TENDER OFFER MEMORANDUM

POLYUS SERVICE LIMITED LIABILITY COMPANY
(A WHOLLY-OWNED SUBSIDIARY
OF PUBLIC JOINT STOCK COMPANY POLYUS)

with respect to a proposed tender offer to purchase for cash up to 317,792 of the issued and outstanding ordinary shares, of RUB 1 nominal value per share (“Ordinary Shares”), including Ordinary Shares represented by Regulation S and Rule 144A Global Depositary Shares (“GDSs”) and Level I American Depositary Shares (“ADSs” and, together with GDSs, “DSs”), with two GDSs or two ADSs representing one Ordinary Share,
of
PUBLIC JOINT STOCK COMPANY POLYUS

at a purchase price not less than US$210.00 and not greater than US$240.00 per each Ordinary Share and not less than US$105.00 and not greater than US$120.00 per each DS

THIS TENDER OFFER WILL EXPIRE AT 4:00 P.M., LUXEMBOURG/BRUSSELS TIME
(6:00 P.M., MOSCOW TIME, 3:00 P.M., LONDON TIME, 10:00 A.M., NEW YORK TIME) ON DECEMBER 24, 2020, UNLESS THIS TENDER OFFER IS EXTENDED (THE “EXPIRATION TIME”).

Please note that The Depository Trust Company (“DTC”), Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream” and, together with DTC and Euroclear, the “Clearing Systems”), their respective participants and the brokers or other securities intermediaries through which DSs are held will establish their own cut-off dates and times for the tender of the DSs, which will be earlier than the Expiration Time.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
THE TENDER OFFER AS SET OUT IN THIS TENDER OFFER MEMORANDUM IS SUBJECT TO IMPORTANT TERMS AND CONDITIONS, INCLUDING THE CONDITIONS LISTED UNDER “CERTAIN CONDITIONS OF THE TENDER OFFER.”

Polyus Service (“Polyus Service,” “we,” “our” or “us”), a wholly owned subsidiary of Public Joint Stock Company Polyus (“Polyus” or the “Company”), is inviting holders of the issued and outstanding Ordinary Shares and DSs (the Ordinary Shares and DSs, together, the “Securities” and each a “Security,” and the holders, individually or together, the “Securityholders” and each a “Securityholder”) to tender for cash up to an aggregate of 317,792 Ordinary Shares, including Ordinary Shares represented by DSs (the “Maximum Number of Securities”), at a purchase price not less than US$210.00 and not greater than US$240.00 for each Ordinary Share (the “Minimum Ordinary Share Price” and the “Maximum Ordinary Share Price,” respectively) (the “Ordinary Share Price Range”) to be paid in Russian rubles based on the U.S. dollar / Russian ruble exchange rate of the Central Bank of Russia (the “CBR”) effective on the date of the announcement of the results of tenders pursuant to the Tender Offer, and at a price not less than US$105.00 and not greater than US$120.00 for each DS (the “Minimum DS Price” and the “Maximum DS Price,” respectively) (the “DS Price Range” and, together with the Ordinary Share Price Range, the “Purchase Price Range”), to be paid in U.S. dollars, unless otherwise set forth in this Tender Offer Memorandum, in each case upon the terms and subject to the conditions set forth in this Tender Offer Memorandum (the “Tender Offer”) and, in the case of Ordinary Shares, in the related Ordinary Shares Letter of Transmittal (the “Ordinary Shares Letter of Transmittal”), and, in the case of DSs, the DS Corporate Action Notice (the “DS Corporate Action Notice”) and the DS Letter of Transmittal (the “DS Letter of Transmittal”).

The Tender Offer will be implemented through a procedure commonly known as a modified “Dutch auction.” This procedure allows each Securityholder to select the price, in integral increments of US$2.00 (two U.S. dollars) only, within the Ordinary Share Price Range for Ordinary Shares and, in integral increments of US$1.00 (one U.S. dollar) only, within the DS Price Range for DSs, at which the Securityholder is willing to sell its Securities, or submit a tender at whatever is determined to be the Strike Price (as defined below) (the “Strike Price Tender”).

Upon the terms and subject to the conditions set forth in this Tender Offer Memorandum, Polyus Service will select a single lowest price, not greater than US$240.00 nor less than US$210.00 per Ordinary Share, in integral increments of U.S.$2.00 (two U.S. dollars) only (the “ Ordinary Share Strike Price”), and a corresponding single lowest price not greater than US$120.00 nor less than US$105.00 per DS, in integral increments of U.S.$1.00 (one U.S. dollar) only (the “DS Strike Price” and, together with the Ordinary Share Strike Price, the “Purchase Price”) (each of the DS Strike Price and the Ordinary Share Strike Price, the “Strike Price”), that will allow it to purchase the Maximum Number of Securities (in any combination of Ordinary Shares and DSs) or, if fewer than the Maximum Number of Securities (in any combination of Ordinary Shares and DSs) are properly tendered, all Ordinary Shares and DSs that are properly tendered and not withdrawn prior to the Expiration Time.
At the Maximum Ordinary Share Price of US$240.00 for each Ordinary Share and at the Maximum DS Price of US$120.00 for each DS to be purchased under the Tender Offer, the aggregate purchase price that Polyus Service could pay for the Maximum Number of Securities would be US$76,270,080. At the Minimum Ordinary Share Price of US$210.00 for each Ordinary Share and at the Minimum DS Price of US$105.00 for each DS to be purchased under the Tender Offer, the aggregate purchase price that Polyus Service could pay for the Maximum Number of Securities would be US$66,736,320.

Polyus Service reserves the right, in its sole discretion, to change the Ordinary Share Price Range and (or) the DS Price Range, and to increase or decrease the Maximum Number of Securities, subject to applicable law.

<table>
<thead>
<tr>
<th>Securities Description</th>
<th>State Registration No./Common Codes/ISIN Nos.</th>
<th>Number of Securities Issued and Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares</td>
<td>1-01-55192-E, ISIN: RU000A0JNAAA8, 1-01-55192-E-003D, ISIN: RU000A101W02</td>
<td>136,069,400 point 14,138,881/133,561,119¹</td>
</tr>
<tr>
<td>Level I ADSs</td>
<td>CUSIP: 73181P102, ISIN: US73181P1021, CFI Code: EDSXFR</td>
<td>359,154²</td>
</tr>
</tbody>
</table>

¹ Includes Ordinary Shares represented by DSs.
² As of November 20, 2020. Two DSs represent one Ordinary Share.

NO GUARANTEED DELIVERY

The principal trading market for the Ordinary Shares is the trading platform and exchange of Public Joint Stock Company Moscow Exchange MICEX-RTS (the “Moscow Exchange” or “MOEX”). The Ordinary Shares trade on the Moscow Exchange under the symbol “PLZL.” On November 23, 2020, the closing price per Ordinary Share on the Moscow Exchange was RUB 14,785.00 (or US$194.51, using the CBR U.S. dollar / Russian ruble exchange rate in effect as of the same date). The Regulation S GDSs, Rule 144A GDSs and the ADSs are listed and trade on the main market of the London Stock Exchange (“LSE”) under the tickers “PLZL,” “PLZA” and “PLZB,” respectively. In the U.S., the ADSs trade under the ticker “OPYGY” on the OTC market. Two DSs represent one Ordinary Share. The DSs are registered and delivered by The Bank of New York Mellon, as depositary for the DSs (the “DS Depositary”) pursuant to the Amended and Restated Deposit Agreement, dated as of August 31, 2017, among the Company, the DS Depositary and the Owners and Holders of ADSs issued thereunder (the “Level I Deposit Agreement”), the Additional Regulation S Deposit Agreement, dated as of June 30, 2017, among the Company, the DS Depositary and the Owners and Holders of Regulation S Global Depositary Shares (the “Regulation S Deposit Agreement”), and the Additional Rule 144A Deposit Agreement, dated as of June 30, 2017, among the Company, the DS Depositary and the Owners and Holders of Rule 144A Global Depositary Shares (the “Rule 144A Deposit Agreement” and, collectively, the “Deposit Agreements”). On November 23, 2020, the closing price per GDS on the LSE and per ADS on the U.S. OTC market was US$95.70 and US$97.60, respectively. The trading and pricing information in respect of GDSs on LSE in this Tender Offer Memorandum is provided with respect to Regulation S GDSs. Securityholders are urged to obtain current market quotations for the Securities.

On November 23, 2020, the Minimum Ordinary Share Price represented a cash discount of US$8.12 and 3.7% per Ordinary Share to the 3-month volume weighted average price of US$218.12 for the period ending on November 23, 2020 (using the average CBR U.S. dollar / Russian ruble exchange rate for the respective period) and a cash premium of US$15.49 and 8.0% with respect to the closing price per Ordinary Share on the Moscow Exchange on November 23, 2020. On November 23, 2020, the Maximum Ordinary Share Price represented a cash premium of US$21.88 and 10.0% per Ordinary Share to the 3-month volume weighted average price of US$218.12 for the period ending on November 23, 2020 (using the average CBR U.S. dollar / Russian ruble exchange rate for the respective period) and a cash premium of US$45.49 and 23.4% with respect to the closing price per Ordinary Share on the Moscow Exchange on November 23, 2020.


Holders of Ordinary Shares and holders of DSs who are Russian residents for the purposes of the Russian Currency Control Law (as defined below) (“Russian Currency Residents”) should note that the Ordinary Share Strike Price for the Ordinary Shares and the DS Strike Price for the DSs tendered by DS holders who are Russian Currency Residents will be fixed and paid in Russian rubles at the CBR U.S. dollar / Russian ruble exchange rate in effect on the date of the announcement of the results of tenders pursuant to the Tender Offer and that the exchange rate of the U.S. dollar against the Russian ruble is volatile. No assurance can be given as to the CBR U.S. dollar / Russian ruble exchange rate that will be in effect on such date.

Securityholders should note that the Purchase Price does not take account of applicable fees, expenses, taxes or other charges and the net proceeds that will be actually received by tendering Securityholders may be lower, perhaps significantly. In particular, as required by Russian law, where Securities are not tendered through a Russian broker or a Russian trustee acting as a tax agent for Russian law purposes, Polyus Service will act as a tax agent and withhold an applicable amount in respect of tax with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by holders of Ordinary Shares who are individuals (that is, natural persons and not corporations or other legal entities) and the DS Strike Price in relation to DSs sold by DS holders who are individuals (natural persons) that are Russian tax residents. See Section 13A, “Certain Tax Matters—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer” below for a description of certain Russian tax consequences. The applicable tax rate will depend on whether the relevant individual Securityholder is resident or non-resident for tax purposes in Russia and the applicable tax base will depend on whether there are any exemptions available or whether the relevant Securityholder can confirm the costs at which it acquired the Securities that are tendered in the Tender Offer. Please refer to the information memorandum on certain tax matters (the “Tax Information Memorandum”) that accompanies this Tender Offer Memorandum for more information as to applicable procedures, including the indicative list of required documents, and consult with your professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences in any other jurisdiction.

Polyus Service and Polys Gold International Limited (“PGIL”), the controlling shareholder of the Company, have signed an indicative letter of intent (the “PGIL LoI”) pursuant to which PGIL undertook not to participate in the Tender Offer through tendering any Securities it owns in the Tender Offer but indicated that it may, following the expiration of the Tender Offer period, sell to Polyus Service up to a maximum amount of 1,110,779 Ordinary Shares held by it, which corresponds to its pro rata stake in the Company. Any such sale, if it is implemented, is expected to be on the same terms as the share purchase agreements that will be signed by holders of Ordinary Shares under the terms of this Tender Offer and will be at a purchase price equal to the price per Ordinary Share as will be determined and paid as the Ordinary Share Strike Price in the Tender Offer. Pursuant to the PGIL LoI, any share purchase agreement with PGIL on these terms may only be entered into during the Execution Period (as defined below) and, accordingly, if such share purchase agreement is signed, the purchase of Ordinary Shares from PGIL could occur at any time starting with, and including, the date when the results of tenders pursuant to the Tender Offer, the Ordinary Share Strike Price and the DS Strike Price are announced. The provisions of PGIL LoI, other than PGIL’s undertaking not to tender any Ordinary Shares in the Tender Offer, are indicative and non-binding and, accordingly, PGIL may, at any time prior to the Expiration Time, notify Polyus Service that it will not be selling any Ordinary Shares to Polyus Service or that it proposes to sell a smaller number of Ordinary Shares under the share purchase agreement. At the Maximum Ordinary Share Price of US$240.00 for each Ordinary Share, the aggregate purchase price that Polyus Service could pay to PGIL pursuant to the share purchase agreement, if a share purchase agreement is executed, would be US$266,586,960. At the Minimum Ordinary Share Price of US$210.00 for each Ordinary Share, the aggregate purchase price that Polyus Service could pay to PGIL pursuant to the share purchase agreement, if a share purchase agreement is executed, would be US$233,263,590. PGIL holds 104,980,471 Ordinary Shares, representing approximately 77.15% of all Ordinary Shares (including Ordinary Shares represented by DSs) issued and outstanding as at November 23, 2020.

To the extent permissible under applicable securities laws, the Dealer Manager (as defined below) and its affiliates may from time to time purchase, or enter into arrangements to purchase, Securities either as principal or agent before and during the period when the Tender Offer remains open for acceptance. Neither Polyus, Polyus Service nor any member of the Polyus consolidated group expects to purchase Securities, other than pursuant to the Tender Offer, during the period in which the
Tender Offer is open for submission of tenders, except that Polyus and such other companies may use Securities in connection with financing, refinancing and acquisition transactions, purchase such Securities in connection with such transactions and sell and purchase Securities to and from other members of the Polyus consolidated group, and purchase Securities pursuant to repurchase and similar transactions entered into prior to announcement of this Tender Offer. In addition, in accordance with Russian law and pursuant to Rule 14e-5 under the U.S. Securities Exchange Act of 1934 (the “Exchange Act”), affiliates of Polyus that are not members of the Polyus consolidated group and over which Polyus does not exercise control and their respective nominees or brokers (acting as agents), and any adviser to Polyus or any of its affiliates and the Dealer Manager in the Tender Offer or any of its affiliates, and any person acting, directly or indirectly, in concert with any such persons, may from time to time make purchases of, or arrangements to purchase, Securities other than pursuant to the Tender Offer, before or during the period in which the Tender Offer is open for submission of tenders, so long as those acquisitions or arrangements comply with applicable Russian law and the provisions of the exemption provided under Rule 14e-5 under the Exchange Act (“Rule 14e-5”). Any of the purchases referred to in this paragraph may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Information about such purchases will be disclosed as and if required by applicable securities laws.

The Dealer Manager and its affiliates may contact and communicate with institutional Securityholders regarding the Tender Offer and will not take any action in relation to, nor have any liability or responsibility for, communications with retail Securityholders regarding the Tender Offer. Communications with retail Securityholders with respect to questions and requests in respect of the Tender Offer will be via the Information Agent and, with respect to tender procedures for the Ordinary Shares and DSs tendered by DS holders who are Russian Currency Residents, via Joint Stock Company Independent Registrar Company R.O.S.T. (“IRC-R.O.S.T.”) and, with respect to tender procedures for the DSs tendered by Non-Russian DS Holders (as defined below), via the DS Tender Agent (as defined below).

Emerging markets such as the Russian Federation are subject to greater risks than more developed markets. As a result, tendering Securityholders should familiarize themselves with such risks as well as make their own assessment of the merits and risks involved in participating in the Tender Offer, including investment, tax, legal and accounting matters.

Securityholders should be aware that the sale of Securities and receipt of the Purchase Price pursuant to the Tender Offer may have certain tax consequences, and are urged to consult at their own expense with their tax advisers with respect to those consequences in considering the Tender Offer. In particular, as required by Russian law, where Securities are not tendered through a Russian broker or a Russian trustee acting as a tax agent for Russian law purposes, Polyus Service will act as a tax agent and withhold an applicable amount in respect of tax with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by holders of Ordinary Shares who are individuals (natural persons) and the DS Strike Price in relation to DSs sold by DS holders who are individuals (natural persons) that are Russian tax residents. See Section 13A, “Certain Tax Matters—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer” below for the description of certain Russian tax consequences. The applicable tax rate will depend on whether the relevant individual Securityholder is resident or non-resident for tax purposes in Russia and the applicable tax base will depend on whether there are any exemptions available or whether the relevant Securityholder can confirm the costs at which it acquired the Securities that are tendered in the Tender Offer. Please refer to the Tax Information Memorandum that accompanies this Tender Offer Memorandum for more information as to applicable procedures, including the indicative list of required documents, and consult with your professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences of any other jurisdiction. For certain U.S. federal income tax consequences, see Section 13B, “Certain Tax Matters—Certain U.S. Federal Income Tax Consequences.” Securityholders are liable for their own taxes and have no recourse against Polyus Service, Polyus, the Dealer Manager, IRC-R.O.S.T. or the DS Tender Agent with respect to taxes arising in connection with the Tender Offer.

THE INFORMATION CONTAINED IN THIS TENDER OFFER MEMORANDUM IS ADDRESSED EXCLUSIVELY TO THE HOLDERS OF ORDINARY SHARES AND DSs REPRESENTING ORDINARY SHARES OF POLYUS. NEITHER THIS TENDER OFFER MEMORANDUM NOR THE TENDER OFFER DESCRIBED HEREIN NOR ANY INFORMATION CONTAINED HEREIN CONSTITUTE AN OFFER (“OFERTA”) PURSUANT TO RUSSIAN LAW, OR AN ADVERTISEMENT, OR AN OFFER OF SECURITIES TO AN UNLIMITED NUMBER OF PERSONS WITHIN OR OUTSIDE THE TERRITORY OF THE RUSSIAN FEDERATION, OR A VOLUNTARY TENDER OFFER OR MANDATORY TENDER OFFER UNDER RUSSIAN LAW, OR AN AUCTION UNDER ARTICLES 447-449 OF THE CIVIL CODE OF THE RUSSIAN FEDERATION AND APPLICABLE RUSSIAN LAW. NEITHER THIS TENDER OFFER MEMORANDUM NOR THE TENDER OFFER DESCRIBED HEREIN CONSTITUTE OR ARE INTENDED FOR PLACEMENT OR PUBLIC CIRCULATION OF SECURITIES OF FOREIGN ISSUERS IN THE RUSSIAN FEDERATION. GDSs AND ADSs, TO WHICH THE TENDER OFFER RELATES, ARE NEITHER REGISTERED IN THE RUSSIAN FEDERATION NOR ADMITTED TO PLACEMENT, PUBLIC PLACEMENT OR PUBLIC CIRCULATION IN THE RUSSIAN FEDERATION IN ACCORDANCE WITH ARTICLE 51.1 OF RUSSIAN FEDERAL LAW No. 39-FZ “ON THE SECURITIES MARKET,” DATED APRIL 22, 1996 (AS AMENDED) (THE “RUSSIAN SECURITIES MARKET LAW”). THE TENDER AND PURCHASE OF DSs
WILL BE CARRIED OUT EXCLUSIVELY IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN THIS TENDER OFFER MEMORANDUM. ANY INFORMATION IN THIS TENDER OFFER MEMORANDUM AND RELATED DOCUMENTS IN RESPECT OF DSs IS ADDRESSED IN THE RUSSIAN FEDERATION SOLELY TO PERSONS WHO ARE “QUALIFIED INVESTORS” AS DEFINED IN THE RUSSIAN SECURITIES MARKET LAW.

NONE OF POLYUS SERVICE, POLYUS, THEIR RESPECTIVE MANAGEMENT OR BOARD OF DIRECTORS OF POLYUS, THE DEALER MANAGER (AS DEFINED BELOW), THE INFORMATION AGENT, IRC-R.O.S.T., NRC STOCK MARKET (AS DEFINED BELOW), THE DS TENDER AGENT (AS DEFINED BELOW) OR THE DS DEPOSITARY MAKES ANY RECOMMENDATION AS TO WHETHER A SECURITYHOLDER SHOULD OR SHOULD NOT TENDER SECURITIES PURSUANT TO THE TENDER OFFER. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER TO TENDER YOUR SECURITIES AND, IF SO, HOW MANY SECURITIES TO TENDER. IN DOING SO, YOU SHOULD CONSULT YOUR OWN FINANCIAL, LEGAL AND TAX ADVISERS, AND CAREFULLY READ AND EVALUATE THE INFORMATION IN THIS TENDER OFFER MEMORANDUM.

The Dealer Manager for the Tender Offer is:

J.P. Morgan Securities Plc

The date of this Tender Offer Memorandum is November 24, 2020
As of November 23, 2020, there were 136,069,400 point 14,138,881/133,561,119 Ordinary Shares, including 12,723,687 Ordinary Shares represented by DSs, issued and outstanding.

In the aggregate, no more than 317,792 Ordinary Shares, in the form of Ordinary Shares and DSs, or approximately 0.22% of all issued and outstanding Ordinary Shares (including Ordinary Shares represented by DSs), will be purchased pursuant to this Tender Offer. See Section 4, “Number of Securities.”

