



Preliminarily approved by
Polyus Gold OJSC Board of Directors
Minutes No. 03-15/SD
BoD Meeting held 21.04.2015

Approved by
Polyus Gold OJSC Annual General Meeting of Shareholders
Minutes No. 01-15/OCA dated 26.05.2015

POLYUS GOLD OJSC 2014 ANNUAL REPORT

Director General, Polyus Gold OJSC

P.S. Grachev

13 April 2014

Chief Accountant, Polyus Gold OJSC

S.V. Bogatiryova

13 April 2014

**Moscow
2015**

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1. POLYUS GOLD OJSC POSITION IN THE INDUSTRY SECTOR

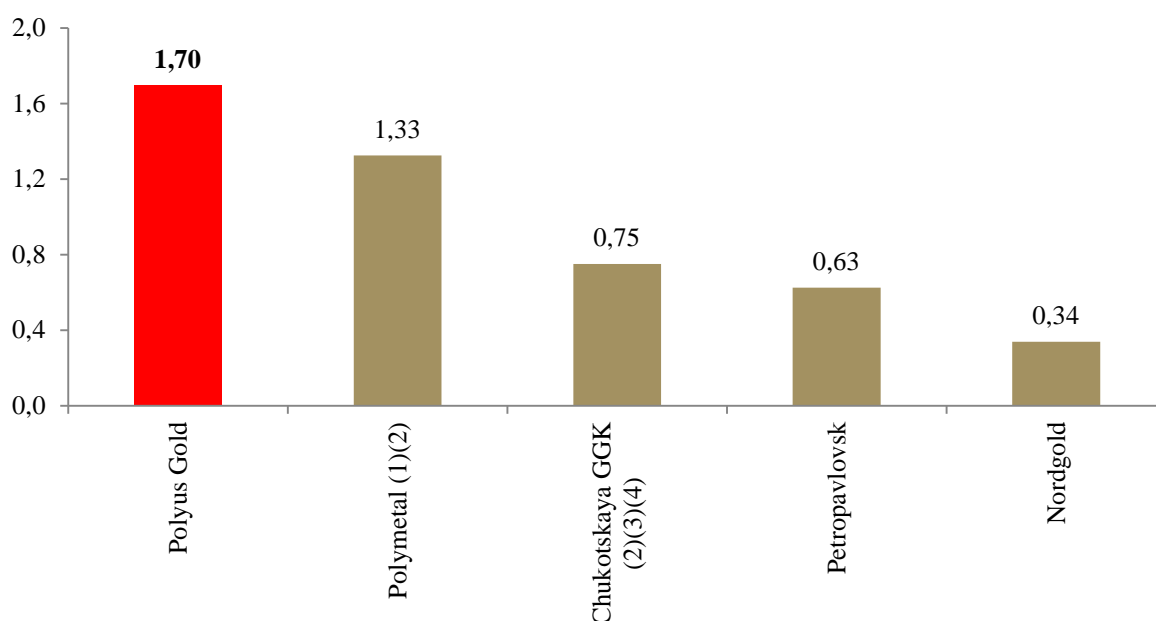
In this Annual Report the terms 'Polyus Group', Polyus Gold OJSC', 'Polyus Gold', the 'Company', 'Polyus', and the 'Group' refer to Polyus Gold Open Joint Stock Company, its subsidiaries and associated companies whose operating results are consolidated by Polyus Gold OJSC.

Polyus Gold OJSC was set up in March 2006 resulting from separation of gold mining assets of Norilsk Nickel Co. (OAO GMK Norilsk Nickel).

Polyus Gold OJSC shares are traded in MOEX in Russia, stock ticker PLZL. American Depositary Receipts (ADR) issued for the Company's shares are traded in the USA over-the-counter market.

The Company is the largest gold producer in the Russian Federation and ranks among the largest gold mining companies in the world in terms of production volume and mineral raw material base.

Chart 1. Russia's Major Gold Producers. 2014 Production, moz:



(1) - excluding production came from foreign assets

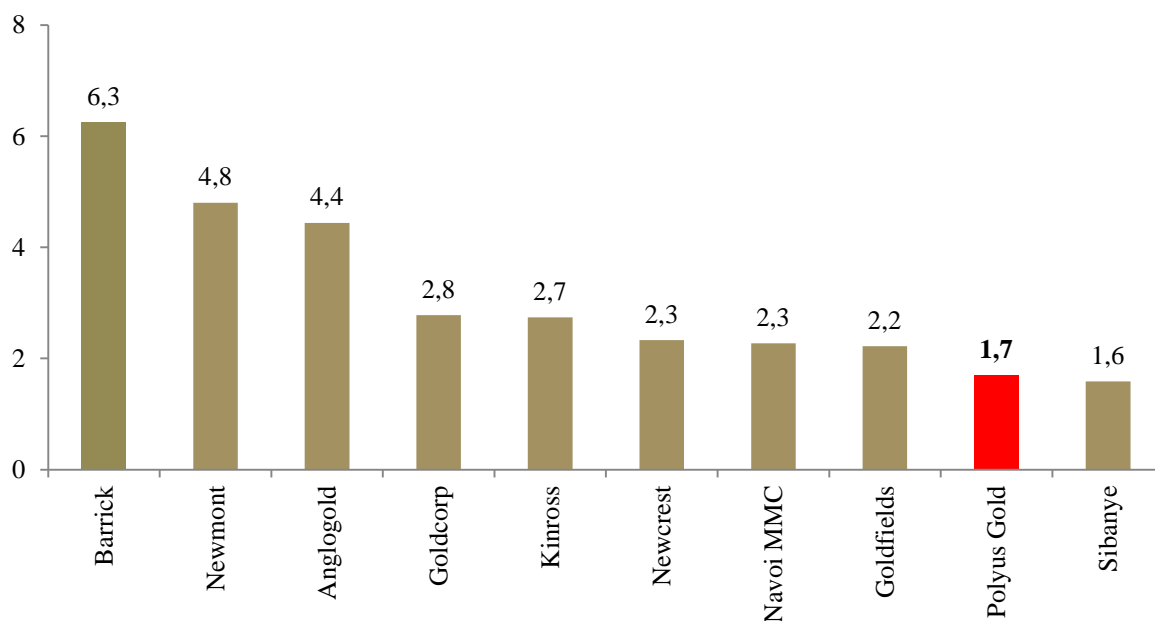
(2) - the production volume is provided with consideration for by-products in terms of gold

(3) – including gold came from ore mined at Dvoinoye mine

(4) - Kinross Gold's subsidiary

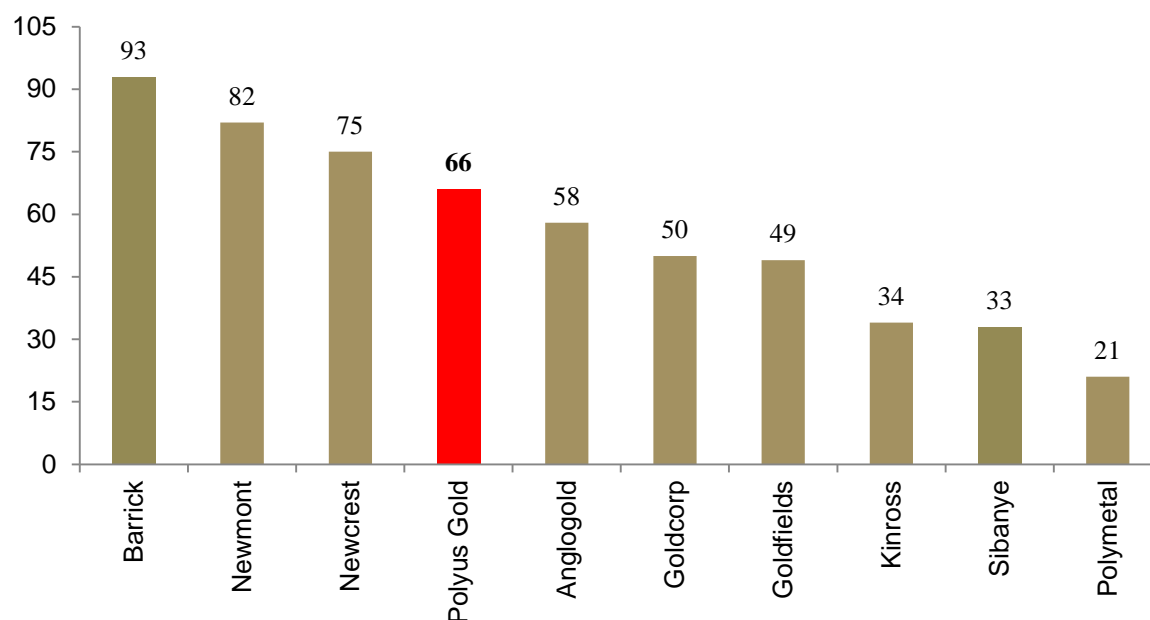
Following the 2014 results, the Company ranks 9th largest in the world in terms of the produced metal volume.

