the published consolidated financial statements. Management of the group has no intentions or need to cease operations or liquidate the group, therefore all obligations shall be paid in due course and assets realized in normal course of business.

As at 31 December 2023, the group’s liabilities exceeded its assets by USD 627 million. Such excess was due to share buyback in August 2023 (Note 16). The net profit for 2023 year was USD 1,729 million, net cash generated by operating activities was USD 2,896 million. In making its going concern assessment management of the group has taken into account group’s financial position, expected commercial results, recoverability of financial assets, borrowings and available credit facilities, as well as planned capital expenditures and capital commitments and other factors, including those related to the geopolitical situation in the world. According to management's forecasts, operating cash flows will be sufficient to fully cover the negative net assets of the group during 2024-2025 years.

2.2. Basis of preparation of published consolidated financial statements

These published consolidated financial statements have been prepared by management based on the consolidated financial statements as of and for the year ended 31 December 2023 prepared in accordance with the International Financial Reporting Standards (“IFRS”) by excluding information in accordance with Decree of the Government of the Russian Federation dated 4 July 2023 № 1102 “On specific aspects of disclosure and (or) provision of information, subject to disclosure and (or) provision in accordance with the requirements of the Federal Law “On Joint Stock Companies” and the Federal Law “On the Securities Market”.

The purpose of these published consolidated financial statements is to present consolidated financial position and consolidated financial results of the group excluding information, disclosure of which, in the opinion of the management, could lead to imposition of additional sanctions by foreign states, national unions and (or) associates, state-owned (interstate) institutions of foreign states or of national unions and (or) associates targeting the group and (or) other persons. Therefore, these published consolidated financial statements are not prepared in accordance with IFRS and do not replace consolidated financial statements prepared in accordance with IFRSs as far as do not contain all information which is required to be disclosed in accordance with IFRS and may not be suitable for any other purposes.

(in millions of US Dollars)

2.3. Basis of accounting

The entities of the group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the jurisdiction in which they are incorporated and registered. The accounting principles and financial reporting procedures in these jurisdictions may differ substantially from those generally accepted under IFRS. Accordingly, financial information has been adjusted to ensure that the published consolidated financial statements are presented in accordance with the basis described above and accounting policies which are based on the principles of IFRS, taking into account standards and amendments which were effective as at 1 January 2023.

The published consolidated financial statements of the group are prepared on the historical cost basis, except for derivative financial instruments and certain trade receivables, which are accounted for at fair value, as explained in the accounting policies below.

Comparative information for the year ended 31 December 2022 has been retrospectively adjusted due to the end of the measurement period of the acquisition of business in June 2023 (Note 24).

2.4. IFRS standards and amendments first time applied in 2023

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

Title	Subject	Effective for annual periods beginning on or after	Effect on the published consolidated financial statements
IFRS 17, including amendments to IFRS 17	Insurance contracts	1 January 2023	No effect
Amendment to IAS 8	Definition of Accounting Estimates	1 January 2023	No effect
Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction International Tax reform – Pillar Two model rules	1 January 2023	No effect
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023	No effect

2.5. IFRS standards and amendments to be applied after 2023

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

Title	Subject	Effective for annual periods beginning on or after	Effect on the published consolidated financial statements
Amendments to IFRS 7 and IAS 7	Supplier finance arrangements	1 January 2024	No effect
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024	No effect
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current; Non-current Liabilities with Covenants	1 January 2024	No effect
Amendments to IAS 21	Lack of exchangeability	1 January 2025	No effect

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of consolidation

Subsidiaries

The published consolidated financial statements of the group incorporate the financial statements of the Company and all its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company has the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control defined above. Subsidiaries are included in the published consolidated financial results of the Company from the effective date of acquisition up to the effective date of loss of control.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as non-controlling interests in the equity section of the published consolidated statement of financial position. The non-controlling interest may initially be measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the subsidiary's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

All intra-group balances, transactions and any unrealised profits or losses arising from intra-group transactions are eliminated on consolidation.

Functional currency

The functional currency of the Company and all the subsidiaries of the group is the Russian Rouble ("RUB").

3.2. Presentation currency

The group presents its published consolidated financial statements in the US Dollar ("USD"), as management believes it is a more convenient presentation currency for international users of the published consolidated financial statements of the group as it is a common presentation currency in the mining industry. The translation of the financial statements of the group entities from their functional currencies to the presentation currency is performed as follows:

- All assets and liabilities are translated at closing exchange rates at each reporting date;
- All income and expenses are translated at the monthly average exchange rates, except for revenue and significant transactions that are translated at rates on the date of such transactions;
- Resulting exchange differences are included in the *Translation reserve* in equity (on disposal of such entities this *Translation reserve* is reclassified into the published consolidated statement of profit or loss); and
- In the published consolidated statement of cash flows, cash balances at the beginning and end of each reporting period presented are translated at exchange rates at the respective dates. All 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.

As of 31 December 2023, year-end RUB/ US Dollar exchange rate used in the preparation of the published consolidated financial statements was 89.69 (31 December 2022: 70.34).

3.3. Foreign currencies

Transactions not denominated in RUB (functional currency of the Company and all the subsidiaries of the group) are recorded at the exchange rate prevailing on the date of the transactions. All monetary assets and liabilities not denominated in RUB are translated at the exchange rates prevailing at the reporting date. Non-monetary items carried at historical cost are translated at the exchange rate prevailing on the date of the transaction.

3.4. Revenue

The group entity recognises revenue when or as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Refined gold sales

The group recognises revenue from refined gold sales upon physical shipment of gold from the refinery plant to customers or upon receipt of full payment for refined gold which has already been delivered to the place of destination depending on terms specified in contracts with customers. Gold price is based on prevailing spot market metal prices. Cash payments are received in advance or within several days after sale.

Gold-antimony and gold flotation concentrates sales

The group has a number of sales contracts for gold flotation concentrates, which contain provisional pricing terms depending on quantity and price. Revenue from sales of gold flotation concentrates is recognised upon shipments from the railroad stations, seaports or group’s warehouses depending on the date of passing the title as per contracts with customers.

Revenue from sales of gold within gold flotation concentrates is recognised in *Gold in flotation concentrate* sales within *Gold sales*. The sale proceeds from sale of antimony contained in the gold-antimony flotation concentrate is treated as by-product sales and recognised as a decrease to *cost of gold sales*.

Final cash payments are received within several months after the shipment.

The adjustment to the quantity of gold in gold flotation concentrates delivered is treated as a variable consideration, thus completely recognised in *Gold in flotation concentrate sales* within *Gold sales*.

The adjustment to the gold price depends on gold market prices, therefore represents a sales contract with an embedded derivative. The embedded derivative relates to the trade receivables and fails the “solely payments of principal and interest” test under IFRS 9, thus such trade receivables are recognised and measured at fair value through profit or loss (FVTPL). The revaluation result is presented within *Other expenses*.

Other revenue

Other revenue comprises mainly sales of electricity and materials and supplies. Revenue from sales is recognised when a contract exists, delivery has taken place, a quantifiable price has been established or can be determined and the receivables are likely to be recovered. Delivery takes place when the risks and benefits associated with ownership are transferred to the customer.