At the Maximum Ordinary Share Price of US$240.00 for each Ordinary Share and at the Maximum DS Price of US$120.00 for each DS to be purchased under the Tender Offer, the aggregate purchase price that Polyus Service could pay for the Maximum Number of Securities would be US$76,270,080. At the Minimum Ordinary Share Price of US$210.00 for each Ordinary Share and at the Minimum DS Price of US$105.00 for each DS to be purchased under the Tender Offer, the aggregate purchase price that Polyus Service could pay for the Maximum Number of Securities would be US$66,736,320. See Section 3, “Overview of the Tender Offer; Purchase Price.”

Subject to Section 14, “Amendments; Extension of Tender Period; Termination” of this Tender Offer Memorandum, each Securityholder who has properly tendered Securities pursuant to this Tender Offer and who has not properly withdrawn such Securities prior to the Expiration Time will receive the Purchase Price per Security payable in cash, without interest and subject to any applicable taxes, for all Securities purchased upon the terms and subject to the conditions of this Tender Offer, including the provisions relating to pro-ration described below. Payment for Ordinary Shares and for DSs tendered by DS holders who are Russian Currency Residents will be made in Russian rubles at the CBR U.S. dollar / Russian ruble exchange rate in effect on the date of the announcement of the results of tenders pursuant to the Tender Offer, and payment for DSs tendered by DS holders who are not Russian Currency Residents will be made in U.S. dollars. See Section 9, “Payment for Securities.”

If more than the Maximum Number of Securities are properly tendered and not withdrawn prior to the Expiration Time, the tendered Securities will be purchased on a pro rata basis according to the number of Securities tendered (or deemed to have been tendered) by the tendering Securityholders at or below the Ordinary Share Strike Price and at or below the DS Strike Price (with downward adjustments where necessary to avoid the purchase of fractional Securities). See Section 5, “Pro-Ration.” Polyus Service will not purchase any Ordinary Shares and DSs tendered at a price above the Ordinary Share Strike Price and the DS Strike Price, respectively. If any DSs are not purchased under this Tender Offer, including DSs not purchased due to pro-ration, notice will be given to the Clearing Systems by or on behalf of Polyus Service that the DSs should be released for trading in accordance with the relevant Clearing System’s procedures promptly following the Expiration Time or termination of this Tender Offer. Any Ordinary Shares and any DSs tendered by DS holders who are Russian Currency Residents not purchased in the course of this Tender Offer will remain owned by the holder thereof and remain registered on such Securityholder’s personal account with IRC-R.O.S.T. or depo account with the depositary, as applicable. Polyus Service will accept for purchase from each Securityholder that has tendered its Securities at or below the applicable Strike Price only such number of Securities that may be purchased from such Securityholder after pro-ration, if any. See Section 7D, “Procedures for Tendering Securities—Return of Securities Tendered by Securityholders but Not Purchased by Polyus Service.”

A DS holder who has tendered DSs in the Tender Offer will have its tendered DSs blocked by DTC, Euroclear or Clearstream, as applicable, as of the date the DSs are tendered and will not be able to transfer, dispose of, or otherwise deal in, the DSs that have been tendered. Payment for Ordinary Shares and DSs tendered by DS holders who are Russian Currency Residents will be made in Russian rubles at the CBR U.S. dollar / Russian ruble exchange rate in effect on the date of the announcement of the results of tenders pursuant to the Tender Offer, and payment for DSs tendered by DS holders who are not Russian Currency Residents will be made in U.S. dollars. See Section 9, “Payment for Securities.” For purposes of this Tender Offer Memorandum, “Business Day” means a day (other than a Saturday or Sunday) on which banks are generally open for normal business in each of London (England), Luxembourg, Brussels (Belgium), Moscow (Russian Federation) and New York (United States of America), and a “Russian business day” means a day, other than a Saturday, a Sunday or a non-working holiday under Russian law, on which banks
are generally open for normal business in the Russian Federation and IRC-R.O.S.T. and NRC Stock Market (as defined below) carry out their operations.

You may trade your Securities in the normal way during the Tender Offer period so long as the Securities are not tendered in accordance with the terms of this Tender Offer Memorandum. If you sell or have sold or otherwise transferred all of your Securities, please forward this Tender Offer Memorandum to the purchaser or transferee or the agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee (but not if such purchaser, transferee or agent is resident in a jurisdiction where the Tender Offer would be unlawful). If you have sold part of your holding of Securities, please retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected as to the actions you should take.

Tendered DSs that are not purchased under the Tender Offer will be unblocked by the relevant Clearing System on the account of the tendering DS holder. Any tendered Ordinary Shares not purchased in the Tender Offer will remain owned by the holder thereof and remain registered on such Securityholder’s personal account in the shareholders’ register of Polyus held by IRC-R.O.S.T. or depo account with the depositary, as applicable. For the purposes of the Tender Offer, where a reference is made to Ordinary Shares or DSs that are “validly tendered” or other expressions having similar meaning, validly tendered Ordinary Shares or DSs shall also include defectively tendered Ordinary Shares or DSs with respect to which Polyus Service has waived such defect. See Section 7D, “Procedures for Tendering Securities—Return of Securities Tendered by Securityholders but Not Purchased by Polyus Service.” Polyus Service reserves the right, at any time during the period of the Tender Offer, to amend or extend the Tender Offer in its sole discretion, or to terminate it for any reason, including the failure to satisfy any of the conditions specified in Section 6, “Certain Conditions of the Tender Offer.” See Section 14, “Amendments; Extension of Tender Period; Termination.”

Notwithstanding any other provisions of the Tender Offer, and in addition to (and not in limitation of) Polyus Service’s right to extend or amend the Tender Offer at any time in its sole discretion or to terminate it for any reason prior to the Expiration Time, the Tender Offer is subject to several conditions, which Polyus Service may waive in its sole discretion prior to the Expiration Time, and, if required by applicable law, Polyus Service will extend the term of the Tender Offer.

Polyus Service has engaged J.P. Morgan Securities Plc (the “Dealer Manager”) to act as a dealer manager with respect to the Tender Offer. J.P. Morgan Securities Plc is not advising, or acting for, any other person and will not be responsible to any person other than Polyus Service and the Company for providing the protections afforded to the clients of the Dealer Manager or for providing advice in relation to the Tender Offer or any other matters or arrangements referred to or contained in this Tender Offer Memorandum. Subject to applicable law, the Dealer Manager does not accept any responsibility or liability whatsoever for the contents of this Tender Offer Memorandum, and no representation or warranty, express or implied, is made by the Dealer Manager in relation to the contents of this Tender Offer Memorandum, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with Polyus Service, the Company or the Tender Offer. To the fullest extent permissible, the Dealer Manager accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the contents of this Tender Offer Memorandum or any such statement. Polyus Service has also engaged CMi2i Ltd to act as information agent with respect to the Tender Offer (the “Information Agent”) and entered into a services agreement with IRC-R.O.S.T. with respect to tenders of Ordinary Shares and DSs tendered by DS holders who are Russian Currency Residents pursuant to the Tender Offer and agreements with NRC Stock Market Limited Liability Company (“NRC Stock Market”) to act as depositary and broker (authorized representative) with respect to acquisition of Ordinary Shares and DSs on the terms of this Tender Offer Memorandum. In addition, Polyus Service, represented by NRC Stock Market, has engaged The Bank of New York Mellon to act as tender agent (the “DS Tender Agent”) with respect to tenders of DSs pursuant to the Tender Offer.
Securityholders tendering Ordinary Shares and Securityholders that are Russian Currency Residents tendering DSs pursuant to the Tender Offer will be required to tender through IRC-R.O.S.T. Securityholders that are Non-Russian DS Holders (as defined below) tendering DSs will be required to tender through the relevant Clearing System. Any Russian DS Holder (as defined below) that is a Russian resident for tax purposes and is not represented by a Russian licensed broker or trustee must contact IRC-R.O.S.T. to obtain further information on how it can tender its DSs in the Tender Offer. The Dealer Manager and its affiliates may contact and communicate with institutional Securityholders regarding the Tender Offer and will not take any action in relation to, nor have any liability or responsibility for, communications with retail Securityholders regarding the Tender Offer. Communications with retail Securityholders with respect to tender procedures for the Ordinary Shares and DSs tendered by DS holders who are Russian Currency Residents will be carried out via IRC-R.O.S.T. and with respect to tender procedures for the DSs tendered by Non-Russian DS Holders will be carried out via the DS Tender Agent.

For the purposes of this Tender Offer Memorandum, a “Non-Russian DS Holder” means (i) a DS holder who is not a Russian Currency Resident; and (ii) a DS holder who is able to provide the representation set forth in paragraph (18) of Section 7(A)(b)(4) below, i.e., who either is not an individual (natural person) or, if such DS holder is an individual (natural person), such DS holder is not a Russian Currency Resident and not a Russian tax resident, or, if such DS holder is a Russian tax resident, such DS holder is represented by a Russian licensed broker or trustee, acting on the basis of an agreement with such DS holder, in tendering and selling its DSs in this Tender Offer, and that, accordingly, pursuant to the Russian Tax Code, such broker or trustee acts as tax agent with respect to payment of the DS Strike Price to such DS holder. Any DS holder not covered by the preceding sentence is a “Russian DS Holder.”

On November 23, 2020, the board of directors of Polyus (the “Board of Directors”) approved the Purchase Price Range and the maximum number of Securities that may be purchased by Polyus Service from the Company’s securityholders, including the controlling shareholder of the Company. The resolution of the Board of Directors followed a unanimous recommendation of the independent non-executive directors of the Company and was approved by the Board of Directors by a unanimous vote of the directors not affiliated with the controlling shareholder of the Company.

Questions and requests for assistance or for copies of the Tender Offer Memorandum, the Tax Information Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice, the DS Letter of Transmittal may be directed to the Information Agent on 0800 029 4287 (toll free from within the UK), +44 (0) 208 187 1439 (London local call), 1-866 458 4519 (toll free from within the US), +1 929 999 5141 (New York local call) or at the following e-mail address: polyus@cmi2i.com.

Questions about the tendering procedures for DSs held by Non-Russian DS Holders should be directed to the DS Tender Agent at the following e-mail address: drprojectarrow@bnymellon.com.

Questions and requests for assistance in connection with the tendering procedures for the Ordinary Shares or DSs held by Russian DS Holders should be directed to IRC-R.O.S.T. during business hours at: Joint Stock Company Independent Registrar Company R.O.S.T., 18 bldg. 5B, Stromynka Street, Moscow, Russian Federation, by email at: info@rrost.ru or on 8-800-700-94-47 (from within the Russian Federation).

Please note that the Information Agent, the DS Tender Agent and IRC-R.O.S.T. will only be able to provide technical information regarding the mechanics of tendering into the Tender Offer and the completion of the accompanying Ordinary Shares Letter of Transmittal and the DS Letter of Transmittal and will be unable to give advice on the merits of the Tender Offer or to provide legal, financial, investment, taxation or any other advice or information.

Copies of this Tender Offer Memorandum, the Tax Information Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice and the DS Letter of Transmittal are available at a dedicated website at: www.polyus-service.com.
NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") NOR ANY U.S. STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THE TENDER OFFER, PASSED UPON THE FAIRNESS OR MERITS OF THE TENDER OFFER OR DETERMINED WHETHER THIS TENDER OFFER MEMORANDUM IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE INFORMATION CONTAINED IN THIS TENDER OFFER MEMORANDUM IS ADDRESSED EXCLUSIVELY TO THE SECURITYHOLDERS. NEITHER THIS TENDER OFFER MEMORANDUM NOR THE TENDER OFFER DESCRIBED HEREIN NOR ANY INFORMATION CONTAINED HEREIN CONSTITUTE AN OFFER ("OFERTA") PURSUANT TO RUSSIAN LAW, OR AN ADVERTISEMENT, OR AN OFFER OF SECURITIES TO AN UNLIMITED NUMBER OF PERSONS WITHIN OR OUTSIDE THE TERRITORY OF THE RUSSIAN FEDERATION, OR A VOLUNTARY TENDER OFFER OR MANDATORY TENDER OFFER UNDER RUSSIAN LAW, OR AN AUCTION UNDER ARTICLES 447-449 OF THE CIVIL CODE OF THE RUSSIAN FEDERATION AND APPLICABLE RUSSIAN LAW. NEITHER THIS TENDER OFFER MEMORANDUM NOR THE TENDER OFFER DESCRIBED HEREIN CONSTITUTE OR ARE INTENDED FOR PLACEMENT OR PUBLIC CIRCULATION OF SECURITIES OF FOREIGN ISSUERS IN THE RUSSIAN FEDERATION. DSs, TO WHICH THE TENDER OFFER RELATES, ARE NEITHER REGISTERED IN THE RUSSIAN FEDERATION NOR ADMITTED TO PLACEMENT, PUBLIC PLACEMENT OR PUBLIC CIRCULATION IN THE RUSSIAN FEDERATION IN ACCORDANCE WITH ARTICLE 51.1 OF THE RUSSIAN SECURITIES MARKET LAW. THE TENDER AND PURCHASE OF DSs WILL BE CARRIED OUT EXCLUSIVELY IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN THIS TENDER OFFER MEMORANDUM. ANY INFORMATION IN THIS TENDER OFFER MEMORANDUM AND RELATED DOCUMENTS IN RESPECT OF DSs IS ADDRESSED IN THE RUSSIAN FEDERATION SOLELY TO PERSONS WHO ARE “QUALIFIED INVESTORS” AS DEFINED IN THE RUSSIAN SECURITIES MARKET LAW.

The Tender Offer does not constitute an offer to buy or the solicitation of an offer to sell securities in any circumstances in which such Tender Offer or solicitation is unlawful. In those jurisdictions where the securities or other laws require the Tender Offer to be made by a licensed broker or dealer, the Tender Offer shall be deemed to be made on behalf of Polyus Service by one or more registered brokers or dealers licensed under the laws of such jurisdiction. Neither the delivery of this Tender Offer Memorandum nor any purchase of securities shall, under any circumstances, create any implication that the information contained herein is current as of any time subsequent to the date of such information.

The Tender Offer is being made to Securityholders of Polyus resident in the United States in reliance on, and compliance with, Section 14(e) of the Exchange Act and Regulation 14E thereunder to the extent applicable. The Tender Offer is being made in the United States by Polyus Service and no one else.

The Tender Offer is subject to disclosure requirements which are different from certain U.S. disclosure requirements. In addition, U.S. investors should be aware that this Tender Offer Memorandum has been prepared in accordance with a format and style which differ from the U.S. format and style. The payment and settlement procedure with respect to the Tender Offer for Ordinary Shares will comply with the relevant Russian rules which differ from U.S. payment and settlement procedures, particularly with regard to the date of payment of the consideration.

United Kingdom. This Tender Offer Memorandum has been issued by, and is the sole responsibility of, Polyus Service. This Tender Offer Memorandum, and any investment activity to which it relates, is available only to (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies falling within Article 49(2)(a) to (d) of the Order or (iv) persons within the scope of Article 43 of the Order or (v) any other persons to whom it may otherwise lawfully be made under the Order (all such persons together being referred to as “relevant persons”). This Tender
Offer Memorandum may not be acted or relied on in the United Kingdom by anyone who is not a relevant person.

**Russian Federation.** Neither this Tender Offer Memorandum nor the Tender Offer nor any information contained herein constitute or may be construed as constituting a public offer, advertisement or an offer of securities to members of the public within or outside the territory of the Russian Federation, or a voluntary or mandatory tender offer under Russian law. This Tender Offer Memorandum is not a tender notice (public tender notice), nor aimed at entering into agreements for the purchase of securities at public sales, including by means of an auction, public tender or by other means envisaged by the legislation of the Russian Federation. Neither this Tender Offer Memorandum nor the share purchase agreements in respect of Ordinary Shares, if entered into, are or may be viewed as public contracts and/or contracts of adhesion. Neither this Tender Offer Memorandum nor the information contained herein constitutes or is intended for the public placement or circulation of the securities of foreign issuers in the Russian Federation. Neither the DSs, nor any document to which the Tender Offer relates, have been or will be registered with the CBR and are not intended for placement, public placement or public circulation in the Russian Federation. Any information in this Tender Offer Memorandum, which relates to the DSs and/or the tender of the DSs, is addressed in the Russian Federation solely to persons who are “qualified investors” as defined in the Russian Securities Market Law or persons outside the Russian Federation.
IMPORTANT INFORMATION FOR UNITED STATES SECURITYHOLDERS

The enforcement by Securityholders of civil liabilities under U.S. securities laws may be adversely affected by the fact that Polyus Service and Polyus are companies organized under the laws of the Russian Federation, and that the general director of Polyus Service and substantially all of the directors and senior management of Polyus are residents of countries other than the United States and substantially all of the assets of each company are located outside of the United States and principally in Russia. As a result, it may not be possible for Securityholders to effect service of process within the United States upon the general director of Polyus Service or any of the directors or senior management of Polyus, or to enforce in the United States court judgments against Polyus Service or Polyus, or the general director of Polyus Service or the directors or senior management of Polyus, in any action, including actions under the civil liability provisions of federal securities laws of the United States, obtained in courts of the United States. In addition, it may be difficult for Securityholders to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon United States securities laws. For a further description of the risks relating to the ability of Securityholders to enforce court judgments against Polyus Service and Polyus, or any of their respective directors and senior management, see Section 12, “Certain Legal Matters; Regulatory Approvals; Enforcement.”

IMPORTANT INFORMATION

Securityholders who desire to tender all or any portion of their Ordinary Shares or DSs, or both, as the case may be, should carefully read and follow the procedures outlined in Section 7, “Procedures for Tendering Securities.” Polyus Service reserves the absolute right to reject tenders determined not to be in appropriate form, such determination solely at Polyus Service’s discretion.

IF YOU DO NOT WISH TO TENDER YOUR SECURITIES, YOU NEED NOT TAKE ANY ACTION.

NONE OF POLYUS SERVICE, POLYUS, THEIR RESPECTIVE MANAGEMENT, BOARD OF DIRECTORS OF POLYUS, THE DS TENDER AGENT, THE DEALER MANAGER, THE INFORMATION AGENT, IRC-R.O.S.T., NRC STOCK MARKET OR THE DS DEPOSITARY (NOR THEIR RESPECTIVE DIRECTORS, EMPLOYEES OR AFFILIATES) MAKES ANY REPRESENTATION WHATSOEVER REGARDING THIS TENDER OFFER MEMORANDUM OR THE TENDER OFFER, AND NONE OF POLYUS SERVICE, POLYUS, THEIR RESPECTIVE MANAGEMENT, BOARD OF DIRECTORS OF POLYUS, THE DEALER MANAGER, THE INFORMATION AGENT, IRC-R.O.S.T., NRC STOCK MARKET, THE DS TENDER AGENT, OR THE DS DEPOSITARY (NOR THEIR RESPECTIVE DIRECTORS, EMPLOYEES OR AFFILIATES) MAKES ANY RECOMMENDATION TO ANY SECURITYHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SECURITIES. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF POLYUS SERVICE, POLYUS, THEIR RESPECTIVE MANAGEMENT, BOARD OF DIRECTORS OF POLYUS, THE DEALER MANAGER, THE INFORMATION AGENT, IRC-R.O.S.T., NRC STOCK MARKET OR THE DS DEPOSITARY AS TO WHETHER SECURITYHOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING THEIR SECURITIES PURSUANT TO THE TENDER OFFER OR TO MAKE ANY REPRESENTATION OR TO GIVE ANY INFORMATION IN CONNECTION WITH THE TENDER OFFER OTHER THAN AS CONTAINED HEREIN, IN THE ORDINARY SHARES LETTER OF TRANSMITTAL, THE DS CORPORATE ACTION NOTICE OR THE DS LETTER OF TRANSMITTAL, IF MADE OR GIVEN, ANY SUCH RECOMMENDATION, REPRESENTATION OR INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY POLYUS SERVICE, POLYUS, THEIR RESPECTIVE MANAGEMENT, BOARD OF DIRECTORS OF POLYUS, THE DEALER MANAGER, THE INFORMATION AGENT, IRC-R.O.S.T., NRC STOCK MARKET OR THE DS DEPOSITARY. SECURITYHOLDERS ARE URGED TO EVALUATE CAREFULLY ALL INFORMATION IN THIS TENDER OFFER MEMORANDUM, ORDINARY SHARES LETTER OF TRANSMITTAL, DS CORPORATE ACTION NOTICE, DS LETTER OF TRANSMITTAL AND OTHER RELATED MATERIALS, CONSULT THEIR OWN
INVESTMENT AND TAX ADVISERS AND MAKE THEIR OWN DECISIONS WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SECURITIES IN THE TENDER OFFER.

Neither the delivery of this Tender Offer Memorandum nor any purchase of Securities will, under any circumstances, imply that the information contained in this Tender Offer Memorandum is current as of any time subsequent to the date of this Tender Offer Memorandum or that there has been no change in the information since the date of this Tender Offer Memorandum or in the affairs of Polyus Service since the date of this Tender Offer Memorandum.

Polyus Service is not making the Tender Offer to, and will not knowingly accept any tendered Securities from, Securityholders in any jurisdiction where it would be illegal to do so.