Chart 2. World's Leading Gold Producers. 2014 Production, moz:



Artificially of 31 December 2014, the Company was the fourth largest in the world in terms of proven and probable reserves of gold.

Chart 3. World Leaders in Terms of Gold Reserves, Proven and Probable Reserves (P&P, JORC), Artificially of 31 December 2014, moz:



2. PRIORITY AREAS OF POLYUS GOLD OJSC ACTIVITIES

The Company extracts gold and conducts geological exploration in 5 regions of the Russian Federation:

- Krasnoyarsk Region;
- Irkutsk Region;
- Republic of Sakha (Yakutia)
- Magadan Region;

The Company's mission is to discover natural and human treasures to the benefit of the the shareholders, employees, and the Society.

Table 1. Key Assets of Polyus Gold OJSC

Region	Asset Development Status as of 31.12.2014	2014 Gold Production, koz
Krasnoyarsk Region	Production	1,223
Irkutsk Region (placers)	Production	190
Irkutsk Region (hardrock gold)	Production	146
Republic of Sakha (Yakutia)	Production	137
Magadan Region (Nataika)	Mine under development	-

In addition to assets shown in Table 1, the Company also holds a vast portfolio of projects at different stages of development.

3. BOARD OF DIRECTORS REPORT ON THE COMPANY DEVELOPMENT RESULTS IN THE PRIORITY AREAS OF ACTIVITIES

Basic Results

- Total gold production grew 3% versus 2013, to 1,696 koz (including gold in flotation concentrate)
- Seventh consecutive year of production growth for Polyus
- Olimpiada remained the flagship mine of the Group (43% of total output)
- Blagodatnoye continued to deliver strong results
- Titimukhta underperformed and a decision was taken to reconfigure its mill
- Verninskoye operated at its nameplate throughput capacity of 2.2 mtpa during the year, after achieving design parameters at the end of FY 2013
- Kuranakh performed ahead of plan on both the production and cost fronts
- Development of the Natalka project was put under review, as the revised geological model revealed a significant decrease in the mine's reserves and resources. The project's operational review is expected to be completed in mid-2015

Operating Results for the Year 2014

Over the reporting period the Company's enterprises produced 1,696 koz of refined gold (including gold in flotation concentrate) as compared to 1,652 koz in 2013. The 3% growth was achieved mainly due to Verninskoye, which reached its nameplate throughput capacity and higher grade in ore mined and increased processing volumes at Olimpiada mine.

Operation of the Company's Enterprises over the Year 2014

Krasnoyarsk Region

The Group's enterprises located in Krasnoyarsk Region produced 1,223 koz as compared to 1,219 koz in 2013.

The major contribution to the y-o-y gold production growth came from Olimpiada due to higher grades in ore mined and increased volumes of ore processed. Moreover, recoveries advanced 1.4 ppts y-o-y to 75.9% at Olimpiada reflecting the positive effect of automation.

Irkutsk Region, hardrock gold

Refined gold production at Verninskoye in 2014 amounted to 146 koz, an increase of 64% on 2013. Higher gold production in 2014 was owing to the completed ramp-up of the mill after it reached nameplate throughput capacity at the end of FY 2013.

Irkutsk Region, placer gold

Gold production from alluvial deposits amounted to 190 koz in 2014, a fall of 8% on 2013. Lower gold production in 2014 was due to a planned reduction in production from the highest-cost areas.

Republic of Sakha (Yakutia)

Refined gold production at Kuranakh amounted to 137 koz in 2014, broadly flat compared to 2013.

Table 2. Refined Gold Production

Refined Gold Production (koz)	2014	2013	Change
--	-------------	-------------	---------------

Krasnoyarsk Region	1 213 ¹	1 217 ²	-
Irkutsk Region (hardrock gold)	146	89	64%
Irkutsk Region (placers)	190	205	-7%
Republic of Sakha (Yakutia)	137	138	-
Total	1 686	1 650	2%
Gold in flotation concentrate	10	2	-
Total gold produced	1 696	1 652	3%

Development Projects

Krasnoyarsk Region

Olimpiada mine

The annual performance of Olimpiada was marked by the beginning of extensive stripping works in mid-2014, which will last until the end of 2015. Besides that the automation of processing equipment was completed during 2014, which led to an increase in recovery from 74.5% in 2013 to 75.9% in 2014.

Irkutsk Region

Verninskoye mine

In 2014 the Company launched a programme aimed to ramp up the recovery rate to 86% from currently 84% and average for 2014 at 79.4%. The programme includes 7 projects to boost the efficiency of the mill.

Alluvials

A full-scale optimisation programme for the alluvial asset portfolio has been launched. Under this programme a number of high-cost areas have been closed to maintain a competitive cost profile for the operations.

Republic of Sakha (Yakutia)

The Company has implemented blending of ore at Kuranakh ore-field deposits to improve recovery rate.

Magadan Region

In November 2014 the Company announces the preliminary results of its review of the mineral resource and ore reserve estimates for the Natalka deposit. Preliminary findings suggest a 15-20% downward revision in the resource and a 55-65% reduction in the reserve estimates due to a change in the interpretation of the deposit mineralisation, the more stringent requirements of JORC Code (2012) compared to JORC Code (2004), the application of updated economic assumptions and an increase in cut-off grades. The Company intends to review its options with regard to the project development. Commissioning of the project in 2015 is no longer targeted.

In accordance with the review of the Mineral Resource and Ore Reserve estimates for the Natalka deposit the Company announced 49% and 38% contraction of Ore Reserve and Mineral Resources correspondingly

This reduction was mainly due to the following changes:

¹ Includes gold produced from the purchased ore from the Veduga mine

² Includes gold produced from the purchased ore from the Veduga mine

- Input data refinement:
 - exclusion of the historical Soviet-era underground sampling dating as far back as 1945 due to a lack of quality assurance / quality control information
 - exclusion of low quality of underground channel sampling data collected in the period from 1945 to 2004 and which had a strong bias with higher gold grades and indicated more continuous mineralisation than is evident from drilling samples, and
 - inclusion of channel samples collected from underground workings after 2004 and from trenches completed in 2014.

These changes resulted in a reduction of approximately 20% in tonnage and 20% in grade.

- Applying revised grade estimation parameters reflecting an interpretation of the gold distribution as more discrete and steeply dipping veins versus the previous interpretation as more widely disseminated mineralisation, resulting in a reduction of approximately 5% in tonnage and an increase of approximately 5% in grade.

- Reporting only mineralisation with reasonable prospects for economic extraction, resulting in a reduction of approximately 10% in tonnage, and an increase of approximately 5% in grade.

The Group continues to review the project, with a number of options for the project development being considered. The detailed operational review of the Natalka project is currently expected to be completed in mid-2015. The current engineering studies are aimed at minimising outstanding capital expenditure and optimising the use of infrastructure which has been built to date.

Total Operational Efficiency

In 2014 the Company launched Total Operational Efficiency (TOE) aimed to introduce quick-win measures that don't require significant investments.

A number of measures will have been implemented at Irkutsk and Yakutia Business Units, Polyus Logistics and other services by the end of 2015.

4. POLYUS GOLD OJSC DEVELOPMENT PROSPECTS

In 2014 a strategic asset review was launched aimed at identifying growth opportunities across the entire Group operations and monetizing its resource base. A number of mid-scale projects for the strategic development of Krasnoyarsk Business Unit (KBU), Verninskoye and Kuranakh have been identified to date.

Krasnoyarsk Region

Reconfiguration of Titimukhta mill

A large quantity of ores rich in antimony is mined every year at Olimpiada and a significant amount has been stockpiled. The project involves the processing of these ores at the Titimukhta mill, with the further sale of antimony concentrate to third parties or the further processing of gold flotation concentrate at Olimpiada Bio oxidation section.

Heap-leaching facility at Blagodatnoye

A very substantial amount of low-grade ore has been stockpiled at Blagodatnoye. The project encompasses the construction of a heap-leaching facility at the mine to treat low-grade and out-of-balance Blagodatnoye ores.

Blagodatnoye mill expansion

The Blagodatnoye mill has been operating above its nameplate capacity of 6 mtpa since its commissioning in 2010. A thorough analysis of the production flow revealed an opportunity to expand the mill's capacity to 8 mtpa at current production lines, using project reserve with the implementation of innovative engineering solutions.