3.5. Income tax

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense is recognised in the published consolidated statement of profit or loss except to the extent it relates to a business combination or items recognised directly in the published consolidated statement of changes in equity.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements of the separate legal entities and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are not recognised for taxable temporary differences associated with investments in subsidiaries because the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

3.6. Dividends

Dividends and related taxation thereon are recognised as a liability in the period in which they have been declared and become legally payable.

Retained earnings legally distributable by the Company are based on the amounts available for distribution in accordance with the applicable legislation and as reflected in the statutory financial statements of the individual subsidiaries of the group. These amounts may differ significantly from the amounts calculated on the basis of IFRS.

3.7. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Intangible assets with a finite useful life are amortised on a straight-line basis over the estimated economic useful life of the asset. The amortisation of such intangible assets is included in *Cost of sales* or *Selling, general and administrative* expenses based on whether intangible asset is used in operating activities or not.

The remaining useful lives of the group’s intangible assets are from 1 to 15 years.

The group applies IAS 36 *Impairment of Assets* to determine whether an intangible asset is impaired and accounts for any identified impairment loss when incurred.

3.8. Property, plant and equipment

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation. Fixed assets include the cost of acquiring and developing mining properties, pre-production expenditure and mine infrastructure, processing plant, mineral rights and mining and exploration licences and the present value of future mine closure, rehabilitation and decommissioning costs.

Fixed assets are amortised on a straight-line basis over the estimated economic useful life of the asset, or the remaining life-of-mine in accordance with the mine operating plans (MOPs), whichever is shorter.

Depreciation is charged from the date a new mine reaches commercial production quantities and is included in the *Cost of sales*, *Selling, general and administrative expenses* or *Stripping activity assets* accordingly. The estimated remaining useful lives of the group’s significant mines and processing facilities based on the MOPs are as follows:

Olimpiada	11 years
Blagodatnoye	15 years
Verninskoye	13 years
Kuranakh	16 years
Natalka	26 years

Stripping activity asset

The group incurs stripping costs during the production phases of its surface mining operations.

The group identifies separate components towards which the stripping costs are incurred for the ore bodies in each of its mines. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. For the purposes of identification of separate components the group uses MOPs. Each discrete stage of mining identified in a MOP is considered as a unit of account. If the MOP identifies several discrete stages which are scheduled to be mined consecutively (one after the another) or located in the different parts of the mine, these stages are identified as separate components.

The group uses an allocation basis that compares volume of waste extracted with expected volume, for a given volume of ore production in the period for the identified component of the ore body to determine if stripping costs are to be allocated to stripping activity asset or the cost of inventory.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs.

After initial recognition the stripping activity asset is carried at cost less accumulated depreciation calculated using unit-of production method based on ore extracted and any impairment losses.

Capital construction in progress and equipment not installed

Assets under construction at operating mines are accounted for as capital construction in progress. When the capital construction in progress is completed and in a condition necessary to be capable of operating in the manner intended by management, the objects are reclassified to fixed assets. Equipment not installed is equipment that requires additional installation or assembly costs to be capable of operating in the manner intended by management. After incurring these costs, such equipment is reclassified to fixed assets. Capital construction in progress is not depreciated.

Exploration and evaluation assets

Exploration and evaluation expenditure is capitalised when the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable gold resources. When the technical feasibility and commercial viability of extracting a gold resource are demonstrable and a decision has been made to develop the mine, capitalised exploration and evaluation assets are reclassified to *Mine under development or Fixed assets*.

3.9. Impairment of property, plant and equipment

Property, plant and equipment items are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets, which is generally at the individual mine level. An impairment review of property, plant and equipment items is carried out when there is an indication that those assets have suffered an impairment loss. There were no such indicators during 2023 and 2022.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among others, indicate that exploration and evaluation assets must be tested for impairment:

- The term of the exploration licence in the specific area has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of gold resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of gold resources in the specific area have not led to the discovery of commercially viable quantities of gold resources and the decision was made to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to occur, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3.10. Financial instruments

Financial assets and financial liabilities are initially recognised at fair value when the group becomes a party to the contractual provisions of the instruments.

The group subsequently measures its financial instruments as follows:

- Trade receivables for gold flotation concentrates, derivatives – at FVTPL with effect of fair value change presented within note 10;
- Borrowings, cash and cash equivalents, trade and other receivables (except for those at FVTPL), loans receivable, trade and other payables – at amortised cost using the effective interest method.

The group neither applies hedge accounting nor has any financial instruments measured at fair value through other comprehensive income.

Trade receivables for gold flotation concentrates

Accounting of trade receivables for gold flotation concentrates is disclosed in 3.4 *Revenue*.

Derivatives

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate risk and risk of volatility in the gold price.

Derivatives are carried at fair value through profit or loss. Changes in the fair value of the derivative financial instruments are recognised within *(Loss) / gain on revaluation of derivative financial instruments and investments* of the published consolidated statement of profit or loss. Gain or loss on the exchange of interest payments under cross-currency and interest rate swaps are recognised within *Finance costs*.

Borrowings

Borrowings (consisting of bonds issued, bank loans and lease liabilities) are initially recognised at fair value adjusted for directly attributable transaction costs and are subsequently accounted at amortised cost using the effective interest method.

Amortisation under the effective interest method (interest expense) and gains or losses on de-recognition or debt modification are recognised as profit or loss in the published consolidated statement of income within *Finance costs*.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments which are:

- Readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value; or
- With original maturities of three months or less.

Impairment of financial assets

Cash and cash equivalents and loans receivable that are determined to have a low credit risk at the reporting date and for which credit risk has not increased significantly since initial recognition, are measured based on 12-month expected credit loss (ECL). In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Lifetime ECL's that result from all possible default events are recognised in respect of other financial assets measured at amortised cost.

The expected credit losses on these financial assets are estimated at each reporting date based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Fair value

Accounting standards require that the fair value of financial instruments reflects their credit quality, and also changes in credit quality where there is evidence that this has occurred. The credit risk associated with the group's derivative financial instruments is reflected in its derivative valuations. This credit factor is adjusted over time to reflect the reducing tenor of the instrument and is updated where the credit risk associated with the derivative has clearly changed based on market transactions and prices.

3.11. Inventories

Refined gold, ore stockpiles and gold-in-process

Stockpiles are valued at the lower of the average production costs per unit of ore mined and net realisable value. Gold-in-process, refined gold and gold in flotation concentrate are valued at the lower of the average production costs per recoverable gold and net realisable value. Costs are assigned to individual items of inventory on a weighted average cost basis.

Net realisable value of long-term stockpiles is estimated in real terms by calculating the selling price less all costs still to be incurred in converting the relevant inventory to saleable product, and delivering it to the customer, subject to an applicable discount factor. The selling price is estimated using long-term consensus gold price forecasts, multiplied by long-term consensus exchange-rate forecasts, gold content determined under group's production reports and recovery coefficients expected for a given ore type. Costs still to be incurred in converting the stockpile to refined gold are determined based on historical processing costs. Timing for discounting is determined based on management plans to process each type of ore or the life of the mine.

Materials and supplies

Materials and supplies consist of consumable materials and are stated at the lower of cost or net realisable value. Costs of materials and supplies are determined on a weighted average cost basis.

Antimony in gold-antimony flotation concentrate and silver

Antimony in gold-antimony flotation concentrate and silver are by-products of the group's gold production, which are valued at their net realisable value.