Securityholders should be aware that the sale of Securities and receipt of the Purchase Price pursuant to the Tender Offer may have certain tax consequences, and are urged to consult at their own expense their tax advisers with respect to those consequences in considering the Tender Offer.

Securityholders should also note that the Purchase Price does not take account of applicable fees, expenses, taxes or other charges and the net proceeds actually received by tendering Securityholders may be lower, perhaps significantly. In particular, as required by Russian law, where Securities are not tendered through a Russian broker or a Russian trustee acting as a tax agent for Russian law purposes, Polyus Service will act as a tax agent and withhold an applicable amount in respect of tax with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by holders of Ordinary Shares who are individuals (natural persons) and the DS Strike Price in relation to DSs sold by DS holders who are individuals (natural persons) that are Russian tax residents. See Section 13A, “Certain Tax Matters—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer” below for the description of certain Russian tax consequences. Securityholders who are individuals are urged to carefully read the Tax Information Memorandum that accompanies this Tender Offer Memorandum and is available at: www.polyus-service.com for more information as to applicable procedures, including an indicative list of required documents, and consult at their own expense with their professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences in any relevant non-Russian jurisdiction. For certain U.S. federal income tax consequences, see Section 13B, “Certain Tax Matters—Certain U.S. Federal Income Tax Consequences.”

Holders of Ordinary Shares and holders of DSs who are Russian Currency Residents should also note that the Ordinary Share Strike Price for the Ordinary Shares and the DS Strike Price for the DSs tendered by DS holders who are Russian Currency Residents will be paid in Russian rubles at the CBR U.S. dollar / Russian ruble exchange rate in effect on the date of the announcement of the results of tenders pursuant to the Tender Offer and that the exchange rate of the U.S. dollar against the Russian ruble is volatile. No assurance can be given as to the CBR U.S. dollar / Russian ruble exchange rate that will be in effect on such date. Holders of Ordinary Shares should note that they will be required to provide proof as to their identity and holdings as set out in the Ordinary Shares Letter of Transmittal, and to sign specific share purchase agreements with Polyus Service in order to transfer their Ordinary Shares to Polyus Service. Moreover, holders of Ordinary Shares and holders of DSs tendered by DS holders who are Russian Currency Residents should note that there will be a significant amount of time (up to seven (7) Russian business days) between the date when Ordinary Shares or DSs, as applicable, will be transferred to, and received by, Polyus Service and the date on which Polyus Service will transfer the Ordinary Share Strike Price for the Ordinary Shares or the DS Strike Price for the DSs, as applicable, to the Securityholders, in each case subject to any fees, expenses, taxes (if withholding is required by applicable law) or other charges. Securityholders will not receive interest or any other form of compensation during this period of time or in the event of a delay in the payment of the Ordinary Share Strike Price or the DS Strike Price, as applicable.

Questions and requests for assistance or for copies of the Tender Offer Memorandum, the Tax Information Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice, the
DS Letter of Transmittal may be directed to the Information Agent on 0800 029 4287 (toll free from within the UK), +44 (0) 208 187 1439 (London local call), 1-866 458 4519 (toll free from within the US), +1 929 999 5141 (New York local call) or at the following e-mail address: polyus@cmi2i.com.

Questions about the tendering procedures for DSs held by Non-Russian DS Holders should be directed to the DS Tender Agent at the following e-mail address: drprojectarrow@bnymellon.com.

Questions and requests for assistance in connection with the tendering procedures for the Ordinary Shares or DSs held by Russian DS Holders should be directed to IRC-R.O.S.T. during business hours at: Joint Stock Company Independent Registrar Company R.O.S.T., 18 bldg. 5B, Stromynka Street, Moscow, Russian Federation, by email at: info@rrost.ru or on 8-800-700-94-47 (from within the Russian Federation).

Please note that the Information Agent, the DS Tender Agent and IRC-R.O.S.T. will only be able to provide technical information regarding the mechanics of tendering into the Tender Offer and the completion of the accompanying Ordinary Shares Letter of Transmittal and the DS Letter of Transmittal and will be unable to give advice on the merits of the Tender Offer or to provide legal, financial, investment, taxation or any other advice or information.

Copies of this Tender Offer Memorandum, the Tax Information Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice and the DS Letter of Transmittal are available at a dedicated website at: www.polyus-service.com.

November 24, 2020
# TIMETABLE OF EXPECTED EVENTS

The times, dates and events shown in this table are subject to change at the absolute discretion of Polyus Service.

<table>
<thead>
<tr>
<th>DAY</th>
<th>EVENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>On November 24, 2020</td>
<td>Announcement of the Tender Offer and commencement of the Tender Offer period</td>
</tr>
<tr>
<td>4:00 P.M., Luxembourg/Brussels time (6:00 P.M., Moscow time, 3:00 P.M., London time, 10:00 A.M., New York time) on December 24, 2020 (Expiration Time)</td>
<td>Deadline for submission of tenders</td>
</tr>
<tr>
<td><strong>Please note that the Clearing Systems, their respective participants and the brokers or other securities intermediaries through which DSs are held will establish their own cut-off dates and times for the tender of the DSs, which will be earlier than the Expiration Time</strong></td>
<td></td>
</tr>
</tbody>
</table>

| On or about December 28, 2020 | Announcement on the results of tenders pursuant to the Tender Offer, the Ordinary Share Strike Price, the DS Strike Price and pro-ration (if any) |

| On or about December 29, 2020 | Transfer of the aggregate DS Strike Price for DSs purchased from Non-Russian DS Holders in U.S. dollars to the DS Tender Agent. The DS Tender Agent will, as soon as practicable, transfer the aggregate DS Strike Price for DSs purchased from Non-Russian DS Holders to the Clearing Systems for further distribution to Non-Russian DS Holders who have validly tendered their DSs in the Tender Offer and whose DSs have been accepted for purchase in the Tender Offer |
| | Transfer of DSs accepted for purchase to Polyus Service from Non-Russian DS Holders |

| December 29, 2020 – January 14, 2021 | Transfer of DSs accepted for purchase from DS holders who are Russian Currency Residents to Polyus Service (within seventh (7) Russian business days following the date of the announcement on the results of tenders pursuant to the Tender Offer) |

| December 29, 2020 – January 25, 2021 | Transfer by Polyus Service of the DS Strike Price for the DSs purchased from DS holders who are Russian Currency Residents in Russian rubles to the bank accounts of the DS holders, who are Russian Currency Residents and have validly tendered their DSs in the Tender Offer and whose DSs have been accepted for purchase in the Tender Offer, with authorized Russian banks (by no later than on the seventh (7th) Russian business day following receipt of the tendered DSs by Polyus Service) |

| December 28, 2020 – January 18, 2021 | Execution of the share purchase agreements in respect of Ordinary Shares accepted for purchase in the Tender Offer |
December 28, 2020 – January 27, 2021  
Transfer of Ordinary Shares accepted for purchase to Polyus Service (by no later than on the seventh (7th) Russian business day following execution of the applicable share purchase agreement)  

December 28, 2020 – February 5, 2021  
Payment for Ordinary Shares accepted for purchase and transferred to Polyus Service (less any applicable taxes) (by no later than on the seventh (7th) Russian business day following receipt of the tendered Ordinary Shares by Polyus Service pursuant to the applicable executed share purchase agreement)  

On or about January 28, 2021  
Announcement of the Tender Offer completion (upon completion of the settlement procedures with respect to the sale and purchase of Ordinary Shares and DSs accepted for purchase by Polyus Service)
FORWARD-LOOKING STATEMENTS

Some of the information contained in this Tender Offer Memorandum may contain forward-looking statements. All statements, other than statements of historical facts, that are included in this Tender Offer Memorandum, as well as statements made in any supplement to the Tender Offer, in presentations, in response to questions or otherwise, that address activities, events or developments that Polyus Service or Polyus expects or anticipates to occur in the future, including but not limited to such matters as statements regarding the Tender Offer, the date on which Polyus Service will pay for tendered Securities, the repurchase of additional shares in the future, the fees and expenses Polyus Service or Polyus will incur in connection with the Tender Offer, plans, expectations, projections, strategies, future events, future revenues, operations or performance, capital expenditures, business strategy, competitive strengths, objectives, targets, goals, financing needs, plans or intentions relating to the expansion or contraction of our business, future acquisitions, development of operational assets, market and industry developments and trends and the growth of Polyus’s business and operations (often, but not always, through the use of words or phrases such as “forecasts”, “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “may”, “will”, “should”, “strives”, “continues”, “assumes”, “projects” and similar expressions), are forward-looking statements. Although Polyus Service and Polyus believe that in making any such forward-looking statement their respective expectations are based on reasonable assumptions, any such forward-looking statement involves uncertainties and is qualified in its entirety by reference to the following important factors, among others, that could cause the actual results of Polyus to differ materially from those projected in such forward-looking statement:

- changes in the political, social, legal or economic conditions in Russia;
- the effects of, and changes in, the policies of the government of Russia, including changes in the President and his administration, the Prime Minister, the Federal Assembly, and the relevant ministries and state agencies of each country;
- changes in international and Russian gold prices;
- general industry trends;
- changes in the availability of, or prices for, the raw materials required for Polyus’s products;
- the effects of, and changes in, tariffs and other restrictions on the import or export of gold or raw materials;
- changes in the costs of energy, transportation and labor;
- changes in the ability of Polyus Service and Polyus to fund their future operations and capital needs through borrowing or otherwise;
- changes in the ability of Polyus Service and Polyus to successfully implement any of its business or financing strategies;
- changes in the ability of Polyus Service and Polyus to integrate its businesses, including recently acquired businesses, and to realize anticipated cost savings and operational benefits from such integration;
- changes in the ability of Polyus Service and Polyus to form strategic alliances or to implement acquisition or divestiture plans;
- the impact of any Polyus expansion on its revenue potential, cost basis and profit margins;
- an increase or decrease in the demand for Polyus’s products;
- changes in the ability of Polyus to obtain or maintain the licenses necessary for its businesses;
- developments in, or changes to, the laws, regulations and governmental policies governing the businesses of Polyus Service and Polyus;
• the effects of competition;
• the effects of changes in law, regulations, taxation or accounting standards and practices;
• the effects of any regulatory or legal proceedings;
• unanticipated changes in operating expenses, liquidity needs and capital expenditures;
• the declaration or payment of dividends or interest on capital;
• the effects of international political events;
• the effects of continuation or expansion of Russia-related economic sanctions imposed by the U.S., EU, UK and other countries;
• inflation, interest rate or exchange rate fluctuations;
• non-fulfillment of obligations by contractors or suppliers;
• further widespread impacts of the COVID-19 pandemic or other health crises restricting the level of business activity, travel, transportation and otherwise affecting the businesses of Polyus Service and Polyus, as well as any governmental or international response measures; and
• the success of Polyus Service and Polyus in identifying other risks to its businesses and managing the risks of the aforementioned factors.

This list of important factors is not exhaustive. Neither Polyus Service nor Polyus makes any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, Securityholders should not place undue reliance on these forward-looking statements.

Any forward-looking statement speaks only as of the date on which it is made, and, subject to applicable law, neither Polyus Service nor Polyus undertakes any obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for Polyus Service or Polyus to predict all of them; nor can Polyus Service or Polyus assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.
1. Purpose of the Tender Offer.

This Tender Offer provides Securityholders who wish to sell all or a portion of their interest in Polyus to do so at a premium to market price and provides Polyus Service with a block of shares that may be used for financial and business purposes of Polyus and its subsidiaries (together, the “Polyus Group”), including for the purposes of the settlements with respect to consolidation of Lenzoloto assets, the next tranche under Polyus Group’s long-term incentive plan, which was approved by the Board of Directors in December 2018, as consideration in potential M&A transactions and for other corporate purposes.

Polyus Service is making the Tender Offer pursuant to the resolution of its sole shareholder, the Company, dated November 23, 2020. On November 23, 2020, the Board of Directors of the Company approved the Purchase Price Range and the maximum number of Securities that may be purchased by Polyus Service from the Company’s securityholders, including the controlling shareholder of the Company. The resolution of the Board of Directors followed a unanimous recommendation of the independent non-executive directors of the Company and was approved by the Board of Directors by a unanimous vote of the directors not affiliated with the controlling shareholder of the Company.

In arriving at these recommendations and decisions, the independent non-executive directors and the Board of Directors took into consideration, among other things, the analysis of an indicative market value range prepared by an international reputable independent appraiser.

Neither Polyus Service nor Polyus, nor their respective directors or members of senior management, can predict how or whether this Tender Offer, or any other related actions taken by the respective companies’ board of directors, individual directors or members of senior management, will affect the market price of either the Ordinary Shares or the DSs. The market prices of the Ordinary Shares and DSs are also determined by, among other things, the relative demand for and supply of Polyus securities in the markets, the business performance of Polyus and its subsidiaries and affiliates, as well as that of its competitors, any dividend payments paid by Polyus, investor perception of the overall attractiveness of an investment in Polyus as compared with other investment alternatives, changes in gold prices and relative performance of the MOEX and other emerging markets. Although market price movements of the Ordinary Shares and DSs are often similar, the market price of each can vary and may be subject to different factors.

Any securities acquired by Polyus Service pursuant to this Tender Offer will be held by Polyus Service or another subsidiary of Polyus and will be available for future resale without further securityholder action (except as required by applicable law or the rules of the securities exchanges or over-the-counter markets on which the Ordinary Shares or DSs, as the case may be, trade). Any resale, or the possibility of resale, of these securities in the future could adversely affect the trading prices of the securities overall. While held by Polyus Service or another subsidiary of Polyus, the securities will not be considered to be outstanding for accounting purposes, including for purposes of determining Polyus’ earnings per share. For all other purposes, Polyus Service or another subsidiary of Polyus will be considered the owner of the securities, entitled to vote and to receive any accrued or future dividend payments with respect to the securities, or any other distribution paid on the securities. The Company currently intends to keep any securities acquired by Polyus Service as quasi-treasury and not to exercise voting rights attributable to such securities.

In connection with the Tender Offer, Polyus Service has engaged J.P. Morgan Securities Plc as a dealer manager and Debevoise & Plimpton LLP as legal counsel.

2. Certain Effects of the Tender Offer and Potential Risks for Securityholders.

In deciding whether or not to tender their Securities in the Tender Offer, Securityholders should carefully consider the information below, together with the other information contained in this Tender Offer Memorandum.
Securityholders who tender their Securities in the Tender Offer will forego any potential increase in the value of the Securities following the Tender Offer.

The Minimum Ordinary Share Price represents a cash premium of US$15.49 and 8.0% with respect to the closing price per Ordinary Share on the Moscow Exchange on November 23, 2020, and the Minimum DS Price represents a cash premium of US$9.30 and 9.7% and US$7.40 and 7.6% with respect to the closing price per GDS on the LSE and ADS on the U.S. OTC market, respectively, on November 23, 2020. However, Securityholders by selling their Securities in the Tender Offer will forego any potential increase in the value of the Securities following the Tender Offer. There can be no assurance as to the market value of Securities in the future.

Securityholders who do not tender their Securities in the Tender Offer will remain Securityholders of Polyus and bear the attendant risks associated with owning those Securities.

To the extent Securityholders retain an equity interest in Polyus, either because they did not participate in the Tender Offer or tendered only part of their holdings, they will continue to be Securityholders of the Company. As a result, those Securityholders will bear certain risks associated with holding Securities of Polyus. Securities held following the completion of the Tender Offer may in the future be sold at a price significantly higher or lower than the Purchase Price, and no assurance can be given as to the price at which a Securityholder may be able to sell his or her Securities in the future.

Securities acquired by Polyus Service will be held by Polyus Service or another member of the Polyus Group. Under Russian law, Polyus Service will retain all rights in the Ordinary Shares and DSs.

Following completion of the Tender Offer, Polyus Service may hold Securities acquired in the Tender Offer or transfer them to another member of the Polyus Group. While held by a member of the Polyus Group, the Securities will not be considered outstanding for purposes of determining Polyus’s earnings per share. However, unlike the laws of the United Kingdom and many other jurisdictions, under Russian law a direct or indirect subsidiary of the issuer retains all rights in the shares (including shares represented by depositary shares), in particular rights to dividends and other distributions, as well as voting rights available to shareholders generally. Therefore, Polyus Service, as well as any other subsidiary of Polyus holding such Securities, will be entitled to receive any accrued or future dividend payments with respect to the Securities, or any other distribution paid on the Securities, and to vote the Securities until such Securities are sold, otherwise transferred, or cancelled. The Company currently intends to keep any securities acquired by Polyus Service as quasi-treasury and not to exercise voting rights attributable to such securities.

COVID-19 may have an impact on the procedures required to implement the Tender Offer.

The onset of COVID-19, and the actions of governments to limit its spread, has had an unprecedented impact on business activity around the world. There can be no assurance that the disruptions caused by COVID-19 will not have an impact on the timing and processes required to implement the Tender Offer, including the ability of Securityholders to collect all documents required under the terms of this Tender Offer Memorandum and timely tender their Securities in the Tender Offer, as well as the procedures for acceptance and settlements under the Tender Offer.

Polyus Service, acting as a tax agent under Russian law with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by holders of Ordinary Shares who are individuals (natural persons) and the DS Strike Price in relation to DSs sold by DS holders who are individuals (natural persons) that are Russian tax residents, may be obliged to withhold the applicable tax from the full amount of the Purchase Price if such Securityholders fail to provide documents confirming the costs at which they acquired the Securities sold in the Tender Offer or that they are eligible for an available exemption.

As required by Russian law, where Securities are not tendered through a Russian broker or a Russian trustee acting as a tax agent for Russian law purposes, Polyus Service will act as a tax agent and withhold applicable amount in respect of tax with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by holders of Ordinary Shares who are individuals (natural persons) and the
DS Strike Price in relation to DSs sold by DS holders who are individuals (natural persons) that are Russian tax residents. See Section 13A, “Certain Tax Matters—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer.” The applicable tax rate will depend on whether the relevant individual Securityholder is resident or non-resident for tax purposes in Russia and the applicable tax base will depend on whether there are any exemptions available or whether the relevant Securityholder can confirm the costs at which it acquired the Securities that are tendered in the Tender Offer. Securityholders are urged to carefully read the Tax Information Memorandum that accompanies this Tender Offer Memorandum and is available at: www.polyus-service.com, for more information as to applicable procedures, including an indicative list of required documents, and consult at their own expense with their professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences in any other jurisdiction.

If the relevant individual Securityholders do not provide the documents confirming the acquisition costs of the Securities or the applicability of an available tax exemption, or provide an incomplete set of documents or documents that are not properly certified, in each case prior to the Expiration Time, Polyus Service when acting as a tax agent will be obliged to withhold the amount of the applicable tax (which at the moment constitutes 13% for Russian residents and will be raised to 15% in certain cases from January 2021) and 30% for non-Russian residents or individuals who do not confirm that they are Russian tax residents) from the full amount of the purchase price payable to such Securityholders.

3. Overview of the Tender Offer; Purchase Price.

A. Overview of the Tender Offer. The Tender Offer will be implemented through a procedure commonly known as a modified “Dutch auction.” This procedure allows each Securityholder to select the price, within the Ordinary Share Price Range for Ordinary Shares and within the DS Price Range for DSs, in increments of US$2.00 and US$1.00, respectively, at which the Securityholder is willing to sell its Securities, or submit a Strike Price Tender (as defined below).

Upon the terms and subject to the conditions set forth in this Tender Offer Memorandum, the Ordinary Shares Letter of Transmittal and the DS Corporate Action Notice, Polyus Service will select the Ordinary Share Strike Price as the single lowest purchase price within the Ordinary Share Price Range (in integral increments of U.S$2.00 (two U.S. dollars) only) and the DS Strike Price as a corresponding single lowest purchase price within the DS Price Range (in integral increments of U.S$1.00 (one U.S. dollar) only) that will allow it to purchase the Maximum Number of Securities (in any combination of Ordinary Shares and DSs) at such price or, if fewer Ordinary Shares and DSs are properly tendered, all Ordinary Shares and DSs that are properly tendered and not withdrawn prior to the Expiration Time.

Securityholders can tender their Securities in the following ways:

(i) submit a tender at whatever is determined by Polyus Service to be the Ordinary Share Strike Price for Ordinary Shares or the DS Strike Price for DSs (a “Strike Price Tender”);

(ii) submit a tender at a single price within the Ordinary Share Price Range for Ordinary Shares or the DS Price Range for DSs; or

(iii) submit a tender at different prices within the Ordinary Share Price Range for Ordinary Shares or the DS Price Range for DSs.

Any tender other than a Strike Price Tender must be expressed in whole U.S. Dollars per Ordinary Share or per DS, as applicable. Tenders may be made within the Ordinary Share Price Range for Ordinary Shares and the DS Price Range for DSs, in each case in integral increments of US$2.00 (two U.S. dollars) (with respect to tenders of Ordinary Shares) and US$1.00 (one U.S. dollar) (with respect to tenders of DSs) only.