Irkutsk Region

Verninskoye mill expansion

The project involves the expansion of the processing capacity of the Verninskoye mill, from the current 2.2 mtpa to 3.6-5.0 mtpa, depending on the results of a feasibility study and the decision of the government regulator on the cut-off grade.

Republic of Sakha (Yakutia)

Heap-leaching facility at Kuranakh

A huge amount of low-grade ore has been stockpiled at Kuranakh. The project envisages the construction of a heap-leaching facility at Kuranakh for the treatment of low-grade and out-of-balance Kuranakh ores.

Power Projects

Construction of Razdolinskaya-Tayga grid

Construction of the 228-km grid is an essential step towards the development of the Krasnoyarsk Business Unit and its further operational improvement. The project will be implemented in 2015–2016 and will require \$110 million in capital expenditure.

The grid is vital for the potential expansion of the Blagodatnoye mill and will connect the Krasnoyarsk Business Unit to the Boguchanskaya Hydro Power Plant (HPP), providing the Group with a cheap supply of electricity.

Construction of Peledui-Mamakan grid

Construction of the grid began in 2013 and will be completed in mid-2015. The grid will connect Viluyskie HPP to Verninskoye and provide it with a low-cost power supply. Construction of the grid is vital for the Verninskoye expansion.

5. CORPORATE GOVERNANCE REPORT

Polyus Gold OJSC policy on issues of cooperation with Shareholders is conducted in accordance with the effective laws of the Russian Federation, the Company's Charter and other in-house documents, as well as in line with the Company's obligations in connection with securities circulation in stock markets and with due regard for the applicable best world practice.

Board of Directors

Polyus Gold OJSC Board of Directors is a collegiate body which effects general management of the Company's activities, is responsible for strategy development, controls the activities of executive bodies, ensures observation of the Company's Shareholders' rights and lawful interests.

The Board of Directors acts in accordance with the laws of the Russian Federation, the Charter, Corporate Governance Code.

In accordance with Federal Law 'On Joint Stock Companies', the Company's Board of Directors is elected by General Meeting of Shareholders and consists of nine Members.

Board of Directors Membership

At Polyus Gold OJSC General Meeting of Shareholders held on 23 May 2014 the following Board of Directors Members were elected:

- Stiskin, Mikhail Borisovich (Chairman)
- Gusev, Konstantin Aleksandrovich
- Dzyubenko, Vyacheslav Vladimirovich
- Dubnov, Oleg Markovich,
- Zhuravlyov, Sergei Igorevich
- Kirsanov, Fyodor Vasilyevich
- Krivozhikhin, Sergei Yuryevich
- Rumyantsev, Anton Borisovich
- Solotova, Anna Olegovna

Changes in Polyus Gold OJSC Board of Directors Membership

28 May 2013	23 May 2014
Bakulev, I.L., Chairman	Stiskin, M.B., Chairman
Borisanov, A.A.	Gusev, K.A.
Pikhoya, G.R.	Dzyubenko, V.V.
Ignatov, O.V.	Dubnov, O.M.
Anthony James Nieuwenhuys	Zhuravlyov, S.I.
Kiriyenko, M.A.	Kirsanov, F.V.
Solotova, A.O.	Solotova, A.O.
Timoshina, T.V.	Krivozhikhin, S.Yu.
Pikanovski, A.V.	Rumyantsev, A.B.

Polyus Gold OJSC Board of Directors Membership

Stiskin, Mikhail Borisovich

Board of Directors Chairperson (elected at Meeting held on 4 July 2014)

Does not own shares in Polyus Gold OJSC.

Date of birth: 06 July 1983.

Education: Moscow State Institute (University) of International Relations of the Ministry of Foreign Affairs of the Russian Federation, major: Economics.

23.07.2014	present	Polyus Gold OJSC	Deputy General Director for Economics and Finance
10.10.2014	present	Polyus CJSC	Senior Vice-President for Finance and Strategy
09.12.2013	present	RiM OJSC	Board of Directors Member
11.12.2013	present	Polyus CJSC	Board of Directors Member
11.12.2013	present	Polyus Stroi LLC	Board of Directors Member
11.12.2013	present	Polyus Project LLC	Board of Directors Member
11.12.2013	present	Aldanzoloto GRK OJSC	Board of Directors Member
11.12.2013	present	Polyus Logistics CJSC	Board of Directors Member
11.12.2013	present	Pervenets OJSC	Board of Directors Member
19.12.2013	present	Polyus CJSC	Board of Directors Chairperson
20.12.2013	present	ZDK Lenzoloto CJSC	Board of Directors Member
13.01.2014	present	Mamakanskaya GES CJSC	Board of Directors Member
27.02.2014	present	YuVGK OJSC	Board of Directors Member
20.03.2014	present	TaigaEnergoStroi CJSC	Board of Directors Member
23.05.2014	present	Polyus Gold OJSC	Board of Directors Member
30.06.2014	present	Lenzoloto OJSC	Board of Directors Member
04.07.2014	present	Polyus Gold OJSC	Board of Directors Chairperson
30.09.2014	present	YuVGK OJSC	Board of Directors Chairperson
30.09.2014	present	Polyus Gold PLC	Director

Gusev, Konstantin Aleksandrovich

Does not own shares in Polyus Gold OJSC.

Date of birth: 08 November 1979.

Education: Higher, Durham University (UK) and Krasnoyarsk State University

10.10.2014	present	Polyus CJSC	Vice-President for Material and Technical Supply
11.12.2013	present	Polyus Stroi LLC	Board of Directors Member
11.12.2013	present.	Polyus Project LLC	Board of Directors Member
11.12.2013	present	Polyus Logistics CJSC	Board of Directors Chairperson
03.12.2013	present	Vitimenergostroi CJSC	Board of Directors Member
23.05.2014	present	Polyus Gold OJSC	Board of Directors Member
01.08.2014	present	RiM OJSC	Board of Directors Member

Dzyubenko, Vyacheslav Vladimirovich

Does not own shares in Polyus Gold OJSC.

Date of birth: 29 October 1970.

Education: Higher, Moscow State Institute (University) of International Relations of the Ministry of Foreign Affairs of the Russian Federation

10.10.2014	present	Polyus CJSC	Vice-President for Internal Control
07.04.2014	present	Polyus CJSC	Board of Directors Member

07.04.2014	present	Polyus Stroi LLC	Board of Directors Member
22.05.2014	present	Aldanzoloto GRK OJSC	Board of Directors Member
25.06.2014	present	Polyus Logistics CJSC	Board of Directors Member
23.05.2014	present	Polyus Gold OJSC	Board of Directors Member
01.08.2014	present	RiM OJSC	Board of Directors Member

Dubnov, Oleg Markivoch

Does not own shares in Polyus Gold OJSC.

Date of birth: 25 September 1971.

Education: Moscow State Institute (University) of International Relations of the Ministry of Foreign Affairs of the Russian Federation, Institute of International Law and Economics named after A.S. Griboyedov.

24.10.2011	present	Polyus CJSC	Director for Energetics
15.08.2012	present	Vitimenergostroi CJSC	Board of Directors Chairperson
December 2011	present	Vitimenergo CJSC	Board of Directors Member
03.04.2012	present	Vitimenergo CJSC	Board of Directors Chairperson
December 2011	present	Vitimenergostroi CJSC	Board of Directors Member
December 2011	present	Mamakanskaya GES CJSC	Board of Directors Chairperson
03.04.2012	present.	Vitimenergostroi CJSC	Board of Directors Chairperson
23.05.2014	present	Polyus Gold OJSC"	Board of Directors Member
20.03.2014	present	TaigaEnergoStroi CJSC	Board of Directors Member
13.08.2014	present	TaigaEnergoStroi CJSC	Board of Directors Chairperson

Zhuravlyov, Sergei Igorevich

Does not own shares in Polyus Gold OJSC.

Date of birth: 05 October 1970.

Education: Higher, Cherepovets Higher Military Engineering School of Radioelectronics, California State University, Hayward, Institute of Business and Economics of the Academy of National Economy under the RF Government.

10.10.2014	present	Polyus CJSC	Vice-President for cooperation with government authorities
23.05.2014	present	Polyus Gold OJSC"	Board of Directors Member
July 2014	present	Arctic Marine Engineering Geological Expeditions OJSC	Board of Directors Member
16.10.2014	present	Polyus CJSC	Board of Directors Member

Kirsanov, Fyodor Vasilyevich

Does not own shares in Polyus Gold OJSC.

Date of birth: 30 December 1979.

Education: Higher, Peoples' Friendship University of Russia (RUDN), major: Economics, MBA degree in Strategic Planning – Fox Business School of Temple University in Philadelphia, USA, Master of Economics degree at RUDN.