3.12. Deferred expenditure

Deferred expenditure relates to the preparation for the seasonal alluvial mining activities comprised of excavation costs, general production and specific production overhead costs and releases in the statement of profit or loss when the gold is extracted during the mining season.

3.13. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date and subsequently expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the published consolidated financial statements in accordance with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires judgements which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

4.1. Critical judgements in applying accounting policies

No critical judgements have been applied when selecting the appropriate accounting policies.

4.2. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Mine operating plans;
- Recoverability of exploration and evaluation assets;
- Impairment of long-lived assets;
- Net realisable value of long-term stockpiles;
- Derivative financial instruments valuation; and
- Interpretation of tax legislation.

4.2.1. Mine operating plans

The group estimates ore, stripping volumes and grades for MOPs based on the data consistent with Joint Ore Reserves Committee Code (JORC) principles, where applicable, and considering national regulations. The MOPs are prepared based on geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity prices and exchange rates. This process requires complex and difficult geological judgements and analysis to interpret the data. The MOPs are usually updated annually to account for the newly obtained information including, but not limited to, resource definition drilling.

MOPs are the best estimates of the group about the expected volume and timing of extraction and processing of the reserves and resources from the group's mines. MOPs are used for the planning and actual extraction of ore from the mines and affect the following amounts in the published consolidated financial statements:

- Depreciation and amortisation expense, when an asset is amortised based on the units-of-production or straight-line basis (if life-of-mine is shorter than the useful economic life of the asset);
- Allocation of overburden removal (stripping) costs either to stripping activity asset or the cost of inventory, depending on proportion of ore and waste as per MOPs and actual performance in the reporting period;
- Asset retirement obligations due to expectations about the timing or cost of these activities; and
- Carrying value of deferred tax assets which depends on the ability of the group to realise the related tax benefits and is impacted by the expected results of mine operation and their timing.

4.2.2. Recoverability of exploration and evaluation assets

Management's judgement is involved in the determination of whether the expenditures which are capitalised as exploration and evaluation assets may be recouped by future exploitation or sale or should be impaired. Determining this, management estimates the possibility of finding recoverable ore reserves related to a particular area of interest. However, these estimates are subject to significant uncertainties. The group is involved in exploration and evaluation activities and some of its licensed properties contain gold resources. Management assumes that all licences will be renewed. Many of the factors, assumptions and variables involved in estimating resources are beyond the group's control and may prove to be incorrect over time. Subsequent changes in gold resources estimates could impact the carrying value of exploration and evaluation assets.

4.2.3. Impairment of long-lived assets

The group reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment indicators, assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit. Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate cash-generating units and also in estimating the timing and value of underlying cash flows within the value-in-use calculation. The value-in-use calculations for operating mines are based on the best available reserve estimates at the time of the analysis such as JORC.

Factors which could impact the underlying cash flows include:

- Commodity prices and exchange rates;
- Timelines of granting of licences and permits;
- Capital and operating expenditure; and
- Available reserves and resources and future production profiles.

Subsequent changes to the cash-generating unit allocation or to the timing of cash flows could impact the carrying value of the respective assets.

4.2.4. Net realisable value of long-term stockpiles

The measurement of long-term stockpiles includes the determination of its net realisable value, which involves significant estimates of future gold prices, Russian Rouble exchange rates, gold recoveries, future energy, material and other processing costs, timing of refined gold sales and processing and determination of discount rates.

Judgment also exists in estimating the number of contained ounces in ore stockpiles. These amounts are measured by estimating the number of gold ounces added (based on assay data) and removed (based on processing data) from the stockpile. Although the quantities of recoverable gold placed on the stockpiles are reconciled to the quantities of gold actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels.

The group assesses net realisable value of low-grade ore at the end of each reporting period. As at 31 December 2023, of all low-grade ore balances owned the group, the net realisable value of low-grade ore at Natalka was the most sensitive to changes in the key assumptions used in the assessment, including processing schedule, budgeted capital expenditures and macroeconomic assumptions, such as the long-term gold price and a RUB/USD exchange rate.

4.2.5. Derivative financial instruments valuation

Derivative instruments are carried at fair value and the group evaluates the quality and reliability of the assumptions and data used to measure fair value. Fair values of Derivative financial instruments are determined using valuation models based on inputs which are observable in the market (Level 2). The models incorporate various inputs including the credit quality of the group and counterparties. Changes in inputs are not controllable by the group and may change in future.

4.2.6. Interpretation of tax legislation

The group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the group's provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the income tax and deferred tax provisions in the period in which such determination is made.

5. SEGMENT INFORMATION

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

The following is a description of operations of the group's identified reportable segments:

Business unit	Russian Federation region	Mine / deposit	Description of operations at the specified mine / deposit
Olimpiada	Krasnoyarsk region	Olimpiada	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Blagodatnoye	Krasnoyarsk region	Blagodatnoye	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Natalka	Magadan region	Natalka	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Verninskoye	Irkutsk region	Verninskoye	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Kuranakh	Sakha Republic	Kuranakh	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Alluvials	Irkutsk region	Alluvials	mining (including initial processing) and sale of gold
Sukhoi Log	Irkutsk region	Sukhoi Log	exploration and evaluation works
Exploration	Krasnoyarsk, Irkutsk and other regions	Not applicable	exploration and evaluation work in several regions of the Russian Federation other than those performed by other business units

The group does not allocate segment results of companies that perform management, investing activities and certain other functions. Neither standalone results nor the aggregated results of these companies are significant enough to be disclosed as operating segments because quantitative thresholds are not met. Aggregated results of these companies are presented as *Unallocated*.

The reportable gold production segments derive their revenue primarily from gold sales. The CODM performs an analysis of the operating results based on these separate business units and evaluates the reporting segment's results, for purposes of resource allocation, based on the measurements of: gold sales; ounces of gold sold, in thousands; adjusted earnings before interest, tax, depreciation and amortisation and other items (Adjusted EBITDA); total cash cost (TCC); total cash cost per ounce of gold sold (TCC per ounce); and capital expenditures. Business segment assets and liabilities are not reviewed by the CODM and therefore are not disclosed in these published consolidated financial statements. The group's non-current assets are located in the Russian Federation.

The reporting segment's results for the year ended 31 December were as follows:

	Gold sales		Ounces of gold sold in thousands[1]		Adjusted EBITDA		TCC[1]		TCC per ounce (US dollar)[1]		Capital expenditures	
Business units	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Olimpiada	2,694	1,621	1,498	935	2,122	1,033	426	475	285	509	198	199
Blagodatnoye	762	658	404	378	577	440	158	163	392	434	219	250
Natalka	773	763	414	445	501	499	202	197	490	441	156	148
Verninskoye	489	504	261	296	335	331	119	135	456	456	93	102
Kuranakh	428	410	228	239	255	206	136	164	599	684	134	129
Alluvials	195	216	103	130	60	35	121	160	1,168	1,234	17	30
Exploration	-	-	-	-	-	-	-	-	-	-	32	33
Sukhoi Log	-	-	-	-	-	-	-	-	-	-	110	88
Unallocated	-	-	-	-	39	40	(32)	(35)	-	-	81	140
Total	**5,341**	**4,172**	**2,908**	**2,423**	**3,889**	**2,584**	**1,130**	**1,259**	**389**	**519**	**1,040**	**1,119**