If a Securityholder wants to participate in the Tender Offer and wishes to maximize the chance of having its Securities accepted for purchase, the Securityholder should submit its Securities for purchase as a Strike Price Tender. Securityholders should understand that this election may have the effect of lowering the
Ordinary Share Strike Price or the DS Strike Price and could result in their Ordinary Shares or DSs being purchased at the Minimum Ordinary Share Price or the Minimum DS Price, respectively.

All Securityholders who tender their Securities at a price at or below the Ordinary Share Strike Price for Ordinary Shares, or at or below the DS Strike Price for DSs, or as Strike Price Tenders, will receive the Purchase Price for all properly submitted and successfully accepted tenders, subject, where applicable, to pro-rata. See Section 5, “Pro-Ration.”

In the aggregate, no more than 317,792 Ordinary Shares, in the form of Ordinary Shares and DSs, or approximately 0.22% of all issued and outstanding Ordinary Shares (including Ordinary Shares represented by DSs), will be purchased pursuant to this Tender Offer. See Section 4, “Number of Securities.”

At the Maximum Ordinary Share Price of US$240.00 for each Ordinary Share and at the Maximum DS Price of US$120.00 for each DS to be purchased under the Tender Offer, the aggregate purchase price that Polyus Service could pay for the Maximum Number of Securities would be US$76,270,080. At the Minimum Ordinary Share Price of US$210.00 for each Ordinary Share and at the Minimum DS Price of US$105.00 for each DS to be purchased under the Tender Offer, the aggregate purchase price that Polyus Service could pay for the Maximum Number of Securities would be US$66,736,320.

Polyus Service will, subject to pro-rata, if any, purchase all Securities accepted for purchase in the Tender Offer pursuant to this Tender Offer Memorandum at the Ordinary Share Strike Price and the DS Strike Price, as applicable, even if some Securityholders, whose Securities were accepted for purchase in the Tender Offer, have selected a purchase price for their Ordinary Shares and DSs lower than the Ordinary Share Strike Price and the DS Strike Price, respectively. Polyus Service will not purchase any Ordinary Shares and DSs tendered at a price above the Ordinary Share Strike Price and the DS Strike Price, respectively.

Polyus Service reserves the right, in its sole discretion, to change the Ordinary Share Price Range and the DS Price Range, and to increase or decrease the Maximum Number of Securities, subject to applicable law.

If a Securityholder is a holder of both Ordinary Shares and DSs, the Securityholder may (but is not obliged to) tender all of its Securities, or any portion or combination of Securities, using the appropriate procedures described below for each type of Security (see Section 7, “Procedures for Tendering Securities”). Alternatively, a Securityholder may choose to tender none of its Securities (in which case no action on such Securityholder’s part is required), or tender only one type of Security (Ordinary Shares or DSs) even if the Securityholder holds both types of Securities.

The Tender Offer will commence on November 24, 2020 and will expire at 4:00 P.M., Luxembourg/Brussels time (6:00 P.M., Moscow time, 3:00 P.M., London time, 10:00 A.M., New York time) on December 24, 2020, unless Polyus Service, in its sole discretion, extends the period of the Tender Offer. Expiration Time means 4:00 P.M., Luxembourg/Brussels time (6:00 P.M., Moscow time, 3:00 P.M., London time, 10:00 A.M., New York time) on December 24, 2020, or the date as to which the Tender Offer is so extended. If the Expiration Time of the Tender Offer is extended, Polyus Service will issue a press release no later than 9:00 A.M., New York time, on the next Business Day after the original Expiration Time. Please note that the Clearing Systems, their respective participants and the brokers or other securities intermediaries through which DS holders hold their DSs will establish their own cut-off dates and times for the tender of the DSs, which will be earlier than the Expiration Time. See Section 14, “Amendments; Extension of Tender Period; Termination.”

Polyus Service reserves the right to amend or extend the Tender Offer at any time prior to the Expiration Time in its sole discretion or to terminate the Tender Offer for any reason, including if any of the conditions are not satisfied (see Sections 6, “Certain Conditions of the Tender Offer” and 14, “Amendments; Extension of Tender Period; Termination”). Polyus Service will not be obligated to purchase Securities pursuant to the Tender Offer under certain circumstances (see Section 6, “Certain Conditions of the Tender Offer”).
As of November 23, 2020, there were 136,069,400 point 14,138,881/133,561,119 Ordinary Shares (including 12,723,687 Ordinary Shares represented by DSs) issued and outstanding (with two DSs representing one Ordinary Share). As disclosed in the latest quarterly report of Polyus dated November 16, 2020, as of the date specified in such report, there were 32,634 holders of record of Ordinary Shares, including 2 nominee holders. The number of holders entitled to participate at the latest general meeting of the Company was 72,881. Some of these holders could be brokers, dealers, commercial banks, trust companies and other institutions that held legal title to Securities, as nominee on behalf of multiple beneficial owners.

Neither Polyus, Polyus Service nor any member of the Polyus Group expects to purchase Securities, other than pursuant to the Tender Offer, during the period in which the Tender Offer is open for submission of tenders, except that Polyus and such other companies may use Securities in connection with financing, refinancing and acquisition transactions, purchase such Securities in connection with such transactions and sell and purchase Securities to and from other members of the Polyus Group, and purchase Securities pursuant to repurchase and similar transactions entered into prior to announcement of this Tender Offer. In addition, in accordance with Russian law and pursuant to Rule 14e-5, affiliates of Polyus that are not members of the Polyus Group and over which Polyus does not exercise control and their respective nominees or brokers (acting as agents), and any adviser to Polyus or any of its affiliates and the Dealer Manager in the Tender Offer or any of its affiliates, and any person acting, directly or indirectly, in concert with any such persons, may from time to time make purchases of, or arrangements to purchase, Securities other than pursuant to the Tender Offer, before or during the period in which the Tender Offer is open for submission of tenders, so long as those acquisitions or arrangements comply with applicable Russian law and the provisions of the exemption provided under Rule 14e-5. Any of the purchases referred to in this paragraph may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Information about such purchases will be disclosed as and if required by applicable securities laws.

B. Purchase Price. Polyus Service will select the Ordinary Share Strike Price as the single lowest purchase price within the Ordinary Share Price Range (in integral increments of U.S$2.00 (two U.S. dollars) only) and the DS Strike Price as a corresponding single lowest purchase price within the DS Price Range (in integral increments of U.S$1.00 (one U.S. dollar) only) that will allow it to purchase the Maximum Number of Securities (in any combination of Ordinary Shares and DSs) at the respective Strike Price or, if fewer than the Maximum Number of Securities (in any combination of Ordinary Shares and DSs) are properly tendered, all Ordinary Shares and DSs accepted for purchase in the Tender Offer pursuant to this Tender Offer Memorandum and the DS Corporate Action Notice (see Section 7(A)(b)(5) below). Polyus Service will, no later than two Business Days following the Expiration Time, transfer the aggregate DS
Strike Price for DSs purchased from Non-Russian DS Holders in U.S. dollars to the DS Tender Agent. The DS Tender Agent will, as soon as practicable after the deposit by Polyus Service of sufficient immediately available funds, transfer to each Clearing System the amount payable to participants in that Clearing System in respect of DSs purchased from Non-Russian DS Holders through that Clearing System for further distribution to DS holders entitled to it, subject to any fees, expenses, taxes (if withholding is required by applicable law) or other charges. The DS Strike Price, which may be subject to any fees, expenses, taxes or other charges, shall be paid to tendering DS holders through the procedures of the relevant Clearing System. Tendering Securityholders will not be entitled to any payment of accrued or other interest with respect to the Purchase Price under any circumstances. No Securityholder will be entitled to any payment in excess of the Purchase Price with respect to any Security tendered and accepted for purchase (without regard to the conversion of U.S. dollars into Russian rubles required to effect payments for the Ordinary Shares and DSs tendered by DS holders who are Russian Currency Residents). Tendering Securityholders will not receive any other form of compensation in the event of a delay in the payment of the Purchase Price.

4. Number of Securities.

In the aggregate, no more than the Maximum Number of Securities, i.e. 317,792 Ordinary Shares, in the form of Ordinary Shares and DSs, or approximately 0.22% of all issued and outstanding Ordinary Shares (including Ordinary Shares represented by DSs), may be purchased pursuant to this Tender Offer.

If the aggregate number of all validly tendered and not withdrawn pursuant to this Tender Offer Ordinary Shares and DSs does not exceed the Maximum Number of Securities (in any combination of Ordinary Shares and DSs), then all Ordinary Shares and DSs validly tendered and not withdrawn will be purchased by Polyus Service at the Ordinary Share Strike Price for Ordinary Shares and the DS Strike Price for DSs.

If the aggregate number of Ordinary Shares and DSs properly tendered and not withdrawn pursuant to this Tender Offer at or below the Ordinary Shares Strike Price or at or below the DS Strike Price, as applicable, exceeds the Maximum Number of Securities (in any combination of Ordinary Shares and DSs), the number of Ordinary Shares and DSs, which will be accepted and purchased by Polyus Service, will be subject to pro-rata as described in Section 5, “Pro-Ration” below.

5. Pro-Ration.

If the aggregate number of Ordinary Shares and DSs properly tendered and not withdrawn pursuant to this Tender Offer at or below the Ordinary Share Strike Price and at or below the DS Strike Price, as applicable, exceeds the Maximum Number of Securities (in any combination of Ordinary Shares and DSs), the number of Ordinary Shares and DSs, which will be accepted and purchased in the Tender Offer, will be determined on a pro rata, or proportional, basis according to the number of Securities tendered (or deemed to have been tendered) by the tendering Securityholders at or below the Ordinary Share Strike Price or at or below the DS Strike Price, as applicable (with downward adjustments where necessary to avoid the purchase of fractional Securities). Any pro rata allocation pursuant to the Tender Offer will not differentiate between Ordinary Shares or DSs, except that it will be taken into account that one Ordinary Share is represented by two DSs.

In these circumstances, the number of Securities that will be purchased from each Securityholder that has properly tendered and not withdrawn its Securities, prior to the Expiration Time, will be as follows:

(i) all valid tenders by holders of Ordinary Shares at a price at or (if applicable) below the Ordinary Share Strike Price and by holders of DSs at a price at or (if applicable) below the DS Strike Price, or submitted as Strike Price Tenders, will be scaled down pro rata pursuant to the formula set forth below; and

(ii) all tenders of Ordinary Shares and DSs at a price above the Ordinary Share Strike Price and the DS Strike Price, respectively, will be rejected and will not be purchased by Polyus Service.
The number of Securities that will be purchased from each Securityholder that has properly tendered and not withdrawn its Securities at or below (if applicable) the Ordinary Share Strike Price or the DS Strike Price, as applicable, prior to the Expiration Time, will be calculated as follows:

\[ Y = Z \times K, \]

where \( Y \) represents the number of Securities that will be purchased from a respective Securityholder, which will be rounded downward where necessary to avoid the purchase of fractional Securities;

\( Z \) represents the number or Securities properly tendered and not withdrawn by such Securityholder; and

\( K \) represents the pro-ration rate calculated pursuant to the below formula.

\[ K = \frac{317,792}{X}, \]

where \( K \) represents the pro-ration rate (rounded to four decimal places); and

\( X \) represents the total amount of Ordinary Shares (including Ordinary Shares represented by tendered DSs) that are properly tendered and not withdrawn prior to the Expiration Time pursuant to this Tender Offer Memorandum at or below (if applicable) the Ordinary Share Strike Price or the DS Strike Price, as applicable.

The results of the pro-ration, if any, will be announced by Polyus Service in a press release and published on the designated website at: www.polyus-service.com promptly, and in any event on the next Business Day, following the Expiration Time, i.e. on December 28, 2020, unless the Tender Offer is extended.

6. **Certain Conditions of the Tender Offer.**

Notwithstanding any other provisions of the Tender Offer, and in addition to (and not in limitation of) Polyus Service’s right to extend or amend the Tender Offer at any time in its sole discretion or to terminate it prior to the Expiration Time, the Tender Offer is subject to several conditions, which Polyus Service may waive in its sole discretion prior to the Expiration Time. In particular, Polyus Service will not be required to accept for purchase or pay for, and may delay the acceptance for purchase or payment for, any tendered Ordinary Shares or DSs, if:

- any action or proceeding has been instituted or threatened that would, in Polyus Service’s sole discretion, impair the contemplated purpose of the Tender Offer;
- acceptance for purchase or payment for any Ordinary Shares or DSs pursuant to the Tender Offer would violate any law or regulation applicable to Polyus Service or Polyus, including any applicable Sanctions (as defined below), or any contractual obligations of Polyus or Polyus Group companies in relation to compliance with Sanctions;
- there has occurred or will be likely to occur any event affecting the business, financial affairs, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of Polyus Service or Polyus, or their respective subsidiaries or affiliates, that, in Polyus Service’s sole discretion, would or might prohibit, prevent, restrict or delay consummation of the Tender Offer, or that will, or is reasonably likely to, materially impair the contemplated benefits of the Tender Offer to Polyus Service, Polyus or Polyus securityholders as a group, or otherwise result in the consummation of the Tender Offer not being or reasonably likely not being in the best interests of Polyus Service, Polyus or Polyus securityholders as a group; or
- there has been, among other things, (a) any general suspension of, shortening of hours for, or limitation on prices for trading in securities on any securities exchange or in the over-the-counter market on which any securities of Polyus, including the Ordinary Shares and DSs, trade, (b) any
significant adverse change in the price of the Ordinary Shares or DSs on the Russian, or any European or United States securities or financial markets, (c) a declaration of a banking moratorium or any suspension of payments in respect of banks by the Russian Federation, the United Kingdom, the European Union or federal or state authorities in the United States (whether or not mandatory), (d) a commencement of a war, armed hostilities, terrorist action or other national or international crisis or national calamity, (e) any limitation (whether or not mandatory) by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in the Russian Federation, the United Kingdom, the European Union or the United States, (f) any significant change in Russian, UK or U.S. currency exchange rates or a suspension of, or limitation on, the markets thereof (whether or not mandatory) or (g) in the case of any of the foregoing existing at the time of the commencement of the Tender Offer, a material acceleration or worsening thereof.

The foregoing conditions are for Polyus Service’s sole benefit and may be asserted by Polyus Service regardless of the circumstances giving rise to any such condition and any action or inaction of Polyus Service, and any such condition may be waived by Polyus Service, in whole or in part, at any time and from time to time in its sole discretion. Polyus Service’s failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts or circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by Polyus Service concerning the events described in this Section 6, “Certain Conditions of the Tender Offer” shall be final and binding.

Polyus Service reserves the right to amend or extend the Tender Offer at any time prior to the Expiration Time in its sole discretion at any time during the Tender Offer period in any respect or to terminate the Tender Offer for any reason, including if any of the conditions set forth in this Section 6, “Certain Conditions of the Tender Offer” are not satisfied, or for any other reason.


A. Proper Tender and Delivery.

Securityholders must follow all applicable procedures outlined in this Section 7, and, in the case of Ordinary Shares, in the Ordinary Shares Letter of Transmittal and, in the case of DSs, in the DS Corporate Action Notice that accompany this Tender Offer Memorandum.

The specific procedures for tendering Securities will vary depending on whether the Securityholder is tendering Ordinary Shares or Regulation S GDSs, Rule 144A GDSs or Level I ADSs and, for the DS holders, whether the tendering DS holder is a Non-Russian DS Holder or a Russian Currency Resident.

DS holders who are unable to provide the representation set forth in paragraph (18) of Section 7(A)(b)(4) below, i.e., DS holders who are individuals, who are not Russian Currency Residents but who are Russian tax residents and who are not represented by a Russian licensed broker or trustee, acting on the basis of an agreement with such DS holders, in tendering and selling their DSs in this Tender Offer, and acting as a tax agent pursuant to the Russian Tax Code with respect to payment of the DS Strike Price to such DS holder, must contact IRC-R.O.S.T. to obtain further information on how such DS holders can tender their DSs into the Tender Offer.

The procedure for the tender of each of Ordinary Shares, Regulation S GDSs, Rule 144A GDSs, Level I ADSs and DSs tendered by DS holders who are Russian Currency Residents, are outlined below.

(a) Tender and transfer of Ordinary Shares

Holders of Ordinary Shares who desire to tender all or any portion of their Ordinary Shares pursuant to the Tender Offer must follow the procedures set forth in this Section 7A(a) and in the Ordinary Shares Letter of Transmittal that accompanies this Tender Offer Memorandum.
Ordinary Shares will be considered validly tendered only if an Ordinary Shares Letter of Transmittal, together with all documents required to be attached thereto, are submitted to IRC-R.O.S.T. prior to the respective deadlines established for the submission of these documents and in accordance with the procedures set out in this Tender Offer Memorandum and instructions provided in the Ordinary Shares Letter of Transmittal. Payments to holders of Ordinary Shares who have tendered Ordinary Shares will be made only to such holders’ (or their agents’) ruble bank accounts with authorized Russian banks. Polyus Service will not accept for purchase any Ordinary Shares if the holder of Ordinary Shares tendering such Ordinary Shares does not indicate in the Ordinary Shares Letter of Transmittal a ruble bank account with an authorized Russian bank to which the purchase price for the Ordinary Shares shall be transferred. Holders of Ordinary Shares tendering their Ordinary Shares should consult with their bank on whether they can receive payment for their Ordinary Shares to their bank account.

Completed Ordinary Shares Letters of Transmittal must be submitted to IRC-R.O.S.T. by holders of Ordinary Shares in person or by their duly authorized representatives, nominee holders, brokers or trustees at any of the following addresses of IRC-R.O.S.T.:

- Main office of IRC-R.O.S.T. located at the following address: 18 bldg. 5B, Stromynka Street, 107076, Moscow, Russian Federation;
- Krasnoyarsk branch of IRC-R.O.S.T. located at the following address: Office 314, Business Centre “Voskresensky”, 94 Prospect Mira, 660017, Krasnoyarsk, Russian Federation;
- Norilsk branch of IRC-R.O.S.T. located at the following address: 8 office 1 Bogdan Khmelnitsky Street, 663305, Norilsk, Russian Federation;
- North-West branch of IRC-R.O.S.T. located at the following address: 6 Belovodsky pereulok, 194044, St. Petersburg, Russian Federation;
- Murmansk branch of IRC-R.O.S.T. located at the following address: Office 202, 73 Lenin Street, 183038, Murmansk, Murmansk Region, Russian Federation; and
- Krasnodar branch of IRC-R.O.S.T. located at the following address: Office 49, Floor 4, 180 Ltr A Krasnaya Street, 350020, Krasnodar, Russian Federation.

Ordinary Shares will be considered validly tendered only if Ordinary Shares Letters of Transmittal are submitted in person to IRC-R.O.S.T. at the above addresses prior to the Expiration Time, provided always that such Ordinary Shares Letters of Transmittal are received within normal business hours of IRC-R.O.S.T. Please note that business hours of different offices of IRC-R.O.S.T. may change, including due to imposition of additional requirements and limitations in reaction to the spread of COVID-19 (See Section 2, “Certain Effects of the Tender Offer and Potential Risks for Securityholders—COVID-19 may have an impact on the procedures required to implement the Tender Offer”). Securityholders are urged to check business hours of IRC-R.O.S.T. prior to submitting Ordinary Shares Letter of Transmittal.

The lowest price per Ordinary Share at which tenders of Ordinary Shares will be accepted is the Minimum Ordinary Share Price of US$210.00 per Ordinary Share (payable in Russian rubles based on the U.S. dollar / Russian ruble exchange rate of the CBR effective on the date of the announcement of the results of tenders pursuant to the Tender Offer). The highest price per Ordinary Share at which tenders of Ordinary Shares will be accepted is the Maximum Ordinary Share Price of US$240.00 per Ordinary Share (payable in Russian rubles based on the U.S. dollar / Russian ruble exchange rate of the CBR effective on the date of the announcement of the results of tenders pursuant to the Tender Offer). Only tenders of Ordinary Shares made at integral US$2.00 (two U.S. dollars) increments within the Ordinary Share Price Range will be accepted.

Please note that IRC-R.O.S.T. may cancel any Ordinary Shares Letter of Transmittal if the purchase and transfer of the Ordinary Shares specified in such Ordinary Shares Letter of Transmittal cannot be performed on any grounds, including due to (i) the discovery of obvious signs that the Ordinary Shares Letter of
Transmittal may be forged or otherwise invalid, (ii) the number of Ordinary Shares specified in the Ordinary Shares Letter of Transmittal exceeding the number of Ordinary Shares registered on the relevant account of the shareholder in the register or with the depositary, (iii) the price for Ordinary Shares specified in the Ordinary Shares Letter of Transmittal does not fall within the Ordinary Share Price Range or was not made at integral US$2.00 (two U.S. dollars) increments, and (iv) the Ordinary Shares specified in the Ordinary Shares Letter of Transmittal being blocked, encumbered or attached or having other restrictions on the rights and ability of the holder of Ordinary Shares to transfer the Ordinary Shares to Polyus Service.