05.06.2013	11.12.2013	Polyus Stroi LLC	Board of Directors Member
02.12.2013	01.10.2013	Polyus CJSC	General Director
02.12.2013	01.10.2014	Polyus Gold OJSC	General Director

03.12.2013	12.11.2014	Vitimenergostroi CJSC	Board of Directors Member
09.12.2013	02.10.2014	RiM OJSC	Board of Directors Member
11.12.2013	29.09.2014	Polyus CJSC	Board of Directors Member
11.12.2013	15.10.2014	Aldanzoloto GRK OJSC	Board of Directors Member
11.12.2013	14.10.2014	Pervenets OJSC	Board of Directors Member
12.12.2013	15.10.2014	Aldanzoloto GRK OJSC	Board of Directors Chairperson
06.01.2014	01.10.2014	Polyus Gold PLC	Director
27.02.2014	19.01.2015	YuVGK OJSC	Board of Directors Member
23.05.2014	present	Polyus Gold OJSC	Board of Directors Member
30.06.2014	present	Lenzoloto OJSC	Board of Directors Member
30.07.2014	13.08.2014	Polyus Stroi LLC	Board of Directors Member

Solotova, Anna Olegovna

Does not own shares in Polyus Gold OJSC.

Date of birth: 10 June 1973.

Education: Moscow State Linguistic University.

2007	present	Polyus Gold OJSC	Company Secretary
13.03.2013	02.02.2014	Polyus Logistics CJSC	Board of Directors Member
25.06.2013	present	YuVGK OJSC	Board of Directors Member
14.06.2013	26.12.2014	ZDK Lenzoloto CJSC	Board of Directors Member
29.12.2012	present	Polyus Gold OJSC	Board of Directors Member
01.08.2013	present	Polyus CJSC	Chief of Corporate Management Administration
11.12.2013	present	Polyus Project LLC	Board of Directors Member

Krivozhikhin, Sergei Yuryevich

Does not own shares in Polyus Gold OJSC.

Date of birth: 23 February 1980.

Education: Higher, M.V. Lomonosov Moscow State University; Institute of World Economy and Foreign Relations of Russian Academy of Sciences; Russian Economic University named after G.V. Plekhanov.

2008	2011	Alpha-Bank OJSC	Analyst
2011	2014	Severstal OJSC	Senior Manager for Investor Relations
17.03.2014	present	Polyus CJSC	Director for Investor Relations
23.05.2014	present	Polyus Gold OJSC	Board of Directors Member

Rumyantsev, Anton Borisovich

Does not own shares in Polyus Gold OJSC.

Date of birth: 27 August 1985.

Education: Siberian Federal University, major: World Economy.

September 2011	August 2013	Sberbank KIB CJSC (previously: IK Troika Dialog CJSC)	Analyst for Metallurgy and Mining Industry
02.12.2013	present	Polyus CJSC	Director for Corporate Finance
17.12.2013	present	Vitimenergoby CJSC	Board of Directors Member
11.12.2013	present	Vitimenergostroi CJSC	Board of Directors Member

03.12.2013	present	Vitimenergostroi CJSC	Board of Directors Member
02.04.2014	25.06.2014	Polyus Logistics CJSC	Board of Directors Member
28.03.2014	21.05.2014	Aldanzoloto GRK OJSC	Board of Directors Member
23.05.2014	present	Polyus Gold OJSC	Board of Directors Member

In 2014 no remuneration was paid to Polyus Gold OJSC Board of Directors Members.

In 2014 7 Meetings of Polyus Gold OJSC Board of Directors were held.

Information on the Issuer's Sole Executive Body

At Polyus Gold OJSC Board of Directors Meeting held on 30 September 2014 decision was made to terminate the authorities of Polyus Gold OJSC General Director Fyodor Vasilyevich Kirsanov and to appoint to the position of Polyus Gold OJSC General Director as from 02 October 2014 Pavel Sergeyevich Grachev.

Grachev, Pavel Sergeyevich

Does not own shares in Polyus Gold OJSC.

Date of birth: 21 January 1973.

Education: Higher, Trieste University (Italy) and Saint-Petersburg State University, major: Jurisprudence.

2009	2011	PIK Group of Companies OJSC	Board of Directors Member, Board of Directors Chairperson
2009	2011	Polyus Gold OJSC	Board of Directors Member
August 2010	February 2011	Uralkaliy OJSC	General Director
September 2010	2012	Uralkaliy OJSC	Board of Directors Member
August 2011	January 2013	Alpina Capital A.C.L. Limited (Cyprus)	Head of Moscow Representation Office
January 2013	September 2013	Far East and Baikal Region Development Fund OJSC	General Director
June 2013	June 2014	FSK EES OJSC	Board of Directors Member
September 2013	July 2014	Nafta Moskva Cyprus Ltd	Board of Directors Chairperson
November 2013	present	Polyus Gold International Limited	Board of Directors Member
November 2013	present	Polyus Gold International Limited	Interim Chief Executive Director
November 2014	present	Polyus Gold International Limited	Chief Executive Director
October 2014	present	Polyus Gold OJSC	General Director

Corporate Secretary

Corporate Secretary in the system of Polyus Gold OJSC corporate management has the role of link between the Management, the Board of Directors, and the Shareholders within the framework of activities organization and support of proper functioning of the Company's management bodies,

ensuring the necessary transparency from the viewpoint of legal requirements, as well as analysis and development of the corporation's corporate management system.

In March 2006 the Company's Board of Directors approved Regulations on Polyus Gold OJSC Board of Directors Secretary which together with the Charter is a basic document regulating the activities of Polyus Gold OJSC Secretary.

At its Meeting held on 4 July 2014 the Board of Directors to continue the authorities of Ms Anna Olegovna Solotova as Polyus Gold OJSC Secretary and Polyus Gold OJSC Board of Directors Secretary.

Polyus Gold OJSC Shareholders

Information on major (over 5%) registered persons in the Register of Holders of Polyus Gold OJSC Securities as of 31 December 2014:

Shareholder's Name	Total number of shares	Percentage in the overall number of shares
	MIO	%
Polyus Gold International Limited	177.2	92.95%
Others	13.4	7.05%
Total	190.6	100.0%

6. MAIN PRINCIPALS ON THE REMINERATION POLICY

Remuneration and expenses reimbursement policy for the Members of the Board of Directors had not been approved in OJSC Polyus Gold. Directly for their work at the Board of Directors, its members do not receive any remuneration. Some Members of the Board of Directors have been secondarily employed at OJSC Polyus Gold within 2014.

OJSC Polyus Gold employees, which at the same time were Members of the Board of Directors, for their work in OJSC Polyus Gold in the reporting year were paid salaries in the total amount of 261 650 rubles in 2014.

7. DIVIDEND PAYMENT REPORT

YEAR	Total Amount of Dividends	Amount of Paid Dividends	Amount of Written off Unclaimed Dividends	Percentage of Paid Dividends
12/2006	615 727 622,81	614 718 626,71	1 008 996,10	99,84%
12/2007	562 351 853,65	561 472 932,17	878 921,48	99,84%
06/2009	1 248 611 742,85	1 246 501 657,98	2 110 084,87	99,83%
12/2009	1 769 025 492,16	1 766 118 494,49	2 906 997,67	99,84%
06/2010	1 624 148 404,44	1 621 560 848,20	2 587 556,24	99,84%
12/2010	2 144 562 153,75	2 141 556 535,06	3 005 618,69	99,86%
09/2011	5 000 165 803,81	4 993 345 107,68	6 820 696,13	99,86%
09/2012	12 000 016 673,65	11 987 327 430,83	12 689 242,82	99,89%
	24 964 609 747,12	24 932 601 633,12	32 008 114,00	

8. MAJOR RISKS ASSOCIATED WITH POLYUS GOLD OJSC ACTIVITIES

The activities of the Company involve a number of risks which, if realized, may have an adverse impact on the company's operational and financial performance or its reputation and negatively tell on the Company's production and financial results. The Company places a high priority on issues of successful development through efficient risk management, reasonable allocation of resources, and competitive edge enhancement.

Risk management includes the identification and assessment of parameters of potential threats, as well as the development and implementation of measures aimed at controlling the level of potential risks. The Company has developed in-house procedures to govern the activities in the area of risk management. Pursuant to the said procedures, in each Business Unit risk managers have been designated, in each Business Unit the risks specific to it are being identified and measures are being developed to mitigate them.

Below the main risks are described which are faced by the Company and the measures for the management thereof.