[1] Unaudited

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

	Year ended 31 December	
	2023	**2022**
Operating profit for the year	**3,172**	**1,898**
Depreciation and amortisation	484	449
Equity-settled share-based plans (LTIP) (note 16)	45	27
Impairment of inventories (note 13)	58	99
Certain items included in *Other expenses* (expenses related to COVID-19, special charitable contributions, impairment of property, plant and equipment and loss / (gain) on disposal of property, plant and equipment and intangible assets)	130	111
Adjusted EBITDA	**3,889**	**2,584**

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

	Year ended 31 December	
	2023	**2022**
Cost of gold sales before by-product sales	1,727	1,792
Antimony by-product sales	(101)	(4)
Cost of gold sales (note 6)	**1,626**	**1,788**
Adjusted for:		
Depreciation and amortisation (note 6)	(766)	(634)
Effect of depreciation, amortisation, accrual and provisions in inventory change	270	135
Expenses related to COVID-19 in cost of gold sales	-	(30)
TCC[1]	**1,130**	**1,259**
Ounces of gold sold, in thousands[1]	2,908	2,423
TCC per ounce of gold sold, USD per ounce[1]	**389**	**519**

Gold sales

	Year ended 31 December	
	2023	**2022**
Refined gold	4,685	4,166
Gold in flotation concentrate	656	6
Total gold sales	**5,341**	**4,172**

Gold sales reported above represent revenue generated from external customers. There were no inter-segment gold sales during the years ended 31 December 2023 and 2022.

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

	Year ended 31 December	
	2023	**2022**
Capital expenditures	**1,040**	**1,119**
Stripping activity assets additions (note 12)	235	307
Less: intangible and other non-current assets additions	(23)	(48)
Property plant and equipment additions (note 12)	**1,252**	**1,378**

(in millions of US Dollars)

6. COST OF GOLD SALES

	Year ended 31 December	
	2023	2022
Depreciation and amortisation	766	634
Consumables and spares	385	414
Employee compensation	366	468
Mineral extraction tax	309	223
Fuel	149	184
Power	75	81
Other	75	217
Total cost of production	**2,125**	**2,221**
Increase in stockpiles, gold-in-process and refined gold inventories	(499)	(433)
Total	**1,626**	**1,788**

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2023	2022
Employee compensation	247	258
Depreciation and amortisation	47	41
Distribution expenses related to gold flotation concentrate	21	1
Taxes other than mineral extraction tax and income taxes	18	24
Professional services	18	26
Other	75	50
Total	**426**	**400**

8. OTHER EXPENSES

	Year ended 31 December	
	2023	2022
Charitable contributions	85	81
Impairment of property, plant and equipment	22	5
Loss / (gain) on disposal of property, plant and equipment and intangible assets	15	(2)
Other	-	14
Total	**122**	**98**

9. FINANCE COSTS

	Year ended 31 December	
	2023	2022
Interest on borrowings	355	217
Interest on lease liabilities	10	11
Unwinding of discounts	6	8
Total costs	**371**	**236**
Gain on exchange of interest payments under cross currency swaps	(29)	(56)
Bank commission and write-off of unamortised debt cost due to early extinguishment	-	(1)
Gain on debt modification	(28)	-
Total gain	**(57)**	**(57)**
Net finance costs	**314**	**179**

(in millions of US Dollars)

10. (LOSS) / GAIN ON REVALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENTS

	Year ended 31 December	
	2023	**2022**
Revaluation (loss) / gain on cross currency swaps	(378)	285
Realised loss on currency forward	(279)	-
Gain on disposal of subsidiaries	63	-
Other	(6)	(35)
Total	**(600)**	**250**

Disposal of subsidiaries

In 2023, the Group sold 100 percent participation interest in several subsidiaries which holds the licenses for exploration activities for a total consideration of USD 68 million (net of cash disposed), recognising a gain on disposal of USD 63 million.

11. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

Income tax expense was as follows:

	Year ended 31 December	
	2023	**2022**
Current tax expense	502	217
Deferred tax (benefit) / expense	(102)	128
Total income tax expense	**400**	**345**

The corporate income tax rate in the Russian Federation is 20% (17% regional and 3% federal).

The taxpayers in Russia have a right to apply reduced rates of mineral extraction tax (MET) and income tax if they implement a regional investment projects in certain regions and meet certain criteria (thereafter "RInvP").

The Tax Code provides for a right of each specified region of the Russian Federation to reduce the regional component of the income tax rate to as low as zero percent.

Blagodatnoye business unit RInvP

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

Considering the expected start of production under the Mill-5 project, Blagodatnoye business unit expects to apply the following reduced tax rates:

- MET: 0% for 2025-2026 increasing by 1.2% every two years thereafter to 6%;
- Corporate income tax: 5% for 2025-2028; and the standard 20% rate thereafter.

The amount of tax savings should not exceed the amount of investments in Mill-5 project.

(in millions of US Dollars)

Natalka business unit RInvP

Natalka business unit operating in the Magadan region of the Russian Federation, applies the following RInvP rates:

- MET: 0% for 2020 increasing by 1.2% every two years thereafter to 6% by 2029;
- Corporate income tax: 0% for 2020-2023; 10% for 2024-2028; and the standard 20% rate thereafter.

The amount of tax savings should not exceed the amount of investments in regional investment project.

In August 2023, the new Federal law of one-off additional tax was enacted ("windfall tax"), which is applicable to the several subsidiaries of the group. The tax base is defined as an excess of the average taxable profit for 2021-2022 over the average taxable profit for 2018-2019 and the tax rate is 10%. The windfall tax shall be payable until the end of January 2024. The group uses tax deduction in the amount of advance payments which were transferred in the fourth quarter 2023, as a result the effective rate of windfall tax was 5%.

A reconciliation of Russian Federation statutory income tax, the location of the group's major production entities and operations, to the income tax expense recorded in the published consolidated statement of profit or loss is as follows:

	Year ended 31 December	
	2023	**2022**
Profit before income tax	2,129	1,892
Income tax at statutory rate applicable to principal entities (20%)	426	378
Effect of the RinvP due to different tax rates (Natalka business unit)	(66)	(49)
Windfall tax	30	-
Tax effect of non-deductible expenses and other permanent differences	10	16
Income tax expense	**400**	**345**

The movement in the group's deferred taxation position was as follows (tax assets are presented as negative amounts, tax liabilities – as positive):

	Year ended 31 December	
	2023	**2022**
Net deferred tax liability at the beginning of the year	**353**	**227**
Recognised in the published consolidated statement of profit or loss	(102)	128
Acquisition of Chulbatkan	-	(4)
Effect of translation to presentation currency	(63)	2
Net deferred tax liability at the end of the year	**188**	**353**

(in millions of US Dollars)

Deferred taxation is attributable to tax losses carried-forward and the temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes and was as follows:

	31 December 2022	Recognised in profit or loss	Effect of translation to presentation currency	31 December 2023
Property, plant and equipment	510	(34)	(103)	373
Inventory	199	82	(57)	224
Borrowings	(17)	(77)	16	(78)
Deferred expenditure	4	(1)	-	3
Tax losses carried-forward	(300)	(8)	66	(242)
Trade and other payables	(23)	6	4	(13)
Intangible assets	1	-	-	1
Derivatives	(17)	(75)	15	(77)
Other	(4)	5	(4)	(3)
Net deferred tax liability	**353**	**(102)**	**(63)**	**188**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) as they are presented in the published consolidated statement of financial position:

	31 Dec. 2023	31 Dec. 2022
Deferred tax assets	(71)	(115)
Deferred tax liabilities	259	468
Net deferred tax liability	**188**	**353**

Unrecognised deferred tax asset

	31 Dec. 2023	31 Dec. 2022
Unrecognised deferred tax assets resulting from losses on derivative financial instruments	161	197
Unrecognised deferred tax assets resulted from impairments	4	5
Unrecognised deferred tax assets in respect of tax losses carried forward available for offset against future taxable profit	11	6
Total	**176**	**208**

Unrecognised deferred tax liability

	31 Dec. 2023	31 Dec. 2022
Taxable temporary difference associated with investments in subsidiaries	130	135

Deferred tax liability for the taxable temporary difference associated with investments in subsidiaries is not recognised because the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The group does not recognise deferred tax assets for some of its tax losses if it is more likely than not that the future taxable profits will not be available to offset them in certain group entities.