The procedures for tendering Ordinary Shares and required documents are described in detail in the Ordinary Shares Letter of Transmittal that accompanies this Tender Offer Memorandum. Please read the Ordinary Shares Letter of Transmittal carefully to ensure that you have sufficient time to assemble all documents required to be submitted to IRC-R.O.S.T. together with the Ordinary Shares Letter of Transmittal.

The execution and delivery of the Ordinary Shares Letter of Transmittal by you or your authorized representative, nominee holder, broker or trustee will constitute your agreement to complete the settlement procedures set forth in (2) below. You further agree not to transfer such Ordinary Shares until such time as the share purchase agreement with respect to the Ordinary Shares to be purchased is executed or a valid withdrawal of the tender is effected.

Polyus Service will be deemed to have accepted for purchase validly tendered Ordinary Shares and will proceed with signing of share purchase agreements with respect to tendered Ordinary Shares accepted for purchase in accordance with this Tender Offer Memorandum, when, as and if Polyus Service (i) gives oral or written notice to IRC-R.O.S.T. of its acceptance of Ordinary Shares tendered for purchase pursuant to the Tender Offer, and (ii) announces the results of tenders pursuant to the Tender Offer, including the Ordinary Share Strike Price, the DS Strike Price and the results of pro-ration, if any.

If an Ordinary Shares Letter of Transmittal is submitted by a holder of Ordinary Shares, who is an individual and is not acting through a broker acting on its behalf, such holder of Ordinary Shares will also be required to submit a duly filled out and signed tax questionnaire in the form set out in the annex to the Tax Information Memorandum together with other documents required to be provided pursuant to the Tax Information Memorandum. If such individual holder of Ordinary Shares does not provide the required documents together with the Ordinary Shares Letter of Transmittal, or provides an incomplete set of documents or documents that are not properly certified, then Polyus Service will be obliged to withhold the amount of the applicable tax (which at the moment constitutes 13% for Russian residents (and will be raised to 15% in certain cases from January 2021) and 30% for non-Russian residents or individuals who do not confirm that they are Russian tax residents) from the full amount of the Purchase Price payable to such holder.

After Ordinary Shares have been validly tendered and accepted for purchase in accordance with this Tender Offer Memorandum, the holder of Ordinary Shares (including Russian licensed securities trustees, or foreign authorized holder, if applicable), its duly authorized nominee holder (whether Russian or foreign) or other representative must, during the period of ten (10) Russian business days commencing on, and including, the date when the results of tenders pursuant to the Tender Offer, including the results of pro-ration, if any, are announced (the “Execution Period”), appear in person at the office of IRC-R.O.S.T. where the holder of Ordinary Shares, its duly authorized nominee holder or other representative submitted its Ordinary Shares Letter of Transmittal and execute a share purchase agreement with respect to the number of Ordinary Shares, which were accepted for purchase, calculated based on the pro-ration rate (if applicable) (in two original counterparts) and, where Ordinary Shares are registered in the shareholders register of Polyus, a transfer order to transfer such Ordinary Shares to Polyus Service.

Holders of Ordinary Shares (including Russian licensed securities trustees or foreign authorized holders, if applicable) or their duly authorized nominee holders (whether Russian or foreign) or other representatives will need to undertake actions required to transfer Ordinary Shares sold in the Tender Offer to Polyus Service pursuant to the share purchase agreements by no later than on the seventh (7th) Russian
business day following the execution of the applicable share purchase agreement. The share purchase agreements in respect of Ordinary Shares may be executed by NRC Stock Market on behalf of Polyus Service. Any Ordinary Shares tendered to Polyus Service by holders of Ordinary Shares other than in accordance with the procedures set forth in this Tender Offer Memorandum and the Ordinary Shares Letter of Transmittal will not be eligible for purchase by Polyus Service. Any Ordinary Shares transferred to Polyus Service by holders of Ordinary Shares other than in accordance with the procedures set forth in this Tender Offer Memorandum, the Ordinary Shares Letter of Transmittal and the applicable share purchase agreement, will not be eligible for the acceptance and payment by Polyus Service and may be returned by Polyus Service to the respective holder of Ordinary Shares, unless accepted for purchase by Polyus Service in its sole discretion. Share purchase agreements with respect to Ordinary Shares entered into pursuant to this Tender Offer Memorandum will be governed by Russian law. Forms of such share purchase agreements will be made available on the dedicated website at: www.polyus-service.com.

By signing the Ordinary Shares Letter of Transmittal and executing the share purchase agreement, a holder of Ordinary Shares transferring the Ordinary Shares will provide the undertakings and representations and warranties set out in the share purchase agreement. Holders of Ordinary Shares should carefully read the forms of the share purchase agreements available on the dedicated website at: www.polyus-service.com. In the event any amendments are introduced to the forms of the share purchase agreements, any such amended forms will be promptly made available at: www.polyus-service.com.

If any of the Ordinary Shares tendered for purchase are held of record by two or more joint owners, all such owners must sign the Ordinary Shares Letter of Transmittal. If any of the Ordinary Shares tendered for purchase are registered in different names, it is necessary to complete, sign and submit a separate Ordinary Shares Letter of Transmittal for each different registration.

Polyus Service will not be required to purchase any Ordinary Shares if the procedures set out above have not been complied with.

Further information on procedures for transfer of Ordinary Shares is provided in the Ordinary Shares Letter of Transmittal accompanying this Tender Offer Memorandum.

(b) Tender and transfer of DSs

DS holders who wish to tender all or any portion of their DSs pursuant to the Tender Offer must follow the procedures set forth in this Section 7A(b).

A Non-Russian DS Holder (or direct participant of DTC on behalf of such Non-Russian DS Holder) holding Rule 144A GDSs or Level I ADSs must transmit its acceptance of this Tender Offer to DTC through DTC’s automated system and follow the procedure for book-entry transfer set forth below. A beneficial owner who has GDSs or ADSs registered in the name of a broker or other securities intermediary must contact such intermediary if such beneficial owner wishes to tender those DSs and instruct the intermediary to electronically transmit their acceptance of this Tender Offer by causing DTC to transfer the Rule 144A GDSs or Level I ADSs, as applicable, to the designated account with DTC in accordance with DTC’s procedures for such a transfer. DTC will then send an Agent’s Message (as defined below) to the DS Tender Agent.

A Non-Russian DS Holder (or direct participant of Euroclear or Clearstream, as the case may be, holding on behalf of such Non-Russian DS Holder) holding Regulation S GDSs must tender through either Euroclear or Clearstream, as the case may be.

A DS holder who is a Russian Currency Resident must follow the procedures outlined in Section 7(A)(b)(5) below.

If a DS holder is unable to provide the representations and warranties set forth in paragraph (18) of Section 7(A)(b)(4) below, i.e., if a DS holder is an individual (natural person) who is a Russian tax resident and who is not represented by a Russian broker or trustee, acting on the basis of an agreement with such DS holder, in tendering and selling its DSs in this Tender Offer, and acting as a tax agent pursuant to the
Russian Tax Code with respect to payment of the DS Strike Price to such DS holder, such DS holder must contact IRC-R.O.S.T. to obtain further information on tendering its DSs into the Tender Offer.

Please note that the Clearing Systems, their respective participants and the brokers or other securities intermediaries through which DSs are held will establish their own cut-off dates and times for the tender of the DSs, which will be earlier than the Expiration Time.

A DS HOLDER WHO HAS NOT TENDERED DSs FOR PARTICIPATION IN THE TENDER OFFER PRIOR TO THE EXPIRATION TIME OR SUCH EARLIER CUT-OFF DATES AND TIMES THAT MAY BE ESTABLISHED BY THE CLEARING SYSTEMS, THEIR PARTICIPANTS AND BROKERS OR OTHER INTERMEDIARIES IN ACCORDANCE WITH THE TENDER MECHANICS DESCRIBED BELOW WILL NOT BE ELIGIBLE TO PARTICIPATE IN THE TENDER OFFER.

(1) Tendering Regulation S GDSs

Non-Russian DS Holders of Regulation S GDSs must follow the procedures outlined in this Section 7(A)(b)(1). Holders of Regulation S GDSs who are Russian Currency Residents must instead follow the procedures outlined in Section 7(A)(b)(5) below.

If you wish to tender Regulation S GDSs, you must cause the broker or other securities intermediary through which you hold the Regulation S GDSs to instruct Euroclear or Clearstream to block the number of Regulation S GDSs tendered in your participant account and specify a price (in integral increments of US$1.00 (one U.S. dollar)) within the DS Price Range at which the tender is being made.

By giving instructions to the relevant Clearing System, the holder of Regulation S GDS will be deemed to give the instructions and provide appointments, representations, warranties and agreements set forth in Section 7(A)(b)(4) below.

If a holder of Regulation S GDSs is unable to provide the representations and warranties set forth in paragraph (18) of Section 7(A)(b)(4) below, such DS holder must contact IRC-R.O.S.T. to obtain further information on tendering its Regulation S GDSs into the Tender Offer.

The DS Tender Agent must receive notice of the blocking through Euroclear or Clearstream, as applicable, prior to the Expiration Time.

(2) Tendering Rule 144A GDSs

Non-Russian DS Holders of Rule 144A GDSs must follow the procedures outlined in this Section 7(A)(b)(2). Holders of Rule 144A GDSs who are Russian Currency Residents must instead follow the procedures outlined in Section 7(A)(b)(5) below.

To tender Rule 144A GDSs, you must cause the broker or other securities intermediary through which you hold the Rule 144A GDSs to deliver, or cause to be delivered, to the DS Tender Agent, the following, to be received by the Expiration Time (subject to any earlier cut-off dates and times that may be established by the Clearing Systems, their participants and brokers or other intermediaries):

- a confirmation of a book-entry transfer of the tendered Rule 144A GDSs into the designated account at DTC specifying a price (in integral increments of US$1.00 (one U.S. dollar)) within the DS Price Range at which the tender is being made (“Book-Entry Confirmation”); and
- an Agent’s Message (as defined below).

Rule 144A GDSs may only be tendered through automated procedures of DTC. To tender Rule 144A GDSs through the automated procedures of DTC, participants in DTC must send, prior to the Expiration Time, an Agent’s Message to DTC through DTC’s communication system. DTC is obligated to communicate those Agent’s Messages to the DS Tender Agent.

The term “Agent’s Message” means a message transmitted by DTC to and received by the DS Tender Agent and forming part of a Book-Entry Confirmation that states that DTC has received an express acknowledgment from the participant in DTC tendering the Rule 144A GDSs that such participant has
received and agrees to be bound by the terms of the Tender Offer set forth in this Tender Offer Memorandum and the DS Corporate Action Notice and that Polyus Service may enforce such agreement against the participant. Please note that the Clearing Systems, their respective participants and the brokers or other securities intermediaries through which Rule 144A GDSs are held will establish their own cut-off dates and times for the tender of the Rule 144A GDSs, which will be earlier than the Expiration Time.

By submitting the Agent’s Message, the holder of Rule 144A GDSs will be deemed to give the instructions and provide appointments, representations, warranties and agreements set forth in Section 7(A)(b)(4) below.

If a holder of Rule 144A GDSs is unable to provide the representations and warranties set forth in paragraph (18) of Section 7(A)(b)(4) below, such DS holder must contact IRC-R.O.S.T. to obtain further information on tendering its Rule 144A GDSs into the Tender Offer.

(3) Tendering Level I ADSs

Non-Russian DS Holders of Level I ADSs must follow the procedures outlined in this Section 7(A)(b)(3). Holders of Level I ADSs who are Russian Currency Residents must instead follow the procedures outlined in Section 7(A)(b)(5) below.

To tender Level I ADSs, you must cause the broker or other securities intermediary through which you hold the Level I ADSs to deliver, or cause to be delivered, to the DS Tender Agent, the following, to be received by the Expiration Time (subject to any earlier cut-off dates and times that may be established by the Clearing Systems, their participants and brokers or other intermediaries):

- a confirmation of a book-entry transfer of the tendered Level I ADSs into the designated account at DTC specifying a price (in integral increments of US$1.00 (one U.S. dollar)) within the DS Price Range at which the tender is being made ("Book-Entry Confirmation"); and
- an Agent’s Message.

Level I ADSs may only be tendered through the automated procedures operated by DTC. To tender Level I ADSs through the automated procedures of DTC, participants in DTC must send, prior to the Expiration Time, an Agent’s Message to DTC through DTC’s communication system. DTC is obligated to communicate those Agent’s Messages to the DS Tender Agent.

By submitting the Agent’s Message, the holder of Level I ADSs will be deemed to give the instructions and provide appointments, representations, warranties and agreements set forth in Section 7(A)(b)(4) below.

If a holder of Level I ADSs is unable to provide the representations and warranties set forth in paragraph (18) of Section 7(A)(b)(4) below, such DS holder must contact IRC-R.O.S.T. to obtain further information on tendering its Level I ADSs into the Tender Offer.

(4) Tendering DSs Generally

DS holders who wish to tender DSs that are held through a broker or other securities intermediary must contact that firm to effect a tender on their behalf (and any such firm may establish an earlier deadline for tendering DS holders to give an instruction for the tender of the DSs). Tendering DS holders will not be obligated to pay brokerage commissions in connection with their tender of DSs, but they may be charged a fee by a brokerage firm or similar securities intermediary for processing the tender(s) on their behalf.

A DS holder who has tendered DSs in the Tender Offer will have its tendered DSs blocked by DTC, Euroclear or Clearstream, as applicable, and therefore will not be able to transfer, dispose of, or otherwise deal in, the DSs that have been tendered, unless such DS holder withdraws its tender.

By giving instructions to the relevant Clearing System, the DS holder will irrevocably appoint each designee of Polyus Service or one or more of its affiliates as the attorneys-in-fact and proxies of the DS holder, each with full power of substitution, (i) to give voting instructions with respect to any annual or extraordinary meeting of Polyus’s shareholders or any adjournment or postponement thereof or otherwise in
such manner as each such attorney-in-fact and proxy or his or her substitute shall, in his or her sole discretion, deem proper with respect to, (ii) to execute any written consent concerning any matter as each such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, and (iii) to otherwise act as each such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, all of the DSs (including the underlying Ordinary Shares and any and all distributions) tendered hereby and accepted for purchase and payment by Polyus Service. This appointment will be effective if and when, and only to the extent that, Polyus Service becomes obligated to pay for the tendered DSs pursuant to the Tender Offer following the satisfaction, or the waiver by Polyus Service, of all conditions to the Tender Offer.

By tendering their DSs through the submission of an electronic instruction in accordance with the requirements of the voluntary tender offer procedures operated by DTC or the requirements of Euroclear or Clearstream, as applicable, each DS holder tendering DSs will be deemed to represent, warrant and agree as follows:

(1) Effective upon acceptance for purchase and payment for tendered DSs, it irrevocably constitutes and appoints the DS Tender Agent as its true and lawful agent and attorney-in-fact (with full knowledge that the DS Tender Agent also acts as the agent of Polyus Service) with respect to such DSs, with full powers of substitution and revocation (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (i) present such DSs and all evidence of transfer and authenticity to, or transfer ownership of, such DSs on the account books maintained by the relevant Clearing Systems or the DS Depositary to, or upon the order of, Polyus Service, and (ii) receive all benefits and otherwise exercise all rights of beneficial ownership of such DSs, all in accordance with the terms and conditions of the Tender Offer.

(2) It understands that tenders of DSs may be withdrawn by written notice of withdrawal received by the DS Tender Agent at any time on or prior to the Expiration Time in accordance with the procedures described in Section 8, “Withdrawal Rights” of this Tender Offer Memorandum.

(3) It understands and agrees that tenders of DSs pursuant to the procedures described in this Tender Offer Memorandum and acceptance of such DSs for purchase by Polyus Service will constitute a binding agreement between the DS holders and Polyus Service, upon the terms and subject to the conditions of the Tender Offer. For purposes of the Tender Offer, it understands that validly tendered DSs will be deemed to have been accepted for purchase by Polyus Service if, as and when Polyus Service gives oral or written notice thereof to the DS Tender Agent.

(4) It represents and warrants that it has full power and authority to tender, sell, assign and transfer the DSs (including the underlying Ordinary Shares) tendered hereby and all distributions relating thereto and that when such tendered DSs are accepted for purchase and payment by Polyus Service, Polyus Service will acquire good, marketable and unencumbered title thereto and to all distributions, free and clear of all liens, charges, claims, interests, rights of third parties, encumbrances and restrictions of any kind and not subject to any adverse claim or right, and together with all rights attached thereto. It will, upon request, execute and deliver any additional documents deemed by the DS Tender Agent or by Polyus Service to be necessary or desirable to complete the sale, assignment, transfer of the DSs validly tendered hereby or to evidence such power and authority. It further agrees, when such tendered DSs are accepted for purchase and payment by Polyus Service, to remit and transfer promptly to the DS Tender Agent for the account of Polyus Service all distributions thereafter received in respect of the DSs (including the underlying Ordinary Shares) tendered, if any, having a record date after the acceptance of the DSs for purchase, accompanied by appropriate documentation of transfer, and, pending such remittance and transfer or appropriate assurance thereof, Polyus Service shall be entitled to all rights and privileges as owner of each such distribution and may withhold the entire DS Strike Price tendered hereby or deduct from such DS Strike Price the amount or value of such distribution as determined by Polyus Service in its sole discretion.

(5) It represents and warrants that it has read this Tender Offer Memorandum and the DS Corporate Action Notice and agrees to all of the terms of the Tender Offer. All authority conferred or agreed
to be conferred shall not be affected by, and shall survive, the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, trustees in bankruptcy, personal and legal representatives, successors and assigns of the undersigned.

(6) It understands that:

(a) the lowest price per DS at which tenders of DSs will be accepted is the Minimum DS Price of US$105.00 per DS (payable in U.S. dollars to Non-Russian DS Holders and in Russian rubles to DS holders who are Russian Currency Residents based on the U.S. dollar / Russian ruble exchange rate of the CBR effective on the date of the announcement of the results of tenders pursuant to the Tender Offer);

(b) the highest price per DS at which tenders of DSs will be accepted is the Maximum DS Price of US$120.00 per DS (payable in U.S. dollars to Non-Russian DS Holders and in Russian rubles to DS holders who are Russian Currency Residents based on the U.S. dollar / Russian ruble exchange rate of the CBR effective on the date of the announcement of the results of tenders pursuant to the Tender Offer);

(c) only tenders of DSs made at integral US$1.00 (one U.S. dollar) increments within the DS Price Range will be accepted;

(d) the DS Strike Price will be determined pursuant to the terms of this Tender Offer Memorandum;

(e) all holders of DSs who tender their DSs at a price at or below the DS Strike Price or as Strike Price Tenders will receive the DS Strike Price for all successful tenders accepted, subject, where applicable, to the scaling back and pro-ration, as described in the Tender Offer Memorandum;

(f) the DSs tendered at a price above the DS Strike Price will not be purchased by Polyus Service; and

(g) Polyus Service will pay the DS Strike Price for each of the DSs accepted for purchase upon the terms and subject to the conditions set forth in this Tender Offer Memorandum.

(7) It recognizes that under certain circumstances set forth in this Tender Offer Memorandum, Polyus Service may terminate or amend the Tender Offer or may postpone the acceptance for purchase and payment of, or the payment for, DSs tendered or may not be required to purchase any of the DSs tendered.

(8) It acknowledges and agrees that Polyus Service may, in its sole discretion, decide whether to accept tenders of DSs, including defective tenders of DSs.

(9) It understands that the delivery and surrender of any DSs is not effective, and the risk of loss of the DSs does not pass to the DS Tender Agent, until receipt by the DS Tender Agent of those DSs, together with all accompanying evidence of authority and any other required documents in form satisfactory to Polyus Service. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of DSs will be determined by Polyus Service, in its sole discretion, which determination shall be final and binding.

(10) It hereby requests that any DSs not accepted for purchase that are held through DTC be returned to the DTC account of the applicable DTC participant and that DSs not accepted for purchase that are held through Euroclear or Clearstream be unblocked.

(11) It represents, warrants and undertakes that it has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities in connection with any tender of any DSs, in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of this Tender Offer Memorandum or the DS Corporate Action Notice or which will or may result in Polyus Service or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Tender Offer or tender of DSs in connection therewith.
(12) It is not a person to whom it is unlawful to make an invitation pursuant to the Tender Offer under applicable securities laws and it has complied with all laws and regulations applicable to it for the purposes of its participation in the Tender Offer.

(13) It confirms and agrees that it will indemnify and hold harmless Polyus Service, Polyus, the DS Tender Agent, the Dealer Manager, the DS Depositary and each of their affiliates, employees, directors and officers, from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred by any of them in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that may be incurred by any of the indemnified parties if any representations and warranties given by it hereunder are untrue or incorrect in any respect.

(14) It represents, warrants and confirms that: (a) it is not a Sanctioned Person (as defined below); (b) it is not acting on behalf, or for the benefit, of a Sanctioned Person; and (c) it will not use, directly or indirectly, the proceeds received by it from the sale of its DSs pursuant to the Tender Offer for the purpose of financing or making funds available directly or indirectly to or for the benefit of any Sanctioned Person, to the extent such financing or provision of funds would be prohibited by Sanctions.