Technical and Production Risks

The Company's production activities are exposed to a number of natural and technogenic factors, such as: flooding; collapse of quarry walls and benching; failure of tailings storage dams; incidents in the process of mining equipment operation in blasting work; disruption of production due to power supply failure and equipment breakdown.

Causes:

The Company's core production activities take place in remote areas with harsh climate, which poses great technical challenges in geological exploration and mining operations. The remoteness of target production areas creates difficulties for the carriage of equipment, process consumables and spare parts, which can push up the cost of the end product.

Impact:

Realization of the above risks may result in interruption of ore extraction and processing, increase of its self-cost, causing harm to human health and the environment, negatively impact the Company's production activities.

Measures taken:

For work in complicated mining, geological and weather conditions modern mining and transportation machinery is used and new technologies are implemented including those developed by the Company.

For mitigating the risks associated with the production activities, the Company performs analysis of unscheduled process shutdowns, including the main risk management stages: risk identification, quantitative assessment of risk parameters (probability and damage), determining risk categories, developing measures for preventing incidents and accidents. Uniform register of technical and production risks has been made up. Programs of technical and organizational measures are being implemented for lowering the level of critical risks.

Changes in Environment Protection Laws

The activities of the Company's enterprises are subject to environmental control and regulation as they involve the use of environmentally

Causes:

The Company fulfills in good faith its obligations in the sphere of ecology and environment protection and follows the principles and requirements of internal and international

Measures taken:

The Company strives to fulfil its environmental obligations and comply with the requirements of Russian and international standards, agreements, conventions, and protocols.

hazardous substances, as well as emission into the environment of waste products and pollutants, soil disturbance, potential harm to wildlife, and other environmentally hazardous factors.

standards, agreements, conventions, and protocols. The task of raising the efficiency of the Company's production activities which is being realized, is in particular aimed at reducing the emission and discharge of pollutants and arranging waste disposal sites. However, changes in environment protection laws and introduction of stricter licensing requirements may result in additional expenses for varying the production process and increase in ecological dues. Disruption of the functioning of treatment facilities due to breakdowns, unfavorable meteorological conditions and natural calamities may cause harm to the environment and result in suspension of production activities.

Impact:

Potential consequences of breaching environment protection laws may be fines and other financial implications which may be material. Supervisory bodies may temporarily or permanently close down production sections or disallow further development of deposits.

Raising the efficiency of the Company's activities is in particular related to reducing the emission of hazardous substances and elaboration of waste burial methods.

Bureau Veritas Certification annually conducts audit of Polyus CJSC and Aldanzoloto OJSC with regard to their compliance with the ISO14001 (Environmental management system) international standard and OHSAS 18001: 2007 (Health and Safety management system) standard.

Reserves of Ore and Minerals

Reserves of ore and minerals are hard to estimate, their volume may turn out to be inaccurate and be subject to substantial adjustment.

Causes:

The Company's operations depend to a great extent on the available reserves and resources. Estimation of ore and mineral reserves of all mining companies may intrinsically be inaccurate and depends to a certain extent on subjective statistical conclusions made on the basis of results of limited drilling volumes and other analyses which in the long run may turn out to be unprecise.

Impact:

In case of non-confirmation of the quantity and quality of the shown reserves of newly developed ore deposits, there is a probability of

Measures taken:

In order to raise the objectivity of estimations, the Company on a regular basis outsources independent experts for performing auditing the data relating to prospective deposits and deposits under development and making up reports on the results of geological prospecting operations, mineral resources, and ore reserves. Detailed technological mapping of deposits is performed.

decline in production efficiency due to increase of the cost of mining operations and their labor intensity, variations in beneficiation technology, reduction of the full mine development term.

Project Risks

Realization of the Company's investment projects may be subject to adverse impact of different events.

Causes:

Investment projects may be negatively impacted by such events as: untimely presentation by the designer of working documentation for the construction of facilities; failure to meet the deadline and non-observation of the technology of new production facilities construction by the performer of construction and assembly operations.

Impact:

Realization of project risks entails increase of the time-frame and cost of projects fulfillment, non-fulfillment of production program, current (fair) value growth, increase of investment and operating expenditures.

Measures taken:

In order to mitigate the project risks, regular control of the time-frame of obtaining technical documentation for equipment is performed, look-ahead transfer of working documentation in electronic form has been arranged, presence on the construction sites of the designer's representatives is ensured. Tenders are conducted for selecting equipment suppliers and performers of construction and assembly works, construction design supervision is ensured. Independent consultants are outsourced possessing extensive experience in the construction of mining and metallurgical industry facilities.

Power Supply Risks

The Company's enterprises located in remote areas of Siberia and the Far East are not supplied with sufficient electric power and capacity.

Causes:

In Severo-Yeniseiski District of Krasnoyarsk Region (Blagodatnoye and Olympiada deposits), in Bodaibo District of Irkutsk Region (Verninskoye deposit) there is a shortage of both generating and network capacities.

Impact:

Insufficient power supply poses a threat to the realization of such projects as: Verninskoye Mill extension, Blagodatnoye Mill extension. Shortage of electric capacity necessitates the use of sources of own more expensive generation and decreases the reliability of the power supply of existing enterprises.

Measures taken:

In order to obtain additional electric capacity, increase power supply reliability, and reduce the cost of electric power used in production, the Company takes part in the construction of high voltage transmission lines in Krasnoyarsk Region and Irkutsk Region for connecting to the networks of federal grid companies of Siberia and Yakutia. This will enable to ensure efficient power supply for Blagodatnoye Mill, Olympiada Mill and Verninski Mill.

Risks of Non-Fulfillment of Contract Agreements and Agreements for the Supply of Equipment and Materials

There are risks of untimely supply and non-observance of contracts by contractors, manufacturers, or suppliers of equipment and technological materials, besides there is the risk of supply of poor quality products by manufacturers.

Causes:

The Company pursues its main operating activities in remote areas with harsh climate and poor conditions of roads which may cause disruption of equipment and materials supply and increase of transport expenses. For example, in winter time the air temperature at major production facilities (Olympiada Mill and Blagodatnoye Mill) in Krasnoyarsk Region drops to -61°C, the average annual temperature being -5°C. The principal transshipment terminal in Lesosibirsk is situated 320 km by earth-road from Olympiada Mill and Blagodatnoye Mill; besides, the earth-road includes ferry or ice passage over the Yenisei River. Because of adverse weather conditions, transportation is impossible 2-3 months per year. Due to global economic crises, suppliers face a number of negative factors which may impede the production and supply of necessary materials, as well as result in an increase in transportation expenses.

The Cause of supply of poor quality products by manufacturers may be inadequate control of the quality of products manufactured by contractors.

Impact:

Impossibility of timely obtaining equipment and materials, as well as supply of poor-quality products by manufacturers may negatively tell on the fulfillment of production plans and the time-frame of introducing new production capacities.

Measures taken:

In order to lower the level of these risks, the Company monitors the activities of its main counterparts and takes measures for increasing their number by conducting tender procedures. Thorough acceptance testing of new equipment and technological materials prior to their delivery is conducted. The Company also maintains a sufficient volume of inventories in order to avoid production stoppage during the spring and autumn muddy seasons and during the periods of ferry or ice passage unavailability.

Personnel Risks

The Company faces difficulties of ensuring the sufficient manning level at enterprises located in remote areas of Siberia and the Far East, especially in terms of skilled staff.

Causes:

The difficulties of ensuring the sufficient manning level, especially in terms of skilled staff, arise due to: the current population problems faced by Siberia and the Far East; declining level of specialists training at educational establishments; insufficient personnel motivation; low level of social and living conditions.

Impact:

Personnel risk realization may cause such negative developments as: non-fulfillment of production plans; current (fair) value increase; industrial injuries; equipment

Measures taken:

The Company's efforts are aimed at lowering the level of personnel risk. At the Corporate Center and business units the following measures have been developed and are being implemented: interaction with placement services of other areas and personnel self-tuition have been organized; foreign staff is being employed; the personnel motivation system is being elaborated; the social and living conditions are being improved.

failure; production faults; non-compliance with the project realization time-frame; losses of work performance quality.

Price and Inflation Risks

The Company's financial performance to a large extent depends on gold price. Inflation processes in Russia also impact the Company's activities.

Causes:

The Company's income comes from gold sales. Product realization is effected at market prices both under long-term contracts and in the spot market. Thus, the Company's financial performance to a large extent depends on gold price. Gold market is cyclical and susceptible to general changes in the economy, thus experiencing substantial fluctuations. Gold price depends on a large number of factors which the Company is unable to control.

The cost of equipment, materials and services, as well as the payroll are denominated in rubles, thus depending on ruble exchange rate and the inflation level. Increase of tariffs for the energy of 'natural monopolies' may also result in a growth of expenditures.