(in millions of US Dollars)

12. PROPERTY, PLANT AND EQUIPMENT

	Fixed assets	Stripping activity assets	Capital construction in progress and equipment not installed	Exploration and evaluation assets	Total
Cost	4,727	1,064	718	692	**7,201**
Accumulated depreciation and impairment	(2,137)	(217)	(31)	(27)	**(2,412)**
Net book value at 31 December 2021	**2,590**	**847**	**687**	**665**	**4,789**
Additions	-	307	913	158	**1,378**
Acquisition of subsidiaries (note 24)	-	-	-	132	**132**
Transfers	610	-	(609)	(1)	**-**
Disposals	(4)	-	(9)	(1)	**(14)**
Depreciation charge	(503)	(247)	(1)	-	**(751)**
Impairment	(1)	-	(2)	-	**(3)**
Effect of translation to presentation currency	133	65	14	(1)	**211**
Other	21	-	3	-	**24**
Cost	5,420	1,311	1,029	984	**8,744**
Accumulated depreciation and impairment	(2,574)	(339)	(33)	(32)	**(2,978)**
Net book value at 31 December 2022	**2,846**	**972**	**996**	**952**	**5,766**
Additions	7	235	843	167	**1,252**
Disposal of subsidiaries	-	-	-	(19)	**(19)**
Transfers	397	-	(396)	(1)	**-**
Disposals	(14)	-	(3)	-	**(17)**
Depreciation charge	(462)	(405)	-	-	**(867)**
Reversal of impairment/(impairment)	-	-	(17)	(2)	**(19)**
Effect of translation to presentation currency	(595)	(204)	(228)	(207)	**(1,234)**
Other	32	-	1	4	**37**
Cost	4,525	1,202	1,235	919	**7,881**
Accumulated depreciation and impairment	(2,314)	(604)	(39)	(25)	**(2,982)**
Net book value at 31 December 2023	**2,211**	**598**	**1,196**	**894**	**4,899**

As of 31 December 2023, the carrying value of rights-of-use assets were included in fixed assets in the amount of USD 77 million (31 December 2022: USD 87 million).

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

	31 Dec. 2023	31 Dec. 2022
Mineral rights presented within fixed assets	39	53
Mineral rights presented within exploration and evaluation assets	295	375
Total	**334**	**428**

(in millions of US Dollars)

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

	31 Dec. 2023	31 Dec. 2022
Sukhoi Log	564	577
Chulbatkan	104	115
Olimpiada	44	51
Chertovo Koryto	31	37
Razdolinskoye	28	35
Kuranakh	27	18
Burgakhchan area	21	26
Panimba	19	17
Blagodatnoye	15	13
Natalka	11	17
Other	30	46
Total	**894**	**952**

The amount of cash used in purchasing of exploration and evaluation assets were USD 162 million for the year ended 31 December 2023 (for the year ended 31 December 2022: USD 159 million).

Depreciation and amortisation charges are allocated as follows:

	Year ended 31 December	
	2023	2022
Depreciation in change in inventory	337	234
Capitalised within property, plant and equipment and other assets	75	92
Less: amortisation of intangible and other non-current assets	(29)	(24)
Total depreciation capitalised as part of other assets	**383**	**302**
Depreciation and amortisation within cost of production (note 6)	766	634
Less: depreciation in change in inventory	(337)	(234)
Selling, general and administrative expenses (note 7)	47	41
Cost of other sales	8	8
Total depreciation in profit or loss	**484**	**449**
Total depreciation of property, plant and equipment	**867**	**751**

13. INVENTORIES

	31 Dec. 2023	31 Dec. 2022
Stockpiles	957	758
Gold-in-process	61	48
Inventories expected to be used after 12 months	**1,018**	**806**
Stockpiles	291	350
Gold-in-process	176	158
Antimony in gold-antimony flotation concentrate and silver	22	11
Refined gold and gold in flotation concentrate	10	33
Materials and supplies	455	478
Less: obsolescence provision for materials and supplies	(29)	(24)
Inventories expected to be used in the next 12 months	**925**	**1,006**
Total	**1,943**	**1,812**

(in millions of US Dollars)

The carrying value of long-term stockpiles was as follows:

	31 Dec. 2023	31 Dec. 2022
Olimpiada	332	108
Blagodatnoye	219	183
Natalka	168	217
Verninskoye	123	125
Kuranakh	64	59
Titimukhta	34	43
Other long-term ore	17	23
Total long-term stockpiles	**957**	**758**

As of 31 December 2023, the group recognised the write-down of long-term stockpiles to net realisable value in the amount of USD 141 million, including USD 133 million - for the Natalka field, USD 2 million - for the Blagodatnoye field and USD 6 million - for the Sukhoi Log field (31 December 2022: USD 106 million, including USD 95 million - for the Natalka field, USD 4 million - for the Blagodatnoye field and USD 7 million - for the Sukhoi Log field).

14. RECEIVABLES

	31 Dec. 2023	31 Dec. 2022
Trade receivables for gold-bearing products	86	8
Other receivables	53	48
Less: expected credit losses for other receivables	(9)	(10)
Total trade and other receivables	**130**	**46**
Reimbursable value added tax	129	138
Other prepaid taxes	1	1
Total taxes receivable	**130**	**139**

As of 31 December 2023, *Advances paid to suppliers and prepaid expenses* included advances for materials and supplies in amount of USD 92 million (31 December 2022: USD 81 million).

15. CASH AND CASH EQUIVALENTS

	31 Dec. 2023	31 Dec. 2022
Current and brokerage RUB accounts	8	19
Current and brokerage USD accounts	-	41
Current and brokerage accounts in other currencies	262	487
Bank deposits denominated in RUB	232	155
Bank deposits denominated in other currencies (primarily CNY)	1,209	588
Other cash equivalents	-	27
Total	**1,711**	**1,317**

The weighted average interest rate on bank deposits as of 31 December 2023 was 5.09% (31 December 2022: 2.58%).

16. SHARE CAPITAL AND RESERVES

Number of outstanding ordinary shares of the Company were 94,625 thousand at par value of RUB 1 each as of 31 December 2023.

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

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

The group made payment of LTIP in cash in March 2023.

Dividends

No dividends have been declared during year ended 31 December 2023 and 2022.