For the purposes of this Tender Offer Memorandum and other documents constituting the Tender Offer:

(i) a “Sanctioned Person” means any person or entity: (a) with whom dealings are restricted or prohibited by, or are sanctionable under, any Sanctions; (b) that is located, organized or resident in a country or territory with which dealings are broadly restricted, prohibited, or made sanctionable under any Sanctions (examples of which would include, as of the date of this Tender Offer Memorandum, Cuba, Iran, North Korea, Syria); or (c) that is otherwise the subject or target of any sanctions administered or enforced by any Sanctions Authority, including by reason of a relationship of ownership or control with (a) or (b); provided that this definition shall not include any person to which subparagraphs (a) or (c) apply solely by virtue of its or its controlling persons’ inclusion in: (1) the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists (the “SSI List”), (2) Annexes III, IV, V and VI of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “EU Annexes”), or (3) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes;

(ii) “Sanctions” means any sanctions or other similar restrictive measures (including, for the avoidance of doubt, any sanctions or measures relating to any particular embargo or asset freezing) administered or enforced by any Sanctions Authority; and

(iii) a “Sanctions Authority” means competent governmental institutions and agencies of the U.S. government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or the Bureau of Industry and Security of the U.S. Department of Commerce), the United Nations Security Council, the European Union, competent governmental institutions and agencies of the UK government, the State Secretariat for Economic Affairs of Switzerland or the Swiss Directorate of International Law, the Hong Kong Monetary Authority or the Monetary Authority of Singapore.

(15) It acknowledges that Polyus Service, Polyus, the DS Tender Agent, the Dealer Manager and the DS Depositary will rely upon the truth and accuracy of the foregoing acknowledgements, agreements, representations, warranties, undertakings and directions.

(16) It understands and acknowledges that the DS Strike Price is subject to any fees, expenses, taxes (if withholding is required by applicable law) or other charges, including fees and charges payable to the DS Depositary, brokers or any other intermediary in connection with tendering DSs in the Tender Offer.

(17) It represents and warrants that it is not a Russian resident for the purposes of the Russian Federal Law No. 173-FZ dated December 10, 2003 “On Currency Regulation and Currency Control” (as
amended) (the “Russian Currency Control Law”) and that, in particular, if it is an individual, it is not a citizen of the Russian Federation or a foreign citizen or a stateless person permanently residing in the Russian Federation on the basis of the residence permit provided for by laws of the Russian Federation; or, if it is a legal entity, it is not a legal entity established pursuant to the laws of the Russian Federation, except for foreign legal entities registered in accordance with the Russian Federal Law No. 290-FZ dated August 3, 2018 “On International Companies and International Funds” (as amended) (the “Russian Law on International Companies”).

(18) It represents and warrants (i) that it is a corporation or other legal entity and not an individual (natural person) or (ii) that, if it is an individual (natural person), it is not a Russian Currency Resident and not a Russian tax resident or (iii) that, if it is a Russian tax resident, it has an agreement with a broker established and licensed under the laws of the Russian Federation, which accepts this Tender Offer and effects and will effect all actions with respect to the tender and sale of the DSs on behalf of the DS holder pursuant to an agreement between the DS holder and such broker, and that, accordingly, pursuant to the Russian Tax Code, such broker shall act as a tax agent with respect to payment of the DS Strike Price to the DS holder.

If a DS holder is unable to give the foregoing representations, warranties and undertakings, the DS holder should contact the DS Tender Agent.

If a DS holder is unable to give the representations and warranties set forth in paragraph (17) above, such DS holder must follow the procedures outlined in Section 7(A)(b)(5) below.

If a DS holder is unable to give the representations and warranties set forth in paragraph (18) above, such DS holder must follow the procedures outlined in Section 7(A)(b)(6) below.

(5) Tendering DSs by DS holders who are Russian Currency Residents

A DS holder who is a Russian Currency Resident may tender its DSs in the Tender Offer provided that:

(a) the DSs are held through, and will be delivered to Polyus Service from, such DS holder’s securities account (depo account) with a Russian licensed depository; and

(b) the DS Strike Price for the DSs tendered in the Tender Offer is paid in Russian rubles.

In accordance with Russian Securities Market Law DS holders who are Russian Currency Residents and who are not “qualified investors” directly named in the Russian Securities Market Law, such as brokers or other professional market participants, may only tender and sell their DSs in this Tender Offer through their Russian licensed brokers.

In order to tender its DSs in the Tender Offer, a DS holder who is a Russian Currency Resident, must:

(1) sign and deliver, or instruct its Russian licensed broker to sign and deliver on its behalf, to IRC-R.O.S.T. DS Letter of Transmittal in the form set out in Annex 1 to the DS Corporate Action Notice (the “DS Letter of Transmittal”) indicating (i) the type and number of the DSs that the DS holder is tendering in the Tender Offer; (ii) the price within the DS Price Range, in integral increments of US$1.00 (one U.S. dollar), at which the DS holder wishes to tender and sell its DSs, or a confirmation that the DS holder is submitting a Strike Price Tender; (iii) the details of the securities account (depo account) with a Russian depository, from which the DSs will be transferred to the depo account of Polyus Service; (iv) the details of the DS holder’s account with an authorized Russian bank, to which the DS Strike Price for the DSs tendered, and accepted for purchase in, the Tender Offer will be transferred; and (v) if applicable, a confirmation that the DS holder is acting through a Russian licensed broker in selling the DSs and details of such Russian licensed broker;

(2) following (a) announcement of the results of tenders pursuant to the Tender Offer, including the Ordinary Share Strike Price, the DS Strike Price and the pro-ration results, if any, and (b) to the extent required, receipt of a notice from Polyus Service or IRC-R.O.S.T. of the number of DSs accepted for purchase, transfer, or procure that its Russian licensed broker transfers, the number of DSs accepted for
purchase in the Tender Offer to the depo account of Polyus Service set forth in the DS Letter of Transmittal. The DSs must be transferred to, and received by, Polyus Service within seven (7) Russian business days following the date of publication by Polyus Service of the results of tenders pursuant to the Tender Offer, including the Ordinary Share Strike Price, the DS Strike Price and the pro-ration results, if any.

Polyus Service will pay the DS Strike Price in Russian rubles, less any applicable taxes, for the DSs properly tendered, not withdrawn, accepted for purchase by, and transferred to Polyus Service within seven (7) Russian business days following the receipt of the DSs in Polyus Service’s depo account.

Any DSs transferred to Polyus Service by DS holders who are Russian Currency Residents other than in accordance with the procedures set forth in this Tender Offer Memorandum, the DS Corporate Action Notice and the DS Letter of Transmittal will not be eligible for the acceptance and payment by Polyus Service and may be returned by Polyus Service to the respective holder of DSs, unless accepted for purchase by Polyus Service in its sole absolute discretion.

By signing the DS Letter of Transmittal and transferring the DS to Polyus Service pursuant to the terms of this Tender Offer Memorandum, a holder of DSs who is a Russian Currency Resident:

(a) will provide the undertakings and representations and warranties set out in Section 7(A)(b)(4), with the exception of representations and warranties set out in paragraph (17) of Section 7(A)(b)(4) and, if applicable, with the exception of the representations and warranties set out in paragraph (18) of Section 7(A)(b)(4); and

(b) will represent and warrant that it is tendering and transferring the DSs in full compliance with the Russian Currency Control Law and the Russian Securities Market Law and will provide other representations, warranties and agreements set forth in the DS Letter of Transmittal.

Polyus Service will not be required to purchase any DSs tendered by DS holders who are Russian Currency Residents if the procedures set out above have not been complied with.

Further information on the procedures for the tender and transfer of DSs by DS holders who are Russian Currency Residents and required documents are provided in the DS Corporate Action Notice and the DS Letter of Transmittal accompanying this Tender Offer Memorandum. Please read the DS Letter of Transmittal carefully to ensure that you have sufficient time to assemble all documents required to be submitted to IRC-R.O.S.T. together with the DS Letter of Transmittal.

(6) Information for DS holders who are individuals (natural persons) that are Russian tax residents and who are not represented by a Russian licensed broker or trustee in tendering and selling their DSs in this Tender Offer

If a DS holder is unable to provide the representations and warranties set forth in paragraph (18) of Section 7(A)(b)(4), i.e., if a DS holder is an individual (natural person) who is a Russian tax resident and who is not represented by a Russian broker or trustee, acting on the basis of an agreement with such DS holder, in tendering and selling its DSs into this Tender Offer, and acting as a tax agent pursuant to the Russian Tax Code with respect to payment of the DS Strike Price to such DS holder, such DS holder must contact IRC-R.O.S.T. to obtain further information on tendering its DSs into the Tender Offer.

DS holders are urged to carefully read Section 13A, “Certain Tax Matters—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer” of this Tender Offer Memorandum along with the Tax Information Memorandum attached thereto and to consult at their own expense with their professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences of any other jurisdiction.

(c) General

Rule 14e-4 under the Exchange Act makes it unlawful for any person acting alone or in concert with others, directly or indirectly, to tender securities for such person’s own account unless at the time of tender and at the Expiration Time such person has a “net long position” in a number of securities that is equal to or
greater than the amount tendered and will deliver or cause to be delivered such securities for the purpose of tendering to us within the period specified in the Tender Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of Securities made pursuant to any method of delivery set forth in the Tender Offer Memorandum will constitute the tendering Securityholder’s acceptance of the terms and conditions of the Tender Offer, as well as the tendering Securityholder’s representation and warranty to Polyus Service that (i) such Securityholder has a “net long position” in a number of Securities at least equal to the Securities being tendered within the meaning of Rule 14e-4, and (ii) such tender of Securities complies with Rule 14e-4. Polyus Service’s acceptance for purchase of Securities tendered pursuant to the Tender Offer and resulting in the signing of the relevant share purchase agreement with respect to Ordinary Shares by Polyus Service and the respective Securityholder tendering Ordinary Shares, will constitute a binding agreement between the tendering Securityholder and Polyus Service upon the terms and subject to the conditions of the Tender Offer and, with respect to Ordinary Shares, the relevant share purchase agreement, including the participating Securityholder’s representation that the Securityholder has a net long position in the Ordinary Shares or GDSs, as the case may be, being tendered for purchase within the meaning of Rule 14e-4 and that the request to tender such Ordinary Shares or GDSs, as the case may be, complies with Rule 14e-4.

B. Method of Delivery.


Securityholders have the responsibility to cause: (a) their Securities to be validly tendered; (b) the timely delivery of the Ordinary Shares Letter of Transmittal, the DS Letter of Transmittal, as applicable, and (c) the timely delivery of all other documents required herein, or in the Ordinary Shares Letter of Transmittal, or in the DS Corporate Action Notice, or in the DS Letter of Transmittal. Timely delivery is a condition precedent to acceptance for purchase and purchase of Securities pursuant to the Tender Offer.

Any documentation required to be submitted to IRC-R.O.S.T. (with respect to Ordinary Shares or DSs tendered by DS holders who are Russian Currency Residents) or the DS Tender Agent (with respect to DSs tendered by Non-Russian DS Holders) must be submitted to them within their normal business hours and in any event on or prior to the Expiration Time. Non-Russian DS Holders must allow sufficient time for completion of the relevant Clearing System’s tendering procedures during the normal business hours on or prior to the Expiration Time. The Clearing Systems, their respective participants and the brokers or other securities intermediaries through which DS holders hold their DSs will establish their own cut-off dates and times for the tender of the DSs, which will be earlier than the Expiration Time. DS holders wishing to participate in the Tender Offer are responsible for determining the cut-off date and time that applies to them and will be responsible for submitting valid and complete instructions to act to the securities intermediary through which they hold their DSs in the Clearing Systems before the cut-off date and time.

FAILURE BY A SECURITYHOLDER TO COMPLY WITH THE PROCEDURES DESCRIBED ABOVE WILL RESULT IN AN INVALID TENDER OF SECURITIES AND, ACCORDINGLY, SUCH SECURITYHOLDER’S TENDERED SECURITIES MAY NOT BE ACCEPTED FOR PURCHASE OR PURCHASED.

C. Determinations of Validity.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of tenders will be determined by Polyus Service in its sole discretion, which determination shall be final and binding. Polyus Service reserves the absolute right to reject any or all tenders determined not to be in appropriate form or from persons whose participation in the Tender Offer could in the reasonable opinion of Polyus Service, the DS Tender Agent, IRC-R.O.S.T. or NRC Stock Market result in violation of applicable legal
requirements or to refuse to accept for purchase or pay for any Securities if, in the opinion of Polyus Service’s counsel, accepting, purchasing or paying for such Securities would be unlawful. Polyus Service also reserves the absolute right to waive any of the conditions of the Tender Offer or any defect in any tender, whether generally or with respect to any particular Ordinary Share(s), DS(s) or Securityholder(s). See also Section 14, “Amendments; Extension of Tender Period; Termination.” Polyus Service’s interpretations of the terms and conditions of the Tender Offer (including the Ordinary Shares Letter of Transmittal, the instructions thereto, the DS Corporate Action Notice) and this Tender Offer Memorandum shall be final and binding.

NONE OF POLYUS SERVICE, POLYUS, THEIR RESPECTIVE MANAGEMENT, THE BOARD OF DIRECTORS OF POLYUS, THE DS TENDER AGENT, THE DS DEPOSITARY, THE DEALER MANAGER, THE INFORMATION AGENT, IRC-R.O.S.T., NRC STOCK MARKET OR ANY OTHER PERSON IS OR WILL BE OBLIGATED TO GIVE ANY NOTICE OF ANY DEFECT OR IRREGULARITY IN ANY TENDER, AND NONE OF THEM WILL INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTICE.

D. Return of Securities Tendered by Securityholders but Not Purchased by Polyus Service.

Polyus Service will accept for purchase from each Securityholder that has tendered its Securities only that number of Securities that were tendered at or below the Ordinary Share Strike Price or at or below the DS Strike Price, as applicable, and that may be purchased from such Securityholder after pro-ration, if any. All Ordinary Shares and all DSs tendered at a price above the Ordinary Share Strike Price or the DS Strike Price, as applicable, will be rejected and will not be purchased by Polyus Service.

Any Ordinary Shares or DSs tendered by DS holders who are Russian Currency Residents that are not purchased in the Tender Offer, including due to pro-ration, will remain in the ownership of the holder thereof and remain registered on such Securityholder’s personal account with IRC-R.O.S.T. or depo account with the depositary, as applicable.

DSs tendered by Non-Russian DS Holders that are not purchased in the Tender Offer, including due to pro-ration, will be unblocked or released for trading by the relevant Clearing System on the account of the tendering DS holder.

8. Withdrawal Rights.

At any time after November 24, 2020 and prior to the Expiration Time, any Securityholder may withdraw all or a portion of the Ordinary Shares and/or DSs that such Securityholder previously properly tendered pursuant to this Tender Offer by complying with the procedures described herein.

Ordinary Shares. In order for a withdrawal of Ordinary Shares to be effective, IRC-R.O.S.T. must receive, prior to the Expiration Time, at its address set forth on the back page of this Tender Offer Memorandum or at the address of one of its branches set forth in the Ordinary Shares Letter of Transmittal (provided that notices of withdrawal must be submitted to the same office of IRC-R.O.S.T. as to which the applicable Ordinary Shares Letter of Transmittal was submitted) a valid written notice of withdrawal. Any notice of withdrawal must specify the name of the person who tendered the Securities to be withdrawn and the number of Ordinary Shares (including the price at which they were tendered) to which the withdrawal notice applies (which need not be all of the Securities tendered). Any properly withdrawn and not re-tendered Ordinary Shares shall remain in the tendering Securityholder’s personal account with IRC-R.O.S.T. or depo account with the respective nominee holder.

DSs held through Euroclear or Clearstream and tendered by a Non-Russian DS Holder. In order for a withdrawal of DSs held through Euroclear or Clearstream to be effective, a withdrawal request must be received by the DS Tender Agent through the relevant Clearing System prior to the Expiration Time.

DSs held through DTC and tendered by a Non-Russian DS Holder. In order for a withdrawal of DSs held through DTC to be effective, a Request Message (as defined below) must be received by the DS
Tender Agent through automated procedures operated by DTC prior to the Expiration Time. In order to be valid, a notice of withdrawal must specify the name of the participant in the book-entry transfer facility whose name appears on the security position listing as the owner of such DSs, if different from the depositor, and the principal amount of DSs to be withdrawn. If DSs have been identified (through confirmation of book-entry transfer of such DSs) to the DS Tender Agent, the name and the account at the book-entry transfer facility to be credited with withdrawn DSs must also be furnished to the DS Tender Agent. The term “Request Message” means a message transmitted by DTC, which states that DTC has received a request for withdrawal from a DTC participant and identified the DSs to which such request relates. If any such DSs are properly withdrawn, notice will be given to DTC by Polyus Service that the DSs should be released for trading in accordance with DTC’s procedures.

DSs tendered by DS holders who are Russian Currency Residents. In order for a withdrawal of DSs tendered by DS holders who are Russian Currency Residents to be effective, IRC-R.O.S.T. must receive, prior to the Expiration Time, at its address set forth on the back page of this Tender Offer Memorandum or at the address of one of its branches set forth in the DS Letter of Transmittal (provided that notices of withdrawal must be submitted to the same office of IRC-R.O.S.T. as to which the applicable DS Letter of Transmittal was submitted) a valid written notice of withdrawal. Any notice of withdrawal must specify the name of the person who tendered the Securities to be withdrawn and the number of DSs (including the price at which they were tendered) to which the withdrawal notice applies (which need not be all of the Securities tendered). Any properly withdrawn and not re-tendered DSs shall remain in the tendering Securityholder’s depo account with the respective nominee holder.

All questions as to the validity, form and eligibility (including time of receipt) of notices of withdrawal will be determined by Polyus Service in its sole discretion, which determination shall be final and binding. Any permitted withdrawal may not be rescinded Ordinary Shares and DSs properly withdrawn will not thereafter be deemed to be tendered for purposes of this Tender Offer. Withdrawn Ordinary Shares and DSs may, however, be re-tendered by following the procedures described in Section 7, “Procedures for Tendering Securities” prior to the Expiration Time. Except as otherwise provided in this Section 8, tenders of Ordinary Shares and DSs made pursuant to this Offer will be irrevocable.

NONE OF POLYUS SERVICE, POLYUS, THEIR RESPECTIVE MANAGEMENT, THE BOARD OF DIRECTORS OF POLYUS, THE DS TENDER AGENT, THE DS DEPOSITARY, THE DEALER MANAGER, THE INFORMATION AGENT, IRC-R.O.S.T., NRC STOCK MARKET OR ANY OTHER PERSON IS OR WILL BE OBLIGATED TO GIVE ANY NOTICE OF ANY DEFECT OR IRREGULARITY IN ANY NOTICE OF WITHDRAWAL, AND NONE OF THEM WILL INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTICE.


Upon the terms and subject to the conditions of the Tender Offer, validly tendered Securities will be accepted for purchase by Polyus Service. Polyus Service will announce the results of tenders pursuant to the Tender Offer, including the Ordinary Share Strike Price, the DS Strike Price and the pro-ration results, if any, on a dedicated website at: www.polyus-service.com. Polyus Service will be deemed to have accepted for purchase validly tendered (and not properly withdrawn in accordance with Section 8, “Withdrawal Rights”) Securities and, with respect to Ordinary Shares, Polyus Service will proceed with the signing of share purchase agreements with respect to tendered Ordinary Shares accepted for purchase in accordance with this Tender Offer Memorandum, when, as and if Polyus Service (i) gives oral or written notice to IRC-R.O.S.T. and the DS Tender Agent, as applicable, of its acceptance of such Securities for purchase pursuant to the Tender Offer, and (ii) announces the results of tenders pursuant to the Tender Offer, including the Ordinary Share Strike Price, the DS Strike Price and the results of pro-ration, if any.

Payment for Ordinary Shares and for DSs tendered by DS holders who are Russian Currency Residents will be made in Russian rubles at the CBR U.S. dollar / Russian ruble exchange rate in effect on the date of the announcement of the results of tenders pursuant to the Tender Offer, in each case subject to any fees, expenses, taxes (if withholding is required by applicable law). Payment for DSs, other than DSs tendered by
DS holders who are Russian Currency Residents, will be made in U.S. dollars. Payment for the Ordinary Shares accepted for purchase will be made by no later than on the seventh (7th) Russian business day following the receipt of the tendered Ordinary Shares by Polyus Service pursuant to the applicable executed share purchase agreement. Payment for the DSs tendered by DS holders who are Russian Currency Residents will be made by no later than on the seventh (7th) Russian business day following the receipt by Polyus Service of the tendered DSs accepted for purchase by Polyus Service.

Payments to Securityholders who have tendered Ordinary Shares or DSs tendered by DS holders who are Russian Currency Residents will be made only to such Securityholders’ (or their agents’) ruble bank accounts with authorized Russian banks. Polyus Service will not accept for purchase any Ordinary Shares or DSs tendered by DS holders who are Russian Currency Residents if the Securityholder tendering such Ordinary Shares or DSs does not indicate in the Ordinary Shares Letter of Transmittal a ruble bank account with an authorized Russian bank to which the purchase price for the Ordinary Shares or DSs shall be transferred. Securityholders tendering their Ordinary Shares and DS holders who are Russian Currency Residents tendering their DSs should consult with their bank on whether they can receive payment for their Ordinary Shares or DSs to their bank account.