Impact:

In the current economic conditions the attractiveness of gold as an instrument of anti-inflation hedging is not so obvious for investors as it has been over the past several years. Average gold price in 2014 was 1,266 USD/oz. Substantial and continued decline in gold price may entail earnings dilution or even unprofitability of operations for gold extraction and/or prospecting pursued by the Company. Negative impact upon the results of the Company's business activities and financial situation may be quite material.

Measures taken:

The Company performs continuous monitoring of gold markets and implements certain measures for cutting down expenditures. It revises its program of assets under construction and considers the possibility of operations hedging for some business units with high gold recovery cost. In order to mitigate currency risks, the Company strives to borrow moneys mainly in US\$ and to preserve sufficient sum of cash money in rubles for covering the near-term payment obligations. For mitigating the consequences of tariff rates increase, the Company procures power resources under long-term contracts at fixed prices. Probable inflation changes are also taken into account in planning the budget and the expenditures for investment projects realization.

Liquidity Risk

The Company is exposed to liquidity risk from the viewpoint of the possibility of financing the current operating activities and development.

Causes:

Liquidity risk is a consequence of uncertainty or volatility in financial markets due to anticipated deterioration of global economic situation or as a reaction to some shock events. Liquidity

Measures taken:

Liquidity risk management is one of the main elements of the Company's risk management system which fact is brought about by the necessity to ensure stability of fulfilling the Company's

risk arises also when creditors doubt the Company's long-term possibility to generate cash money.

Impact:

If the Company is unable to obtain credit due to the situation in the capital market, it would be unable to raise sufficient funds for developing new projects, financing acquisitions and satisfying its current needs in financing. This may have negative impact upon the Company's financial position.

financial obligations to its employees and third parties, maintain the status of reliable partner and counterpart. Liquidity risk management is effected on a permanent and dynamic basis. The management tasks are creating optimal capital structure, maintaining sufficient level of monetary funds for the financing of production, managerial and investment needs of the Company. For attaining these goals the Company on a regular basis conducts monitoring of risk factors which include: production level; volume of production and operating expenses; product sale price; need for operating assets; planned capital expenditures in the medium-term and the long-term. Comprehensive program of cash flow records automation and uniform payment position planning is being realized at the Company's enterprises. The measures implemented for the Company's liquidity risk regulating enable to maintain the Company's competitive edge and long-term financial stability.

Regulatory Risks

The Company's activities may be negatively impacted by non-obtaining of licenses, their termination or refusal to extend them.

Causes:

The Company's activities depend on the effective term of some licenses, first of all the licenses for the right of subsurface use, as well as on the granting of new licenses and complying with their terms. The terms of licensing agreements require from the Company to comply with numerous industry standards, employ skilled personnel, have available the necessary equipment and quality control systems, effect the control of production processes, maintain relevant documentation and provide the licensing authorities upon demand with relevant information.

Impact:

In case of non-fulfillment of the licensing terms, licenses necessary for the Company may be prematurely terminated and/or may be not granted or extended, or else they may be granted or extended untimely or provide for requirements limiting the Company's ability to pursue its activities or reducing their profitability.

Measures taken:

The Company on a regular basis conducts work for elaborating the system of controlling the compliance with the terms of licensing agreements and industry standards. Observations and prescriptions by government

regulatory and monitoring authorities presented following the results of checks of the Company's enterprises production activities are thoroughly studied and measures are taken for eliminating the identified shortcomings.

De-Offshorization Risks

The planned changes in the RF laws introducing CFC rules and the measures which are being taken by the RF Ministry of Finance aimed at de-offshorization of Russian economy may negatively tell on the financial and economic conditions of the Group's activities.

Causes:

The parent company of Polyus Group is Polyus Gold International Ltd. which has foreign jurisdiction. For such companies which pursue parallel activities in the RF, realization of the de-offshorization program may mean introduction of prohibition to have government contracts, limiting state support in the realization of investment infrastructure projects, reducing the volume of financing by Russian development institutions, as well as impossibility to obtain preferential tax treatment.

Impact:

The Company may face the problem of obtaining tax benefits for its production activities. The Company plans to extend tax benefits to the operating activities in Krasnoyarsk Territory and Irkutsk Region. Besides, the Company may lose government support in joint financing the construction of infrastructure for its operating activities. These are mainly power engineering projects including the high-voltage transmission lines Peledui-Mamakan for Verninskoye mill and Taiga-Razdolinskaya for Krasnoyarsk BU. Besides, the Company's access to government bank credits may be limited.

Measures taken:

In case of introduction of harsh measures regulating the relations with foreign companies, the Company will have to consider the issue of expediency of further use of foreign corporate structure and, accordingly, the possibilities and mechanisms of transferring its papers under Russian jurisdiction. For determining the further steps the Company is conducting consultations with the participation of all interested parties and is analyzing in detail the probable consequences of introducing changes to the Russian legislation with due consideration for the strategic priorities of the Company's activities.

APPENDIX 1. Information on compliance with the recommendations of the Corporate Code of Conduct.

The following in-house documents have been approved at Polyus Gold OJSC:

- 1) Charter of Polyus Gold OJSC approved by Polyus Gold OJSC General Meeting of Shareholders on 27 December 2013 (minutes No. 01-14/OSA dated 09 January 2014).
- 2) Regulations on Polyus Gold OJSC General Meeting of Shareholders approved by Polyus Gold OJSC General Meeting of Shareholders on 09 December 2011 (minutes No. 02-11/OSA dated 14 December 2011).
- 3) Polyus Gold OJSC Financial Risks Management Policy approved by Polyus Gold OJSC Board of Directors on 14 September 2006 (minutes No. 8-pr/SD dated 15 September 2011).
- 4) Regulations on Polyus Gold OJSC Board of Directors approved by Polyus Gold OJSC General Meeting of Shareholders on 09 December 2011 (minutes No. 02-11/OSA dated 14 December 2011).
- 5) Regulations on Polyus Gold OJSC Secretary approved by Polyus Gold OJSC Board of Directors on 27 March 2006 (minutes No. 1-pr dated 30 March 2006).
- 6) Polyus Gold OJSC Public and Investor Relations Policy approved by Polyus Gold OJSC Board of Directors (minutes No. 10-pr/sd dated 10 November 2006).
- 7) Polyus Gold OJSC Regulations on Insider Information approved by Polyus Gold OJSC Board of Directors on 28 September 2011 (minutes No. 11-11/SD dated 28 September 2011).
- 8) Regulations on Polyus Gold OJSC Audit Committee approved by Polyus Gold OJSC General Meeting of Shareholders on 11 September 2006 (minutes unnumbered dated 25 September 2006).
- 9) Regulations on Polyus Gold OJSC Dividend Policy approved by Polyus Gold OJSC Board of Directors on 03 April 2007 (minutes No. 04-07/SD dated 04 April 2007).
- 10) Provision on Internal Control of Polyus Gold OJSC Financial and Business Activities approved by Polyus Gold OJSC Board of Directors on 27 March 2006 (minutes No. 1-pr/sd dated 30.03.2006).
- 11) Regulations on Polyus Gold OJSC Anti-Corruption Policy approved by General Director's Order No. 2-pz dated 04 April 2012.

The table below was prepared in accordance with the form of Report on Compliance with Corporate Governance Code Principles and Recommendations approved by the Bank of Russia on 21 March 2014 and recommended by FB MMVB CJSC. The table reflects the Company's efforts aimed at corporate standards enhancement.