Share buyback

In July 2023, the group approved programme to purchase shares up to of 40,802,741 ordinary shares of the Company (29.99% of total ordinary shares), reflecting maximum amount of transaction of RUB 579,399 million. In August 2023, the group completed the programme and acquired 40,799,587 of the Company’s ordinary shares in the amount of RUB 579,429 million (USD 6,360 million, including costs, related to the programme in the amount of USD 1 million).

During the year ended 31 December 2022, the group completed an open market share buyback programme and acquired 70 thousand of the Company’s ordinary shares in the amount of USD 8 million.

Weighted average number of ordinary shares

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

	Year ended 31 December	
	2023	**2022**
Weighted average number of ordinary shares in issue – basic EPS	**116,356**	**135,354**
Dilutive effect of potentially issuable shares under LTIP	500	674
Weighted average number of ordinary shares in issue – diluted EPS	**116,856**	**136,028**
Profit after tax attributable to the shareholders of the Company for basic and diluted EPS calculation (million USD)	1,729	1,548
Basic EPS (US Dollar per share)	14.86	11.44
Diluted EPS (US Dollar per share)	14.80	11.38

(in millions of US Dollars)

17. BORROWINGS

As of 31 December 2023, borrowings were as follows:

	Currency	31 Dec. 2023	31 Dec. 2022
Eurobonds due in 2024 with interest rate 4.7%	USD	321	322
Yuan-denominated bonds due in 2027 with interest rate 3.8%	CNY	644	645
Eurobonds due in 2028 with interest rate 3.25%	USD	687	687
Notes due in 2028 with interest rate 10.4%	RUB	222	-
Notes due in 2029 with noteholders' early repayment option in 2024 with interest rate 7.4%	RUB	223	284
Credit facilities with financial institutions	RUB / CNY	6,464	1,149
Lease liabilities	RUB	92	104
Eurobonds due in 2023 with interest rate 5.25%	USD	-	330
Sub-total		**8,653**	**3,521**
Less: current portion of long-term borrowings due within 12 months		(649)	(348)
Long-term borrowings		**8,004**	**3,173**

As of 31 December 2023, borrowings interest rates were as follows:

	31 Dec. 2023	31 Dec. 2022
Fixed interest rate	7,303	3,394
Variable interest rate	1,350	127
Total	**8,653**	**3,521**

The weighted average interest rate on credit facilities with financial institutions as of 31 December 2023 was 7.19% (31 December 2022: 8.15%). The weighted average interest rate on lease liabilities as of 31 December 2023 was 12% (31 December 2022: 11%).

Eurobonds with fixed interest rate due in 2023

In February 2023, the group transferred the funds earmarked for coupon payments due in August 2022 and February 2023 as well as principal payment for these Eurobonds (in the amount of USD 330 million) to the principal paying agent and was informed by the principal paying agent that these funds were further transferred by the principal paying agent to the international clearing systems for further distribution to the holders of the Eurobonds whose rights are accounted for within the international clearing systems and thus redeemed these Eurobonds upon their maturity.

Rouble-denominated bonds due in 2028

In February 2023, the group issued rouble denominated bonds in the amount of RUB 20,000 million (USD 268 million) with a coupon rate of 10.4% and maturity date in February 2028.

Credit facilities due in 2024

In July 2023, the group extended the maturity of credit facilities with financial institutions in RUB to April 2029 and switched fixed interest rates to variable interest rates starting from April 2024. Gain on debt modification amounted to USD 28 million.

Unused credit facilities

As of 31 December 2023, the group has unused credit facilities in the total amount of USD 2,328 million (31 December 2022: USD 1,564 million).

(in millions of US Dollars)

Other matters

There were a number of financial covenants under several loan agreements in effect as of 31 December 2023 according to which the respective subsidiaries of the Company and the Company itself are limited in their level of leverage and other financial and non-financial parameters.

In the second half of 2023, the group resolved issues with overdue coupon payments to all holders of the Eurobonds due in 2024 and Eurobonds due in 2028.

As of 31 December 2023, the group was in compliance with all financial and non-financial covenants.

Reconciliation of liabilities arising from financing activities

	Borrowings		Lease		Dividends payable		Derivatives	
	2023	2022	2023	2022	2023	2022	2023	2022
Carrying value as of the beginning of the year	**3,417**	**3,188**	**104**	**84**	**7**	**7**	**65**	**268**
Net cash flows	5,465	154	(19)	(20)	(1)	(3)	(242)	80
Non-cash changes, including:								
Dividends accrued	-	-	-	-	-	4	-	-
Foreign exchange loss	366	201	-	6	-	-	-	-
Debt modification	(28)	-	17	16	-	-	-	-
Commissions on borrowings and amortisation at effective interest rate	13	17	10	11	-	-	-	-
Gain on exchange of interest payments under cross currency swaps	-	-	-	-	-	-	(29)	(56)
Gain / (loss) on revaluation of derivative financial instruments	-	-	-	-	-	-	657	(285)
Effect of currency translation	(672)	(143)	(20)	7	(2)	(1)	(53)	58
Carrying value as of the end of the year	**8,561**	**3,417**	**92**	**104**	**4**	**7**	**398**	**65**

18. DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENTS

As of 31 December 2023, derivative financial instruments and investments were as follows:

	31 December 2023			31 December 2022		
	Non-Current	Current	Total	Non-Current	Current	Total
Cross currency swaps	-	9	9	7	-	7
Loans receivable	70	38	108	323	61	384
Total derivative financial assets and investments	**70**	**47**	**117**	**330**	**61**	**391**
Cross currency swaps	74	332	406	72	-	72
Total derivative financial liabilities	**74**	**332**	**406**	**72**	**-**	**72**

Cross currency swaps

The following terms were in place as of 31 December 2023:

	Nominal			Interest payments		
Expiration date	Group pays (USD million)	Group pays (CNY million)	Group receives (RUB million)	Frequency	Group pays (in USD / CNY)	Group receives (in RUB)
March 2024	125	-	8,225	quarterly	5.04%	8.75%
April 2024	745	-	49,999	quarterly	4.97%	8.13%
October 2024	309	-	20,000	semi-annually	3.23%	7.40%
March 2025	125	-	8,169	quarterly	2.80%	Ruonia - OIS - COMPOUND + 0.88%
February 2028	-	1,842	20,000	semi-annually	4.98%	10.40%

(in millions of US Dollars)

The following terms were in place as of 31 December 2022:

	Nominal		Interest payments		
Expiration date	**Group pays (USD million)**	**Group receives (RUB million)**	**Frequency**	**Group pays (in USD)**	**Group receives (in RUB)**
March 2024	125	8,225	quarterly	5.04%	8.75%
April 2024	745	49,999	quarterly	4.97%	8.13%
October 2024	310	20,000	semi-annually	3.23%	7.40%
March 2025	125	8,169	quarterly	2.80%	MosPrime 3m + 0.27%

19. PAYABLES

	31 Dec. 2023	31 Dec. 2022
Trade payables	72	64
Capital expenditures payables	87	80
Employee compensation payable	100	116
Interest payable	68	52
Accrued annual leave	25	34
Other accounts payable and accrued expenses	38	32
Total trade and other payables	**390**	**378**
Social taxes	24	36
Value added tax	19	22
Mineral extraction tax	18	18
Property tax	4	5
Other taxes	7	10
Total taxes other than income tax payable	**72**	**91**

20. COMMITMENTS

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

	31 Dec. 2023	31 Dec. 2022
Due within one year	10	13
From one to five years	34	41
Thereafter	62	78
Total	**106**	**132**

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

	31 Dec. 2023	31 Dec. 2022
Projects in Krasnoyarsk	208	384
Project Sukhoi Log	175	60
Project Natalka	87	132
Project Kuranakh	80	46
Project Verninskoye	12	43
Other capital commitments	55	24
Total	**617**	**689**

21. 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 geopolitical factors, political environment in the country, the fiscal and monetary policies adopted by the government, together with developments in the legal and regulatory 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.