Polyus Service will make payment for the DSs it purchases from Non-Russian DS Holders pursuant to the Tender Offer by depositing with the DS Tender Agent no later than two Business Days following the Expiration Time in U.S. dollars the aggregate DS Strike Price, to be paid for the DSs validly tendered and accepted for purchase, and the DS Tender Agent will, as soon as practicable, transfer such aggregate amount of the DS Strike Price, subject to any fees, expenses, taxes (if withholding is required by applicable law) or other charges payable by the tendering DS holders (a) to DTC, in the case of the DS holders tendering DSs via DTC or (b) to the custodian for Euroclear or Clearstream, in the case of the DS holders tendering DSs via Euroclear or Clearstream. The DS Strike Price, subject to any fees, expenses, taxes (if withholding is required by applicable law) or other charges, will be paid to tendering DS holders that are Non-Russian DS Holders through the procedures of the relevant Clearing System.

Tendering Securityholders will not receive any accrued or other interest with respect to the Purchase Price under any circumstance. Tendering Securityholders will not receive any other form of compensation in the event of a delay in the payment of the Purchase Price.

Except as specified directly below, Polyus Service will bear the costs of printing, if any, and mailing materials to Securityholders, certain legal and filing fees, stock registrar fees and the fees and expenses of the Dealer Manager, IRC-R.O.S.T., NRC Stock Market and the DS Tender Agent. See Section 16, “IRC-R.O.S.T., NRC Stock Market, DS Tender Agent, Dealer Manager, Information Agent.”

Securityholders will pay all stock transfer taxes, if any, with respect to the transfer and sale of Securities pursuant to the Tender Offer. Brokers, dealers or other institutions also may charge fees to a participating Securityholder for processing a purchase or transfer request and sending it to IRC-R.O.S.T. or the DS Tender Agent, as applicable. Costs of re-registration of Ordinary Shares registered directly in the Polyus’s register held by IRC-R.O.S.T. will be paid by Polyus Service.

As required by Russian law, where Securities are not tendered through a Russian broker or a Russian trustee acting as a tax agent for Russian law purposes, Polyus Service will act as a tax agent with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by the Securityholders who are individuals (natural persons) and the DS Strike Price in relation to DSs sold by Securityholders who are individuals (natural persons) that are Russian tax residents. See Section 13A, “Certain Tax Matters—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer” below for certain Russian tax consequences. For certain U.S. federal income tax consequences, see Section 13B, “Certain Tax Matters—Certain U.S. Federal Income Tax Consequences.” Securityholders are liable for their own taxes and have no recourse to Polyus Service, Polyus, the Dealer Manager or the DS Tender Agent with respect to taxes arising in connection with the Tender Offer.
10. Source and Amount of Funds.

Polyus Service will prior to the Expiration Time have the financial resources to purchase the Securities pursuant to the Tender Offer. Polyus Service expects to pay for all Securities tendered and accepted for purchase pursuant to this Tender Offer with available cash on hand. No other alternative financing arrangements have been made. This Tender Offer is not conditional on financing.


Polyus Service is a limited liability company organized under the laws of the Russian Federation with its registered office located at 3 Krasina Street, bld. 1, 6th floor, office 616, Moscow, 123056, Russian Federation.

Polyus Service is a wholly owned subsidiary of Polyus.

12. Certain Legal Matters; Regulatory Approvals; Enforcement.

The Tender Offer has not been and will not be registered under the securities laws of the United States or the Russian Federation or in any other jurisdiction. Neither the SEC nor any other authority or securities exchange in the United States has approved or disapproved of the Tender Offer, passed upon the merits of the Tender Offer or determined whether the Tender Offer is accurate or complete. Participating Securityholders are urged to consult their own legal and tax advisers regarding possible legal requirements as well as possible tax consequences of participating in the Tender Offer in their particular circumstances. Neither this Tender Offer Memorandum nor the Tender Offer nor any information contained herein constitute or may be construed as constituting an offer (“oferta”) pursuant to Russian law, or an advertisement, or an offer of securities to an unlimited number of persons within the territory of or outside the Russian Federation, or a voluntary tender offer or a mandatory tender offer under Russian law, or an auction under Articles 447-449 of the Civil Code of the Russian Federation and applicable Russian law.

**Russian Currency Control Law implications.** Polyus Service, as an entity incorporated in Russia, is Russian Currency Resident and, accordingly, any purchase of DSs, which are foreign securities for the purposes of the Russian Currency Control Law, from DS holders who are also Russian Currency Residents may be effected by Polyus Service provided that:

(a) the DSs are held through, and will be delivered to Polyus Service from, such DS holder’s securities account (depo account) with a Russian licensed depositary; and

(b) the DS Strike Price for the DSs tendered in the Tender Offer is paid in Russian rubles.

For the purposes of the Russian Currency Control Law, Russian residents include:

(1) in the case of individuals, individuals who are citizens of the Russian Federation or foreign citizens or a stateless persons permanently residing in the Russian Federation on the basis of the residence permit provided for by laws of the Russian Federation; or,

(2) in the case of legal entities, legal entities that are established pursuant to the laws of the Russian Federation, except for foreign legal entities registered in accordance with the Russian Law on International Companies.

**Russian Securities Market Law implications.** In accordance with Russian Securities Market Law DSs are viewed as “foreign securities,” which are not admitted to public circulation in the Russian Federation. Accordingly, DS holders who are citizens of the Russian Federation or who are legal entities established pursuant to the laws of the Russian Federation and who are not “qualified investors” directly named in the Russian Securities Market Law, such as brokers or other professional market participants, may only tender and sell their DSs in this Tender Offer through their Russian licensed brokers.

**Other matters.** Polyus Service is not aware of any approval or action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required
to effect the Tender Offer other than those disclosed in this Tender Offer Memorandum. Should any such approval or other action be required, Polyus Service presently cannot determine whether such approval or other action will be sought. Polyus Service is unable to predict whether it may determine that it is required to delay the acceptance for purchase or payment for, Securities tendered pursuant to the Tender Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to Polyus Service’s or Polyus’s respective businesses. Polyus Service expressly reserves the right at any time to terminate the Tender Offer prior to the Expiration Time and not accept for purchase, or pay for, any Securities for any reason or if any of the conditions referred to in Section 6, “Certain Conditions of the Tender Offer” has not been satisfied or upon the occurrence and during the continuance of any of the events specified in Section 6, “Certain Conditions of the Tender Offer.”

The enforcement by Securityholders of civil liabilities under U.S. securities laws may be adversely affected by the fact that Polyus Service is a company organized under the laws of the Russian Federation and Polyus is a Russian public joint stock company, and that the directors of Polyus Service and substantially all of the directors and senior management of Polyus are residents of countries other than the United States and substantially all of the assets of each company are located outside of the United States, and, with respect to Polyus, principally in Russia. As a result, it may not be possible for Securityholders:

- to effect service of process within the United States upon any of the directors of Polyus Service or the directors or members of senior management of Polyus; or

- to enforce in the United States court judgments against Polyus Service or Polyus, or any of Polyus Service’s directors or Polyus’s directors or members of senior management, in any action, including actions under the civil liability provisions of federal securities laws of the United States, obtained in courts of the United States.

In addition, it may be difficult for Securityholders to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon U.S. securities laws.

Judgments rendered by a court in any jurisdiction outside of Russia will generally be recognized by courts in Russia only if an international treaty providing for the recognition and enforcement of judgments in civil cases exists between Russia and the country where the judgment is rendered and/or a federal law is adopted in Russia providing for the recognition and enforcement of foreign court judgments. There is no treaty between the United States and Russia and between the United Kingdom and Russia providing for the reciprocal recognition and enforcement of foreign court judgments in civil and commercial matters, and no relevant federal law on enforcement of foreign court judgments has been adopted in Russia.

13. Certain Tax Matters

A. Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer

The following is a discussion of certain Russian income tax consequences relating to this Tender Offer that are primarily relevant to Securityholders that are individuals. The below comments do not constitute tax advice and are intended only as a guide to certain limited aspects of the current laws of the Russian Federation and Russian tax authorities’ published practice, which are both subject to change at any time, possibly with retrospective effect. This section must be read together with the Tax Information Memorandum, which accompanies this Tender Offer Memorandum.

The provisions of the Russian Tax Code applicable to transactions with the Securities are in some aspects uncertain and lack interpretive guidance. Both the substantive provisions of the Tax Code of the Russian Federation (the “Russian Tax Code”) applicable to financial instruments and the interpretation and application of those provisions by the Russian tax authorities may be subject to more rapid and unpredictable change and inconsistency than in other jurisdictions. In particular, the interpretation and application of such provisions will in practice rest substantially with local tax authorities.
Russian tax consequences with respect to sale of the Securities will depend on whether the Securityholder is an individual (natural person) or a legal entity and whether such Securityholder is a resident or non-resident in Russia for tax purposes. A Russian resident means, (i) with respect to individuals, an individual who is actually present in Russia for an aggregate period of 183 calendar days or more in any period comprised of 12 consecutive months, where presence in Russia for Russian personal income tax residency purposes is not considered interrupted if an individual departs from Russia for short periods of time (less than six months) for medical treatment, education purposes or completion of employment or other duties related to work (rendering services) at offshore hydrocarbon fields, and (ii) with respect to legal entities, a legal entity or an organization organized under Russian law or a legal entity or an organization organized under any non-Russian law (a foreign organization), which holds and disposes of the Securities through its permanent establishment in Russia or a foreign organization recognized as Russian tax resident in accordance with the requirements set out in the Russian Tax Code.

Tax considerations for Securityholders who are individuals

From January 1, 2020, pursuant to the Russian Tax Code, Russian entities and entrepreneurs making payments under securities sale and purchase agreements entered into with individuals are recognized as tax agents of such individual taxpayers, unless otherwise provided for by the Russian Tax Code.

In accordance with the provisions of the Russian Tax Code, Polyus Service, acting as a tax agent, is required to calculate, withhold and pay to the state budget of Russia personal income tax in connection with the sale of the Ordinary Shares and DSs pursuant to the Tender Offer by the Securityholders that are individuals and, in the case of DS holders, Russian tax residents, provided that such individuals do not sell their Securities through a broker or trustee which is a Russian entity or a Russian separate subdivision of a foreign broker or trustee selling the shares for the benefit of the individual Securityholder pursuant to a trust management agreement, brokerage agreement, agency or commission agreement. If the Securityholders who are individuals sell their shares through a broker or trustee which is a Russian entity or a Russian separate subdivision of a foreign broker or trustee, such trustee or broker will be recognized as a tax agent with respect to the proceeds from the sale of the Securities.

Polyus Service will not act as a tax agent for income tax with respect to the income received by holders of DSs who are individuals (natural persons) that are not Russian tax residents or, if they are Russian tax residents, if they tender DSs through a Russian trustee or a Russian broker, which represents such DS holder on the basis of a trust management agreement, brokerage agreement, agency or commission agreement or an agency agreement with the DS holder and acts as a tax agent with respect to the Purchase Price received by the DS holder for the DSs sold in the Tender Offer.

When acting as a tax agent, Polyus Service will comply with the requirements of the Russian Tax Code in calculating, withholding and paying to the budget of the Russian Federation the personal income tax in connection with the sale of the Securities pursuant to this Tender Offer by the holders of Ordinary Shares and the holders of DSs that are Russian tax residents and that are individuals (natural persons), including, if applicable, taking into account any actually incurred and documented costs and expenses related to the acquisition and custody of the Securities tendered into this Tender Offer incurred by the Securityholders without the engagement of the tax agent (Polyus Service) if the tax questionnaire and the relevant supporting documents are provided within the deadlines set forth in this Tender Offer Memorandum, the Tax Information Memorandum, and, if applicable, the Ordinary Shares Letter of Transmittal. IRC- R.O.S.T. is authorized by Polyus Service to accept tax questionnaires and supporting documents from the holders of Ordinary Shares.

The applicable tax rate will be determined on the basis of applicable requirements of Russian law. In the event of failure to submit the supporting documents, submission of incomplete documents or late submission of the documents, the personal income tax (which currently constitutes 13% for Russian residents (and will be raised to 15% in certain cases from January 2021) and 30% for non-Russian residents or individuals who do not confirm that they are Russian tax residents) will be withheld from the full amount of the Purchase Price payable for the Securities.
Securityholders should note that on November 11, 2020 the Russian State Duma, the lower house of the Russian Parliament, approved in the third and final reading a law, which on November 18, 2020 was approved by the Federation Council and on November 23, 2020 was signed by the Russian President and published (the “Tax Law”). Pursuant to the Tax Law, the applicable tax rate for Russian residents from January 2021 will be raised to 15% for any income (with some limited exceptions) in excess of five million Russian rubles in a calendar year.

Please refer to the Tax Information Memorandum that accompanies this Tender Offer Memorandum and is available at: www.polyus-service.com for more information and consult with your professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences of any other jurisdiction.

Tax considerations for Securityholders who are legal entities

Any income from the sale of the Securities received by the Securityholders that are Russian tax residents, i.e. Russian entities or foreign entities carrying on business in the Russian Federation through a permanent representative office, to which such income is attributable, will not result in any obligation for Polyus Service, acting as a tax agent, to withhold or transfer to the budget any income taxes on the proceeds from the sale of the Securities derived by such entities. Such entities that are holders (sellers) of the Securities will be required to calculate and pay their taxes on their own.

In addition, in accordance with Russian law, neither Polyus Service nor its agents acting in connection with the Tender Offer will be required to withhold the Russian capital gain tax on the proceeds from the sale of the Securities paid to legal entities that are not Russian tax residents.

Please refer to the Tax Information Memorandum that accompanies this Tender Offer Memorandum and is available at: www.polyus-service.com for more information and consult with your professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences of any other jurisdiction.

B. Certain U.S. Federal Income Tax Consequences

The following is a discussion of certain U.S. federal income tax consequences relating to the tender of Securities pursuant to this Tender Offer by Securityholders that (i) are the beneficial owners of such Securities and (ii) are “United States persons” for U.S. federal income tax purposes (“U.S. Holders”) and hold such Securities as capital assets. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof and the income tax treaty between the United States of America and Russia, as amended (the “Tax Treaty”), all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities, partnerships or other pass-through entities, U.S. Holders that own (or are deemed to own) 10% or more (by vote or value) of the Company’s stock, U.S. Holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, U.S. Holders that hold the Securities as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders that have a “functional currency” other than the U.S. dollar).

This discussion also does not address the U.S. federal income tax consequences that may be relevant to U.S. Holders (i) whose holding period for any Security includes any period before 2017 or (ii) that do not tender any Securities in this Tender Offer. Any such U.S. Holder should consult its own tax advisor regarding the U.S. federal income tax consequences relating to this Tender Offer (including the possible dividend treatment with respect to cash received pursuant to this Tender Offer or the possible constructive dividend treatment as a result of not tendering any Securities in this Tender Offer, as well as the U.S. federal
income tax consequences that would apply if the Company is a passive foreign investment company for any taxable year during which such U.S. Holder holds Securities).

(a) **Passive Foreign Investment Company**

Although not free from doubt, the Company believes that it has not been a passive foreign investment company ("PFIC") for U.S. federal income tax purposes in any taxable year since 2017, and does not currently expect to be a PFIC, for U.S. federal income tax purposes. However, there can be no assurance that the Company has not been, and will not be, a PFIC in any taxable year or that the U.S. Internal Revenue Service (the "IRS") will agree with the Company’s conclusion regarding its PFIC status in any taxable year. If the Company is a PFIC for any taxable year during which a U.S. Holder holds Securities, such U.S. Holders may be subject to adverse U.S. federal income tax consequences, including being subject to greater amounts of U.S. federal income taxes in connection with this Tender Offer. U.S. Holders should consult their own tax advisors about the application of the PFIC rules in connection with this Tender Offer in light of their particular circumstances.

The following discussion assumes that the Company has not been, and will not be, a PFIC for U.S. federal income tax purposes.

(b) **Tender of Securities for Cash**

A U.S. Holder that tenders Securities for cash pursuant to this Tender Offer will either (i) be treated as selling such Securities and, therefore, be required to recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the U.S. dollar value of the cash received by the U.S. Holder (determined before the deduction, if any, of withholding taxes) and the U.S. Holder’s adjusted tax basis in such Securities (the "sale treatment") or (ii) be treated as receiving a distribution as discussed below (the "distribution treatment").

In the case of sale treatment, gain or loss generally will be determined separately for each block of Securities (that is, the Securities acquired at the same cost in a single transaction) tendered pursuant to this Tender Offer. Such gain or loss generally will be long-term capital gain or loss to a U.S. Holder if such U.S. Holder’s holding period for such Securities is more than one year at the time of the exchange. Long-term capital gain recognized by non-corporate U.S. holders, including individuals, is generally taxable at a reduced rate. In the case of Securities that have been held for one year or less, capital gain on the sale of such Securities generally will be subject to U.S. federal income tax at ordinary income tax rates. The deductibility of capital losses is subject to certain limitations. Under the “wash sale” rules described in the Code, loss recognized on the Securities (whether in the form of Ordinary Shares, ADSs or GDSs) sold pursuant to this Tender Offer generally will be disallowed to the extent a U.S. Holder acquires other Securities (whether in the form of Ordinary Shares, ADSs or GDSs) within 30 days before or after the date the Securities are so sold pursuant to this Tender Offer. In that event, the tax basis and holding period of the Securities acquired within 30 days would be adjusted to reflect such disallowed loss.

To qualify for the sale treatment discussed above, the U.S. Holder’s continuing ownership interest in the Company (including Securities constructively owned by such U.S. Holder pursuant to the provisions of Section 318 of the Code) must be sufficiently reduced for U.S. federal income tax purposes. If a U.S. Holder’s ownership interest in the Company is not sufficiently reduced for U.S. federal income tax purposes, the distribution treatment discussed below will apply to cash received by such U.S. Holder in the Tender Offer. Because PGIL, the controlling shareholder of the Company, has indicated that it may sell to Polyus Service, following the expiration of the Tender Offer period, a number of Ordinary Shares held by it, which may correspond to its proportionate ownership in the Company, it is possible that a U.S. Holder that does not tender all of its Securities in this Tender Offer may be subject to the distribution treatment with respect to cash received in the Tender Offer.

In the case of distribution treatment, the U.S. dollar value of the cash (determined before the deduction, if any, of withholding taxes) received by a U.S. Holder would be taxable as a dividend to the extent of the earnings and profits (as determined for U.S. federal income tax purposes) of Polyus Service (if certain
conditions are met) and the Company. Polyus Service and the Company have not maintained and do not intend to maintain calculations of earnings and profits for U.S. federal income tax purposes. As a result, a U.S. Holder subject to the distribution treatment may be required to include the entire amount of the cash received in income as a dividend. In that event, the tax basis in the Securities tendered by such U.S. Holder pursuant to this Tender Offer generally should be added to the tax basis of the Securities that such U.S. Holder continues to hold following completion of this Tender Offer. In addition, any such dividend will not be eligible for the “dividends received” deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations.

To the extent that such dividend is attributable to Polyus Service’s earnings and profits, such U.S. Holder may be subject to the adverse U.S. federal income tax consequences applicable to distributions from a PFIC and may not be eligible for the preferential rates of tax applicable to certain dividends from a qualified foreign corporation, as discussed below. U.S. Holders should consult their own tax advisors regarding the adverse tax consequences that would apply to a distribution from a PFIC and the eligibility for preferential rates of tax.

Generally, dividends received by an individual (or certain other non-corporate U.S. Holders) from a “qualified foreign corporation” would qualify for preferential rates of tax if certain requirements are met. A non-U.S. corporation generally will be considered to be a qualified foreign corporation if it is eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Treasury determines is satisfactory for purposes of this provision and that includes an exchange of information program. The Tax Treaty as currently in effect meets these requirements. However, in order to be considered eligible for the benefits of the Tax Treaty, the Company must be a resident of the Russian Federation within the meaning of the Tax Treaty and satisfy any other requirements of the Tax Treaty, including the requirements under the limitation on benefits provision. The requirements under the limitation on benefits provision of the Tax Treaty would generally be satisfied if the shares of the Company are traded “on a substantial and regular basis on an officially recognized securities exchange” in the Russian Federation. It is unclear whether the Company will satisfy this requirement of the Tax Treaty. No assurance can be given that the Company will be treated as a qualified foreign corporation for these purposes and that such preferential rates of tax will apply to a dividend that is attributable to the Company’s earnings and profits. Each U.S. Holder that is a non-corporate taxpayer should consult its own tax advisor regarding the possible application of the preferential rates of tax to such dividend and the related restrictions and special rules.

As discussed above under “—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer,” cash received pursuant to this Tender Offer may be subject to Russian taxes. Each U.S. Holder should consult its own tax advisor regarding its ability to credit such Russian taxes against its U.S. federal income tax liability in its particular circumstances.