Item No.	Corporate Governance Principle(s) or Key Criterion (Recommendation)	Complied or not complied with	Note
I. Shareholders' Rights and Equitable Treatment of Shareholders in Exercising their Rights			
1.1.	The Company must ensure equal and fair treatment of all Shareholders in exercising their rights to take part in Company management. The system and practice of corporate governance must ensure equitable treatment of all Shareholders holding shares of one category (type), including minority Shareholders and foreign Shareholders, as well as parity of their treatment on the part of the Company.		
1.1.1.	<p>The Company has approved an in-house document stipulating the main procedures of preparation for, convening and holding General Meeting of Shareholders, complying with the recommendations of Corporate Governance Code, including the Company's obligation to:</p> <p>notify Shareholders of holding General Meeting of Shareholders and grant them access to materials, in particular post the notification and the materials on the Company's Internet site no later than 30 days before the date of holding the meeting (unless the laws of the Russian Federation stipulate a longer period);</p> <p>disclose information on the date of making up the list of persons entitled to participate in General Meeting of Shareholders no later than 7 days before its inception;</p> <p>provide for General Meeting of Shareholders additional information and materials on agenda issues in accordance with Corporate Governance Code recommendations.</p>	<p>Complied with</p> <p>Partially complied with</p> <p>Complied with</p> <p>Partially complied with</p>	<p>Regulations on Polyus Gold OJSC General Meeting of Shareholders</p> <p>Paragraph 5.4. of Polyus Gold OJSC Charter. Notifications are posted on the Company's site within the time-frame stipulated by the effective laws http://www.polyuszoloto.info, http://www.e-disclosure.ru/portal/company.aspx?id=7832</p> <p>A Shareholder is additionally provided with:</p> <ul style="list-style-type: none"> - information on nominees to the Company's auditorship; - list of persons considered interested (if applicable);

	<p>minimum amount of dividends upon the Company's shares of different categories (types);</p> <p>obligation to disclose the document determining the Company's dividend policy by posting it on the Company's Internet site.</p>	<p>Not complied with</p> <p>Complied with</p>	Dividend Policy is posted on Polyus Gold OJSC web-site
II. The Company's Board of Directors			
2.1	The Board of Directors determines the principal strategic orienting points of the Company's activities for long-term perspective, the key exponents of the Company's activities, exercises strategic management of the Company, determines the basic principles and approaches to organizing in the Company systems of risk management and internal control, controls the activities of the Company's executive bodies, determines the Company's policy with regard to remuneration of Members of the Board of Directors and executive bodies, as well as performs other key functions.		
2.1.1.	<p>The Company has formed Board of Directors which:</p> <p>determines the principal strategic orienting points of the Company's activities for long-term perspective, the key exponents of the Company's activities;</p> <p>controls the activities of the Company's executive bodies;</p> <p>determines the principles and approaches to organizing risk management and internal control in the Company;</p> <p>determines the Company's policy with regard to remuneration of Members of the Board of Directors and executive bodies, as well as other key officers of the Company.</p>	<p>Complied with</p> <p>Complied with</p> <p>Complied with</p> <p>Partially complied with</p>	<p>Par. 6.3.3. of Polyus Gold OJSC Charter</p> <p>Par. 6.3.3.9 of Polyus Gold OJSC Charter</p> <p>Pars. 6.3.3.10, 6.3.3.19 of Polyus Gold OJSC Charter</p>
2.2.	The Board of Directors must be an efficient and professional management body of the Company capable of making objective independent judgements and		

	taking decisions serving the interests of the Company and its Shareholders. The Board of Directors Chairperson must work towards most efficient exercise of the functions imposed on the Board of Directors. Meetings of the Board of Directors, preparation for them and participation in them of Board of Directors Members must ensure efficient activities of the Board of Directors.		
2.2.1.	The Board of Directors Chairperson is an independent Director, or the senior independent Director is designated among the elected independent Directors who coordinates the work of independent Directors and cooperate with the Board of Directors Chairperson.	Not complied with	
2.2.2.	<p>The Company's in-house documents establish the procedure of preparation for and holding Board of Directors Meetings providing for Board of Directors Members opportunity to properly prepare for them and stipulating in particular:</p> <p>the time-frame of notifying Board of Directors Members of the forthcoming Meeting;</p> <p>the time-frame of distributing documents (bulletins) for voting and receiving filled out documents (bulletins) in cases of holding Meetings in absentia;</p> <p>opportunity for Board of Directors Members absent from Meeting held by personal attendance to send in their written opinions on the agenda issues and the procedure of taking them into account;</p> <p>opportunity to participate in discussion and vote by means of teleconferencing and video teleconferencing.</p>	<p>Complied with</p> <p>Complied with</p> <p>Complied with</p> <p>Complied with</p> <p>Not complied with</p>	<p>Regulations on Polyus Gold OJSC Board of Directors</p> <p>Par. 3.9 of Regulations on Polyus Gold OJSC Board of Directors</p> <p>Regulations on Polyus Gold OJSC Board of Directors</p> <p>Par. 3.9 of Regulations on Polyus Gold OJSC Board of Directors</p> <p>Par. 3.11 of Regulations on Polyus Gold OJSC Board of Directors</p>
2.2.3.	The most important issues are solved at Board of Directors Meetings held by personal attendance. The list of such issues complies with the Corporate Governance Code Recommendations.	Not complied with	

2.3.	Within the Board of Directors there should be a sufficient number of independent Directors.		
2.3.1.	Independent Directors make minimum one third of the elected Board of Directors Members.	Not complied with	
2.3.2.	Independent Directors fully meet the criteria of independence recommended by Corporate Governance Code.	Not applicable	Considering that Board of Directors Members are not independent
2.3.3.	The Board of Directors (the Committee for nominations (personnel, appointments)) make assessment of compliance with independence criteria of nominees to the Board of Directors.	Not complied with	
2.4.	The Board of Directors must form committees for preliminary consideration of the most important issues of the Company's activities.		
2.4.1.	The Company's Board of Directors has formed Audit Committee consisting of independent Directors, the functions whereof are stipulated in in-house documents and conform to Corporate Governance Code recommendation.	Not complied with	
2.4.2.	The Company's Board of Directors has formed Remuneration Committee (may be combined with Committee for nominations (personnel, appointments)) consisting of independent Directors, the functions whereof conform to Corporate Governance Code recommendations.	Not complied with	
2.4.3.	The Board of Directors has formed Committee for nominations (personnel, appointments) (may be combined with Remuneration Committee) the majority of members whereof are independent Directors, the functions whereof conform to Corporate Governance Code recommendations.	Not complied with	
2.5.	The Board of Directors must ensure assessment of the work of the Board of Directors, its Committees, and Board of Directors Members.		

2.5.1.	Assessment of the Board of Directors work is effected on a regular basis no less than once a year, herewith no less than once in three years such assessment is effected with outsourcing of an outside organization (consultant).	Not complied with	
III. The Company's Corporate Secretary			
3.1	Effective current cooperation with Shareholders, coordination of the Company's activities aimed at protection of the rights and interests of Shareholders, support of efficient work of the Board of Directors is ensured by the Corporate Secretary (special structural subdivision headed by the Corporate Secretary).		
3.1.1.	The Corporate Secretary is accountable to the Board of Directors, is appointed and dismissed by decision or with consent of the Board of Directors.	Complied with	Paragraphs 6.4. and 6.5. of Polyus Gold OJSC Charter; Regulations on Polyus Gold OJSC Secretary
3.1.2.	The Company has approved an in-house document determining the Corporate Secretary's rights and obligations (Provision on the Corporate Secretary) the contents whereof conforms to Corporate Governance Code recommendations.	Complied with	Regulations on Polyus Gold OJSC Secretary
3.1.3.	The Corporate Secretary holds position which may not be combined with fulfillment of other functions within the Company. The Corporate Secretary is assigned functions in accordance with Corporate Governance Code recommendations. The Corporate Secretary commands sufficient resources for fulfilling the assigned functions.	Complied with	Regulations on Polyus Gold OJSC Secretary
IV. System of Remuneration of Members of the Board of Directors, Executive Bodies, and other Key Officers of the Company			
4.1.	The remuneration paid by the Company must be sufficient for the engagement, motivation, and retention of persons possessing the competence and qualifications necessary for the Company. The payment of remuneration to Members of the Board of Directors, executive bodies, and other key officers of the Company must be effected in accordance with the remuneration policy adopted in the Company.		
4.1.1.	All payouts, bonuses, and benefits granted to Members of the Board of Directors, executive bodies, and other key officers of the Company are	Not applicable	No remunerations is paid to Polyus Gold

	stipulated.		OJSC Board of Directors Members
4.2.	The system of remuneration of Board of Directors Members must ensure convergence of the Directors' financial interests with long-term financial interests of Shareholders.		
4.2.1.	The Company does not practice any other forms of monetary remuneration of Board of Directors Members besides fixed annual remuneration.	Not applicable	No remunerations is paid to Polyus Gold OJSC Board of Directors Members
4.2.2.	The Company does not grant Board of Directors Members opportunity to participate in option plans, and the right to realize the Company's shares is not conditioned by attaining certain performance level.	Complied with	No options plans are stipulated at Polyus Gold OJSC
4.3.	The system of remuneration of members of executive bodies and other key officers of the Company must ensure dependence of remuneration on the results of the Company's activities and their personal contribution in attaining such results.		
4.3.1.	The Company has implemented long-term incentive program for motivating members of executive bodies and other key officers of the Company.	Not complied with	No incentive programs are stipulated at Polyus Gold OJSC
V. Risk Management and Internal Control System			
5.1.	The Company must create efficiently functioning risk management and internal control system aimed at ensuring reasonable certainty of attaining the Company's goals.		
5.1.1.	The Board of Directors has determined the principles of and approaches to organizing risk management and internal control system in the Company.	Complied with	
5.1.2.	The Company has set up a separate structural subdivision for risk management and internal control.	Not complied with	
5.1.3.	The Company has developed and implemented anti-corruption policy of the Company determining the measures aimed at forming elements of	Complied with	Regulations on Polyus Gold OJSC Anti-