On 21 February 2022, the President of Russia signed the executive orders on the recognition of the Donetsk People's Republic and the Lugansk People's Republic. On 24 February 2022, a decision to carry out a special military operation in Ukraine was announced In response to these events, the US, UK, EU and other countries have significantly extended sanctions on the Russian Federation, public authorities, officials, businessmen and companies. This resulted in reduced access of the Russian businesses to international capital, import and export markets, decline in capitals markets, drop in GDP and other negative economic consequences. On 21 July 2022, in addition to previously imposed restrictions, the EU and UK banned the import of gold produced in Russia. On 21 September 2022, the President of Russia signed the executive order on partial military mobilization of citizens. On 16 December 2022, the EU banned investments in the Russian mining industry and the supply of various equipment, including industrial. Amidst ongoing events, the group took necessary actions, including expansion of the distribution channels, searching of new suppliers, transfer of cash and cash equivalents to non-sanctioned banks and other. There is a risk of future extensions of sanctions.

On 19 May 2023, the Department of the Treasury's Office of Foreign Assets Control ("OFAC") published a document imposing sanctions targeting the Company, certain members of management and several subsidiaries. According to General License issued by OFAC, inter alia the equity and debt holders of the Company have to wind down their operations involving the Company until 17 August 2023. The UK and Australia also announced sanctions against the Company on 19 May 2023. The group considers all sanctions imposed on the Company as unjustified. The Company will thoroughly examine the relevant authorities' decisions and the prospect of opposing the sanctions by all legal means.

The group analyses an impact of announced restrictive measures and takes necessary actions to maintaining its operations as normal, delivering on operational goals and proceeding with organic development of its asset portfolio, including reconfiguration of the distribution channels, searching of new suppliers and other. Although the group has started transition to alternative suppliers, full replacement of suppliers who left the Russian market may take a considerable time and involves additional costs and rescheduling of certain investment projects and capital commitments.
The group also cancelled the listing of the Company's GDRs on 25 July 2023 (Note 1).

There is still a high level of uncertainty regarding the impact of possible subsequent changes in the economic situation and the imposed sanctions on future operations and financial position of the group.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

(in millions of US Dollars)

The fair value of cross-currency swaps is determined using a discounted cash flow valuation technique and is based on inputs (spot currency exchange rates, USD, CNY and RUB interest rates), which are observable in the market and are classified as Level 2 of the fair value hierarchy in accordance with IFRS 13.

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

	31 December 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings (Level 2)	6,464	7,733	1,149	1,288
Eurobonds (Level 2)	1,008	951	1,339	1,304
Yuan-denominated bonds (Level 1)	644	607	645	628
Rouble-denominated bonds (Level	445	426	284	281
Total	**8,561**	**9,717**	**3,417**	**3,501**

The fair value of all of the group’s borrowings and Eurobonds is within Level 2 of the fair value hierarchy in accordance with IFRS 13. The fair value of borrowings is determined using a discounted cash flow valuation technique; the discount rate valuation is determined by reference to the group’s traded Rouble-denominated bonds. The fair value of the Eurobonds is determined using a cash flow valuation technique and is based on inputs (Russian government Eurobond yield, company’s own credit risk), which are observable in the market and are classified as Level 2 of the fair value hierarchy in accordance with IFRS 13. The fair value of the Rouble-denominated bonds and Yuan-denominated bonds is within Level 1 of the fair value hierarchy in accordance with IFRS 13, because the Rouble-denominated bonds and Yuan-denominated bonds are publicly traded in an active market.

23. FINANCIAL INSTRUMENTS RISK MANAGEMENT ACTIVITIES

Capital risk management

The primary objective of managing the group’s capital is to ensure that there is sufficient capital available to support the funding requirements of the group, including capital expenditure, in a way that optimises the cost of capital and ensures that the group remains in a sound financial position.

As a result of share buyback conducted in July-August 2023, the group’s net assets turned negative. The group assess this event as temporary and expects it to be resolved during the next 1-2 years.

The group manages and adjusts the capital structure as opportunities arise in the market place, as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. There were no changes in the Dividend policy of the group during year ended 31 December 2023. The level of dividends is monitored by the Board of Directors of the group in accordance with the Dividend policy of the group.

In the capital management process the group utilises various financial metrics including the ratio of group Net Indebtedness to Adjusted EBITDA (“group Leverage Ratio”). The group recognizes that group Leverage Ratio should not exceed 3.5 times as per the Terms and Conditions of the Notes (Eurobonds). As of 31 December 2023 the group Leverage ratio was 1.9 times (31 December 2022: 0.9 times).

(in millions of US Dollars)

“Group Net Indebtedness” is defined in the Terms and Conditions of the Notes (Eurobonds) as all consolidated Indebtedness less cash and cash equivalents, as shown on the Published consolidated Financial Statements of the group. Indebtedness is defined as the sum of any moneys borrowed, any principal amount raised by acceptance under any acceptance credit facility, any principal amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, any principal amount raised under any other transaction having the economic or commercial effect of a borrowing and the amount of any liability in respect of the guarantee or indemnity.

There were no significant changes in the group’s approach to capital management during the year.

Major categories of financial instruments

The group’s principal financial liabilities comprise borrowings, derivative financial instruments and account payables. The main purpose of these financial instruments is to finance the group’s operations. The group has various financial assets such as cash and cash equivalents, trade and other receivables, derivative financial instruments and loans receivable.

	31 Dec. 2023	31 Dec. 2022
Financial assets measured at fair value through profit or loss (FVPL)		
Derivative financial instruments (Level 2)	9	7
Trade receivables (Level 2)	86	8
Financial assets measured at amortised cost		
Trade and other receivables	54	57
Loans receivable	108	384
Cash and cash equivalents	1,711	1,317
Total financial assets	**1,968**	**1,773**
Financial liabilities measured at fair value through profit or loss (FVPL)		
Derivative financial instruments (Level 2)	406	72
Financial liabilities measured at amortised cost		
Borrowings	8,653	3,521
Payables	372	359
Total financial liabilities	**9,431**	**3,952**

The fair value of the group’s financial instruments and levels of fair value hierarchy are disclosed in note 22. The main risks arising from the group’s financial instruments are gold price, interest rate, foreign currency exchange rates, credit and liquidity risks.

Gold price risk

The group is exposed to changes in the gold price due to its significant volatility.

If the gold price was 10% higher / lower during the year ended 31 December 2023 profit for the year would have increased / decreased by USD 390 million / USD 390 million, respectively (2022: USD 350 million / USD 350 million).

Interest rate risk

Interest expenses on borrowings issued at variable interest rates are for the most part effectively converted into fixed-rate interest payments using cross-currency swaps; the group is not materially exposed to interest rate risk.