	corporate culture, organizational structure, rules and procedures ensuring prevention of corruption.		Corruption Policy
5.2.	For consistent independent assessment of reliability and efficiency of risk management and internal control system and corporate management practice the Company must arrange for the conducting of internal audit.		
5.2.1.	<p>The Company has set up a separate structural subdivision fulfilling the functions of internal audit, functionally subordinate to the Company's Board of Directors. The functions of the above subdivision comply with Corporate Governance Code recommendations and in particular include:</p> <p>assessment of internal control system efficiency;</p> <p>assessment of risk management system efficiency;</p> <p>assessment of corporate management (in case of non-existence of a committee for corporate management).</p>	Not complied with	
5.2.2.	Head of internal control subdivision is accountable to the Company's Board of Directors, is appointed and dismissed by decision of the Company's Board of Directors.	Not applicable	
5.2.3.	The Company has approved policy in the sphere of internal audit (Provision on Internal Audit) determining the purposes, tasks, and functions of internal audit.	Complied with	Regulations on Polyus Gold OJSC Financial & Business Activities Internal Control
VI. Disclosure of Information on the Company, the Company's Information Policy			
6.1.	The Company and its activities must be transparent for Shareholders, investors, and other interested parties.		
6.1.1.	The Company has approved an in-house document determining the Company's information policy complying with Corporate Governance Code recommendations. The Company's information policy includes the following	Complied with	Polyus Gold OJSC Investor Relations Policy

	<p>methods of cooperating with investors and other interested parties:</p> <p>creating a special page of the Company's Internet site containing answers to typical questions asked by Shareholders and investors, regularly updated calendar of the Company's corporate events, as well as other information useful for Shareholders and investors;</p> <p>regular conducting of meetings of members of executive bodies and other key officers of the Company with analysts;</p> <p>regular conducting of presentations (in particular in the form of teleconferences, web-casts) and meetings with the participation of members of management bodies and other key officers of the Company, in particular associated with publication of the Company's accounting (financial) reporting or related to the Company's major investment projects and strategic development plans.</p>	<p>Complied with</p> <p>Complied with</p> <p>Complied with</p>	<p>http://www.polyuszoloto.info/</p>
6.1.2.	Realization by the Company of information policy is implemented by the Company's executive bodies. Control of due information disclosure and compliance with the information policy is exercised by the Company's Board of Directors.	Complied with	
6.1.3.	The Company has established procedures ensuring coordination of the functioning of all services and structural subdivisions of the Company related to information disclosure or whose activities may lead to the necessity of information disclosure.	Complied with	
6.2.	The Company must timely disclose complete, actual, and trustworthy information on the Company for ensuring the possibility of making well-grounded decisions by the Company's Shareholders and investors.		
6.2.1.	Considering the substantial share of foreign investors in the Company's	Complied with	http://www.polyuszoloto.info/shareholder

	capital, the Company ensures that, together with information disclosure in the Russian language, disclosure of most important information on the Company (including notices of convening General Meeting of Shareholders and the Company's annual report) is effected in the foreign language which is generally accepted in the financial market.		s/company-documents/
6.2.2.	The Company ensures disclosure of information not only on itself but also on its controlled entities which have material importance for it.	Complied with	On the Company's site http://www.polyuszoloto.info/informatsiy-a-o-predpriyatiyakh-gruppy-polyus/ As well as in the form of quarterly report
6.2.3.	The Company discloses annual and interim (semi-annual) consolidated or individual financial reporting prepared in accordance with International Financial Reporting Standards (IFRS). Annual consolidated or individual financial reporting is disclosed together with the auditor's opinion, whereas interim (semi-annual) consolidated or individual financial reporting is disclosed together with report on the results of observation audit test or the auditor's opinion.	Complied with	http://www.polyuszoloto.info/aktsioneram/financial_statements_mc/
6.2.4.	The Company has disclosed a special memorandum containing plans in respect of the Company of the person controlling the Company. The above memorandum was prepared in accordance with Corporate Governance Code recommendations.	Not complied with	
6.2.5.	The Company ensures disclosure of detailed biographical data of Board of Directors Members, including information on whether they are independent Directors, as well as immediate disclosure of information on loss by a Member of the Board of Directors of the status of independent Director.	Partially complied with	Disclosed in quarterly and annual reports
6.2.6.	The Company discloses information on its capital structure in accordance with Corporate Governance Code recommendations.	Complied with	Disclosed in quarterly and annual reports

	<p>a) in respect of a group of minimum five most highly paid members of executive bodies and other key officers of the Company, broken down by each type of remuneration;</p> <p>b) in respect of all members of executive bodies and other key officers of the Company subject to the Company's policy in the sphere of remuneration, broken down by each type of remuneration;</p> <p>information on remuneration at year-end of the sole executive body received or receivable from the Company (legal entity in the group of organizations in which the Company is included), broken down by each type of remuneration, both for fulfilling the duties of sole executive body and otherwise).</p>	<p>Partially complied with</p> <p>Partially complied with</p> <p>Partially complied with</p>	<p>The information is disclosed summarily on all Polyus Gold OJSC employees in the issuer's quarterly report</p>
6.3.	The Company must provide information and documents upon Shareholders' requests in accordance with the principles of equal access and non-onerousness.		
6.3.1.	In accordance with the Company's information policy, the Company's Shareholders holding same numbers of voting shares in the Company are granted equal access to the Company's information and documents.	Complied with	Par. 1.2.3 of Public and Investor Relations Policy
VII. Material Corporate Actions			
7.1.	Actions which materially affect or may materially affect the equity holding structure and financial position of the Company and thus the position of Shareholders (material corporate actions) must be committed on fair terms ensuring the protection of the rights and interests of Shareholders, as well as other interested parties.		
7.1.1.	The Company's Charter determines the list (criteria) of transactions or other actions which are considered material corporate actions, consideration whereof falls within the competence of the Company's Board of Directors, including:		

	<p>reorganization of the Company, acquisition of 30 or more per cent. of the Company's voting shares (consolidation), increase or decrease of the Company's charter capital, listing, and delisting of the Company's shares;</p> <p>transactions for sale of shares (participation interests) in entities controlled by the Company which have material importance for it, in consequence whereof the Company loses the control of such entities;</p> <p>transactions, including related transactions, with the property of the Company or its controlled entities, the value of which exceeds the amount indicated in the Company's Charter or which is of material importance for the Company's business;</p> <p>creation of an entity controlled by the Company having material importance for the Company's activities;</p> <p>disposal by the Company of treasury and 'quasi-treasury' shares.</p>	<p>Partially complied with</p> <p>Not complied with</p> <p>Not complied with</p> <p>Not complied with</p>	For cases stipulated by the law
7.2.	The Company must ensure a procedure of committing material corporate actions which should enable Shareholders to timely receive complete information on such actions affording them opportunity to influence the commitment of such actions and guaranteeing observance and adequate level of protection of their rights in case of commitment of such actions.		
7.2.1.	<p>The Company's in-house documents stipulate the principle of ensuring equal conditions for all Shareholders of the Company in case of commitment of material corporate actions affecting Shareholders' rights and lawful interests, as well as additional measures protecting the Company's Shareholders' rights and lawful interests provided for by Corporate Governance Code, including:</p> <p>outsourcing of independent appraiser with unblemished reputation recognized in the market and experience of appraisal in the relevant sphere,</p>		

APPENDIX 2. Major transactions and interested-party transactions.

In 2014 Polyus Gold OJSC did not consummate any transactions which in accordance with Federal Law 'On Joint Stock Companies' could be considered major transactions or interested-party transaction and which was subject to mandatory approval by the joint stock company's authorized body as provided by Chapter XI of Federal Law 'On Joint Stock Companies'.

APPENDIX 3. Information on the volume of power resources utilized by the company in 2014.

Description	Unit	Consumption in 2014
Coal	tons	518 980
Oil (used as fuel)	tons	31 932
Motor Fuel Consumption:		
Petrol	tons	2 315
Diesel fuel	tons	172 480
Consumption of electricity from external sources (electric power plants – in-house needs, electric networks – line losses)	K kWh	1 786 567
Consumption of heat from external sources (heat plants – in-house needs, heat networks – line losses)	K Gcal	26,0
Consumption of fresh water from natural sources and water channels (water channels, in-house needs + losses)	K m3	34691,60