(in millions of US Dollars)

Credit risk

Credit risk is the risk that a customer may default or not meet its obligations to the group on a timely basis, leading to financial losses to the group. Credit risk arises from cash, cash equivalents and deposits kept with banks, derivative agreements, loans issued, advances paid and other receivables.

In order to mitigate credit risk, the group conducts its business with creditworthy and reliable counterparties, and minimises advance payments, actively uses guarantees, letters of credit and other instruments for trade finance to decrease risks of non-payment. The group employs a methodology for in-house financial analysis of banks and non-banking counterparties, which is used during new agreements with counterparties.

The group's credit risk profile is regularly monitored by management in order to avoid undesirable increases in risk, to limit concentration of credit and to ensure compliance with the above mentioned policies and procedures. Deposits, current bank accounts and derivative financial instruments are held with major Russian banks, with reasonable and appropriate diversification, which decreases concentration risk by spreading the credit risk exposure across several top rated banks.

Published credit ratings of banks (or their parent companies) in which the group held cash and cash equivalents are presented as follows:

	31 Dec. 2023	31 Dec. 2022
Investment grade rating	607	281
Non-investment grade rating	1,104	1,009
No external rating	-	27
Total cash and cash equivalents	**1,711**	**1,317**

Investment grade rating is classified as AAA(RU) for ACRA and ruAAA for Expert RA. As of 31 December 2023, 35% of cash and cash equivalents was held in bank with investment grade ratings (31 December 2022: 33% and 32% in two banks with investment grade ratings).

Although the group sells more than 70% of the total gold sales to several major customers, the group is not economically dependent on these customers because of the high level of liquidity in the gold commodity market. A substantial portion of gold sales are made on advance payment or immediate payment terms, therefore the credit risk related to trade receivables is minimal.

As of 31 December 2023, trade receivables for gold bearing products sales were USD 86 million (31 December 2022: USD 8 million).

Gold sales to the group's major customers are presented as follows:

	Year ended 31 December	
	2023	**2022**
Largest customer	980	624
2-5 largest customers	2,253	1,292
Next 5 largest customers	850	1,038
Total 10 largest customers	**4,083**	**2,954**
Remaining customers	1,258	1,218
Total	**5,341**	**4,172**

Liquidity risk

Liquidity risk is the risk that the group will not be able to settle all liabilities, as they are due. The group's liquidity position is carefully monitored and managed. The group manages liquidity risk by maintaining detailed budgeting and cash forecasting processes and matching the maturity profiles of financial assets and liabilities to help ensure that it has adequate cash available to meet its payment obligations.

(in millions of US Dollars)

The group’s cash management procedures include medium-term forecasting (a budget approved each financial year and updated on a quarterly basis) and short-term forecasting (monthly cash-flow budgets are established for each business unit and a review of each entity’s daily cash position is performed using a two-week rolling basis).

Presented below is the maturity profile of the group’s financial liabilities as of 31 December 2023 based on undiscounted contractual cash payments, including interest payments and derivatives:

	Borrowings and derivatives				
	Principal	**Interest**	**Payables**	**Lease liabilities**	**Total**
Due in the first year	311	589	372	16	1,288
Due in the second year	14	534	-	15	563
Due in the third year	-	532	-	14	546
Due in the fourth year	645	532	-	13	1,190
Due in the fifth year	6,472	324	-	12	6,808
Due in more than six years	814	32	-	135	981
Total	**8,256**	**2,543**	**372**	**205**	**11,376**

Presented below is the maturity profile of the group’s financial liabilities as of 31 December 2022 based on undiscounted contractual payments, including interest payments and derivatives:

	Borrowings and derivatives				
	Principal	**Interest**	**Payables**	**Lease liabilities**	**Total**
Due in the first year	341	141	359	18	859
Due in the second year	1,807	96	-	18	1,921
Due in the third year	31	47	-	17	95
Due in the fourth year	-	47	-	15	62
Due in the fifth year	647	47	-	13	707
Due in more than six years	690	23	-	152	865
Total	**3,516**	**401**	**359**	**233**	**4,509**

The maturity of the derivative financial instruments is presented within note 18.

24. ACQUISITION OF SUBSIDIARIES

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

Acquisition of Chulbatkan

In June 2022, following the completion of sale by Kinross Gold Corporation of 100 percent of its Russian assets to the Highland Gold Mining group of companies the group acquired 100 percent participation interests in Udinsk Gold Limited Liability Company and Berill Gold Limited Liability Company from the Highland Gold Mining group of companies for total consideration of USD 140 million and customary adjustments of USD 17 million paid. The acquisition was considered as a bargain purchase, resulting in a gain in the amount of USD 3 million recognised for the year ended 31 December 2022 in the published consolidated statement of profit or loss. In accordance with IFRS 3 the group preliminary assessed amounts of fair values of the identified assets and liabilities of the acquired companies at the acquisition date as of 31 December 2022. In addition, the adjustments to the provisional amounts of USD (6) million and to the customary adjustments of total consideration in the amount of USD 7 million were recognised retrospectively for the year ended 31 December 2022 in the published consolidated statement of profit or loss due to the end of the measurement period in June 2023.

(in millions of US Dollars)

Acquired companies give the group 100 percent stake in the Chulbatkan gold deposit, a high-grade greenfield project located in the Khabarovsk region of the Russian Far East. The fair value amounts of the identified assets and liabilities of the acquired companies at the acquisition date are presented as follows:

	Fair value amounts at the acquisition date
Property, plant and equipment	132
Non-current inventories	5
Deferred tax assets	5
Trade and other receivables	9
Taxes receivable	5
Cash and cash equivalents	7
Taxes payable	(2)
Trade and other payables	(1)
Total identifiable net assets	**160**
Cash consideration paid	(150)
Payables recognised in trade and other payables	(7)
Total consideration	**(157)**
Gain on acquisition of subsidiaries	**3**

The fair value amount of identifiable net assets is determined based on discounted future cash flows of the acquired companies. Factors, which affected these cash flows, include:

- Gold prices and exchange rates;
- Capital and operating expenditure; and
- Available reserves and resources and future production profile.

25. EVENTS AFTER THE REPORTING DATE

In January 2024, the group has completed a debut issuance of 5.5-year gold bonds at a coupon rate of 3.10% per annum. The issue size amounted to RUB 15,000 million (USD 167 million), or approximately 2.6 tonnes in gold volumes. Par value of each gold bond is equivalent to one gramme of gold in monetary value. The monetary par value will be calculated in Russian roubles based on the reference price for gold set by the Bank of Russia.

In February 2024, in compliance with the terms of the Eurobonds due 2024 (hereinafter “Eurobonds”) and current requirements of Russian legislation, the group transferred RUB-denominated funds earmarked for the last coupon payment, as well as principal payment with respect to Eurobonds, to the holders of Eurobonds whose rights are accounted within the Russian custodian infrastructure. Furthermore, pursuant to the terms of the Eurobonds and in accordance with the instructions received from the Trustee, the group transferred RUB-denominated funds for the last coupon payment and principal payment under the Eurobonds for onward payment to the holders of the Eurobonds whose rights are accounted in foreign depositories. Following the exercise of the above transfers of funds (principal payment in the total amount of USD 321 million), the group confirms the fulfillment of its obligations with respect to all holders of the Eurobonds in accordance with the applicable terms and conditions of the Eurobonds.