In addition, a U.S. Holder that receives Russian rubles from the tender of the Securities (such as Ordinary Shares) pursuant to this Tender Offer may have foreign currency gain or loss upon the subsequent disposition of such Russian rubles.

(c) Reportable Transactions

A U.S. Holder that participates in any “reportable transaction” (as defined in U.S. Treasury regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the sale, exchange or other disposition of any Russian rubles received pursuant to this Tender Offer.

(d) Information Reporting and Backup Withholding

Information reporting generally will apply to payments to a U.S. Holder pursuant to this Tender Offer, unless such U.S. Holder is an entity that is exempt from information reporting and, when required, demonstrates this fact. Any such payment to a U.S. Holder that is subject to information reporting generally will also be subject to backup withholding, unless such U.S. Holder provides the appropriate documentation (generally, IRS Form W-9) to the applicable withholding agent certifying that, among other requirements, its taxpayer identification number is correct, or otherwise establishes an exemption.
Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder’s U.S. federal income tax liability if the required information is furnished by such U.S. Holder on a timely basis to the IRS.

14. Amendments; Extension of Tender Period; Termination.

Polyus Service expressly reserves the right, in its sole discretion, at any time and from time to time, to extend the period during which the Tender Offer is open for any reason, including the failure to satisfy any of the conditions specified in Section 6, “Certain Conditions of the Tender Offer,” in the event of an extension, by giving notice of such extension to IRC-R.O.S.T. and the DS Tender Agent. There can be no assurance whether or not Polyus Service will exercise its right to extend the Tender Offer. During any such extension, all Securities previously tendered and not properly withdrawn will remain subject to the Tender Offer, subject to the rights of a tendering Securityholder to withdraw such Securityholder’s tender for Ordinary Shares and/or DSs, as the case may be. See Section 9, “Payment for Securities.”

Polyus Service also expressly reserves the right, in its sole discretion, at any time and from time to time, to waive, in whole or in part, any condition or amend the Tender Offer in any respect, in each case by making a public announcement thereof.

Polyus Service also expressly reserves the right at any time to terminate the Tender Offer prior to the Expiration Time and not accept for purchase, or pay for, any Securities for any reason or if any of the conditions referred to in Section 6, “Certain Conditions of the Tender Offer” has not been satisfied or upon the occurrence and during the continuance of any of the events specified in Section 6, “Certain Conditions of the Tender Offer.”

Any extension, termination or amendment will be followed as promptly as practicable by a press release by Polyus Service announcing the extension, termination or amendment. Notwithstanding the foregoing, Polyus Service will have no obligation to publish, advertise or otherwise communicate any such press release other than by issuing the press release and publishing it on the dedicated website at: www.polyus-service.com.

15. Fees and Expenses.

Other than as described below, no fees will be paid to brokers, dealers or others by Polyus Service in connection with the Tender Offer.

The proceeds distributed to the tendering Securityholders will be net of any applicable taxes (if withholding is required by applicable law) and other governmental charges.

16. IRC-R.O.S.T., NRC Stock Market, DS Tender Agent, Dealer Manager, Information Agent.

A. IRC-R.O.S.T.

Polyus Service has entered into an agreement with IRC-R.O.S.T. for the purposes of the Tender Offer, and holders of Ordinary Shares tendering Ordinary Shares and DS holders who are Russian Currency Residents tendering DSs pursuant to the Tender Offer will be required to tender through IRC-R.O.S.T. Communications with retail Securityholders tendering Ordinary Shares in connection with the Tender Offer will be carried out via IRC-R.O.S.T. IRC-R.O.S.T. will receive reasonable and customary compensation related to a tender offer of this nature and will be reimbursed by Polyus Service for certain out-of-pocket expenses and share registrar fees charged on transfers of Ordinary Shares held by Securityholders directly with IRC-R.O.S.T.

B. NRC Stock Market.

Polyus Service has entered into agreements with NRC Stock Market to act as its depositary and broker (authorized representative) for the purchase of Ordinary Shares and DSs on the terms of this Tender Offer.
Memorandum. NRC Stock Market will receive reasonable and customary compensation for its services as
agent and will be reimbursed by Polyus Service for certain out-of-pocket expenses.


Polyus Service, acting through NRC Stock Market, has entered into a tender agent agreement with The
Bank of New York Mellon for purposes of the Tender Offer. Securityholders tendering DSs pursuant to the
Tender Offer that are Non-Russian DS Holders will be required to tender DSs to The Bank of New York
Mellon in its capacity as DS Tender Agent. The Bank of New York Mellon will receive reasonable and
customary compensation related to a tender offer of this nature and will be reimbursed by Polyus Service for
certain out-of-pocket expenses.

D. Dealer Manager.

Polyus Service has engaged J.P. Morgan Securities Plc to act as a dealer manager with respect to the
Tender Offer. Polyus Service has entered into a Dealer Manager Agreement with the Dealer Manager,
which contains certain provisions regarding payment of fees, expense reimbursement, and customary
representations, warranties and indemnities.

The Dealer Manager and its affiliates may contact and communicate with institutional Securityholders
regarding the Tender Offer and may request brokerage houses, custodians, nominees, fiduciaries and others
to forward this Tender Offer Memorandum and related materials to such Securityholders.

The Dealer Manager and its affiliates have provided and continue to provide certain investment
banking services to Polyus Service for which they have received and will receive compensation that is
customary for services of such nature.

Neither the Dealer Manager nor any of its respective directors, employees or affiliates assumes any
responsibility for the accuracy or completeness of the information concerning the Tender Offer or for any
failure by Polyus Service to disclose material information with regard to Polyus Service or the Securities
which is not otherwise publicly available.

The Dealer Manager will not be responsible to any Securityholder for providing the protections
afforded to customers of the Dealer Manager or for advising such Securityholder or any other person in
connection with the Tender Offer.

The Dealer Manager and its affiliates may have a holding in, or may from time to time provide advice
or other investment services in relation to, or engage in transactions involving the DSs and Ordinary Shares.
At any given time, the Dealer Manager may trade the DSs, Ordinary Shares or other securities of the
Company or derivatives related thereto for its own accounts or for the accounts of its customers and, accordingly, may hold a long or short position in the DSs, Ordinary Shares or other securities of the
Company.

The Dealer Manager may (subject to the terms and conditions of the Tender Offer and applicable
securities laws) tender Securities (subject to the offer restrictions set out in Section 6, “Certain Conditions
of the Tender Offer”) on its own account or on behalf of other Securityholders. No submission or non-
submission by the Dealer Manager should be taken by any Securityholder or any other person as any
recommendation or otherwise by the Dealer Manager as to the merits of participating or not participating in
the Tender Offer.

The Dealer Manager is acting exclusively for Polyus Service and Polyus, as the case may be, and no
one else in connection with the Tender Offer and will not be responsible to anyone other than Polyus
Service and Polyus for providing the protections afforded to their clients or for providing advice in relation
to the Tender Offer or in relation to the contents of this Tender Offer Memorandum or any transaction or
any other matters referred to herein.
E. Information Agent.

Polyus Service has appointed CMi2i Ltd to act as the Information Agent for the Tender Offer. CMi2i Ltd will receive customary compensation for its services and will be reimbursed by Polyus Service for reasonable out-of-pocket expenses.

F. Expenses.

Polyus Service is paying the costs of printing, if any, and mailing materials to Securityholders, certain legal and filing fees and the fees and expenses of IRC-R.O.S.T., NRC Stock Market, the Dealer Manager, the DS Tender Agent and the Information Agent, as described above.

17. PGIL LoI

Polyus Service and PGIL, the controlling shareholder of the Company, have signed the PGIL LoI, pursuant to which PGIL undertook not to participate in the Tender Offer through tendering any Securities it owns in the Tender Offer but indicated that it may, following the expiration of the Tender Offer period, sell to Polyus Service up to a maximum amount of 1,110,779 Ordinary Shares held by it, which corresponds to its pro rata stake in the Company. Any such sale, if it is implemented, is expected to be on the same terms as the share purchase agreements that will be signed by holders of Ordinary Shares under the terms of this Tender Offer and will be at a purchase price equal to the price per Ordinary Share as will be determined and paid as the Ordinary Share Strike Price in the Tender Offer. Pursuant to the PGIL LoI, any share purchase agreement with PGIL on these terms may only be entered into during the Execution Period and, accordingly, if such share purchase agreement is signed, the purchase of Ordinary Shares from PGIL could occur at any time starting with, and including, the date when the results of tenders pursuant to the Tender Offer, the Ordinary Share Strike Price and the DS Strike Price are announced. The provisions of PGIL LoI, other than PGIL’s undertaking not to tender any Ordinary Shares in the Tender Offer, are indicative and non-binding and, accordingly, PGIL may, at any time prior to the Expiration Time, notify Polyus Service that it will not be selling any Ordinary Shares to Polyus Service or that it proposes to sell a smaller number of Ordinary Shares under the share purchase agreement. At the Maximum Ordinary Share Price of US$240.00 for each Ordinary Share, the aggregate purchase price that Polyus Service could pay to PGIL pursuant to the share purchase agreement, if a share purchase agreement is executed, would be US$266,586,960. At the Minimum Ordinary Share Price of US$210.00 for each Ordinary Share, the aggregate purchase price that Polyus Service could pay to PGIL pursuant to the share purchase agreement, if a share purchase agreement is executed, would be US$233,263,590. PGIL holds 104,980,471 Ordinary Shares, representing approximately 77.15% of all Ordinary Shares (including Ordinary Shares represented by DSs) issued and outstanding as at November 23, 2020.

18. Miscellaneous.

(a) Overseas Securityholders.

The making of the Tender Offer in, or to persons who are citizens or nationals of, or resident in, jurisdictions outside the Russian Federation, or custodians, nominees or trustees for citizens, nationals or residents of jurisdictions outside the Russian Federation may be prohibited or affected by the laws of the relevant overseas jurisdiction. Securityholders who are resident in, or citizens of, a jurisdiction outside the Russian Federation (“Overseas Securityholders”) should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Securityholder wishing to tender Securities to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Securityholder will be responsible for payment of any such other taxes or other requisite payments due by whomsoever payable and Polyus Service and any person acting on its behalf shall be fully indemnified and held harmless by such Securityholders on an after-tax basis for any such other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorize the extending of the Tender Offer or the
distribution of the Ordinary Shares Letter of Transmittal in any territory outside the Russian Federation and the United States.

In particular, the Tender Offer is not being made, directly or indirectly, in or into, or by use of any means (including, without limitation, facsimile transmission, email, telex and telephone), or via any facilities of a national securities exchange of Australia, Canada, Japan or any other jurisdiction where the making of this Tender Offer into or inside such jurisdiction would constitute violation of the laws of such jurisdiction. Accordingly, copies of this Tender Offer Memorandum are not being and must not be mailed or otherwise distributed or sent in or into any such jurisdiction, including to Securityholders with registered addresses in these jurisdictions or to persons whom Polyus Service, the Company or the Dealer Manager know to be trustees, nominees or custodians holding Securities for such persons.

Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from Australia, Canada or Japan or any other jurisdiction where the making of this Tender Offer into or inside such jurisdiction would constitute violation of the laws of such jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer.

The provisions of this Section 18(a) and any other terms of the Tender Offer relating to Overseas Securityholders may be waived, varied or modified as regards specific Securityholders or on a general basis by Polyus Service in its absolute discretion but only if Polyus Service is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law.

The provisions of this Section 18(a) supersede any terms of the Tender Offer inconsistent herewith.

Overseas Securityholders should inform themselves about and observe any applicable legal regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

(b) Other matters.

The Tender Offer is not being made to, nor will Polyus Service knowingly accept tenders from, or on behalf of, owners of Securities in any jurisdiction in which the making of the Tender Offer or its acceptance would not comply with the securities or “blue sky” laws of that jurisdiction. Polyus Service reserves the right to exclude Securityholders in any jurisdiction in which it is asserted that the Tender Offer cannot lawfully be made or tendered Securities cannot lawfully be accepted, purchased or paid for. In any jurisdiction where the securities, “blue sky” or other laws require the Tender Offer be made by a licensed broker or dealer, the Tender Offer shall be deemed to be made on Polyus Service’s behalf by one or more brokers or dealers licensed under the laws of such jurisdiction.

Polyus Service will not be accepting tenders from, or on behalf of, and will not purchase or pay for Securities tendered by, or on behalf of, any person who is a Sanctioned Person, if such acceptance, purchase or payment would violate any law or regulation, including any Sanctions, applicable to Polyus Service, Polyus, the Dealer Manager or any of their respective affiliates, or any contractual obligations of Polyus or Polyus Group companies in relation to compliance with Sanctions.

This Tender Offer, other than share purchase agreements with respect to Ordinary Shares, shall be governed by the laws of England and Wales. Share purchase agreements with respect to Ordinary Shares shall be governed by Russian law.

DSs, to which the Tender Offer relates, are neither registered in the Russian Federation nor admitted to placement, public placement or public circulation in the Russian Federation in accordance with Article 51.1 of the Russian Securities Market Law. The tender and purchase of DSs will be carried out exclusively in accordance with the procedures set forth in this Tender Offer Memorandum and, if applicable, the DS Corporate Action Notice. Any information in this Tender Offer Memorandum in respect of DSs is addressed in the Russian Federation solely to persons who are “qualified investors” as defined in the Russian Securities Market Law.
19. Additional Information.

Polyus publishes annual reports and other information pursuant to the UK Listing, Disclosure and Transparency Rules and EU Market Abuse Regulation and publishes annual and quarterly reports and other information pursuant to Russian law. Such information, including Polyus’s financial statements for the year ended December 31, 2019, for the six months ended June 30, 2020 and for the nine months ended September 30, 2020, is available to the public over the Internet at Polyus’s website at: http://www.polyus.com. Polyus’s website is included in the Tender Offer as an inactive textual reference only. Neither the contents of Polyus’s website (or any other website) nor the content of any website accessible from hyperlinks on Polyus’s website (or any other website) is incorporated in the Tender Offer and should not be considered to be part of the Tender Offer. The public may also read and copy reports or other information to the extent it is required to be made public pursuant to Russian law. Any such information that is published or filed after the date hereof will automatically update and supersede prior filed information. Polyus is exempt from the registration requirements of the Exchange Act pursuant to Rule 12g3-2(b) thereunder.

Questions and requests for assistance or for copies of the Tender Offer Memorandum, the Tax Information Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice and the DS Letter of Transmittal may be directed to the Information Agent on 0800 029 4287 (toll free from within the UK), +44 (0) 208 187 1439 (London local call), 1-866 458 4519 (toll free from within the US), +1 929 999 5141 (New York local call) or at the following e-mail address: polyus@cmi2i.com.

Questions about the tendering procedures for DSs held by Non-Russian DS Holders should be directed to the DS Tender Agent at the following e-mail address: drprojectarrow@bnymellon.com.

Questions and requests for assistance in connection with the tendering procedures for the Ordinary Shares or DSs held by Russian DS Holders should be directed to IRC-R.O.S.T. during business hours at its address and telephone number set forth on the back page of this Tender Offer Memorandum.

Please note that the Information Agent, the DS Tender Agent and IRC-R.O.S.T. will only be able to provide technical information regarding the mechanics of tendering into the Tender Offer and the completion of the accompanying Ordinary Shares Letter of Transmittal and the DS Letter of Transmittal and will be unable to give advice on the merits of the Tender Offer or to provide legal, financial, investment, taxation or any other advice or information.

The text of this Tender Offer Memorandum, the Tax Information Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice, the DS Letter of Transmittal, as well as any announcements with respect to the Tender Offer and contact details of the Information Agent, IRC-R.O.S.T. and the DS Tender Agent, are and will be made available at a dedicated website at: www.polyus-service.com.
QUESTIONS AND ANSWERS

This section highlights selected information concerning the Tender Offer and does not contain all the information that may be important to you in deciding whether or not to tender your Securities. To more fully understand the Tender Offer and for a more complete discussion of the terms and conditions of the Tender Offer, you should read carefully this entire Tender Offer Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice and the DS Letter of Transmittal.

1. General Matters

What is the Tender Offer?

- Polyus Service is inviting Securityholders to submit tenders to sell for cash their Ordinary Shares and DSs, at a price range of US$210.00 to US$240.00 for each Ordinary Share (to be paid in Russian rubles based on the CBR U.S. dollar / Russian ruble exchange rate effective on the date of the announcement of the results of tenders pursuant to the Tender Offer), and at a price range of US$105.00 to US$120.00 for each DS (to be paid in U.S. dollars, unless otherwise set forth in this Tender Offer Memorandum), in each case upon the terms and subject to the conditions set forth in this Tender Offer Memorandum.

- The Tender Offer will be implemented through a procedure commonly known as a modified “Dutch auction.” This procedure allows each Securityholder to select the price, within the Ordinary Share Price Range for Ordinary Shares or within the DS Price Range for DSs, in increments of US$2.00 and US$1.00, respectively, at which the Securityholder is willing to sell its Securities, or to submit a Strike Price Tender.

- Upon the terms and subject to the conditions set forth in this Tender Offer Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice and the DS Letter of Transmittal, Polyus Service will select the Ordinary Share Strike Price as the single lowest purchase price within the Ordinary Share Price Range (in integral increments of U.S$2.00 (two U.S. dollars) only) and the DS Strike Price as a corresponding single lowest purchase price within the DS Price Range (in integral increments of U.S$1.00 (one U.S. dollar) only) that will allow it to purchase the Maximum Number of Securities (in any combination of Ordinary Shares and DSs) or, if fewer than the Maximum Number of Securities (in any combination of Ordinary Shares and DSs) are properly tendered and not withdrawn pursuant to the terms of this Tender Offer Memorandum, all Ordinary Shares and DSs that are properly tendered and not withdrawn prior to the Expiration Time.

- Securityholders can tender their Securities in the following ways:
  
  (i) submit a Strike Price Tender;
  
  (ii) submit a tender at a single price within the Ordinary Share Price Range for Ordinary Shares or the DS Price Range for DSs; or
  
  (iii) submit a tender at different prices within the Ordinary Share Price Range for Ordinary Shares and the DS Price Range for DSs.

Any tender other than a Strike Price Tender must be expressed in whole U.S. Dollars per Ordinary Share or per DS, as applicable. Tenders may be made within the Ordinary Share Price Range for Ordinary Shares and the DS Price Range for DSs, in each case in integral increments of US$2.00 (two U.S. dollars) (with respect to tenders of Ordinary Shares) and US$1.00 (one U.S. dollar) (with respect to tenders of DSs).

- On November 23, 2020, the Minimum Ordinary Share Price represented a cash discount of US$8.12 and 3.7% per Ordinary Share to the 3 month volume weighted average price of US$218.12 for the period ending on November 23, 2020 (using the average CBR U.S. dollar /
Russian ruble exchange rate for the respective period) and a cash premium of US$15.49 and 8.0% with respect to the closing price per Ordinary Share on the Moscow Exchange on November 23, 2020. On November 23, 2020, the Maximum Ordinary Share Price represented a cash premium of US$21.88 and 10.0% per Ordinary Share to the 3 month volume weighted average price of US$218.12 for the period ending on November 23, 2020 (using the average CBR U.S. dollar / Russian ruble exchange rate for the respective period) and a cash premium of US$45.49 and 23.4% with respect to the closing price per Ordinary Share on the Moscow Exchange on November 23, 2020.


- Holders of Ordinary Shares and holders of DSs, who are Russian Currency Residents, should note that the Ordinary Share Strike Price for the Ordinary Shares and the DS Strike Price for DSs tendered and transferred by DS holders who are Russian Currency Residents will be paid in Russian rubles at the CBR U.S. dollar / Russian ruble exchange rate in effect on the date of the announcement of the results of tenders pursuant to the Tender Offer and that the exchange rate of the U.S. dollar against the Russian ruble is volatile. No assurance can be given as to the CBR U.S. dollar / Russian ruble exchange rate that will be in effect on such date. Moreover, holders of Ordinary Shares and holders of DSs tendered by DS holders who are Russian Currency Residents should note that there is a significant amount of time (up to seven (7) Russian business days) between the date when Ordinary Shares or DSs, as applicable, will be transferred to, and received by, Polyus Service and the date on which Polyus Service will transfer the Ordinary Share Strike Price for the Ordinary Shares or the DS Strike Price for the DSs to the Securityholders, in each case subject to any fees, expenses, taxes (if withholding is required by applicable law) or other charges. Securityholders will not receive interest or any other form of compensation during this period of time or in the event of a delay in the payment of the Ordinary Share Strike Price for the Ordinary Shares or the DS Strike Price for the DSs.

- Securities must be validly tendered prior to the Expiration Time upon the terms and subject to the conditions set forth in the Tender Offer. The Clearing Systems, their respective participants and the brokers or other securities intermediaries through which DS holders hold their DSs will establish their own cut-off dates and times for the tender of the DSs, which will be earlier than the Expiration Time. Holders of Ordinary Shares must also sign a share purchase agreement and, where Ordinary Shares are registered in the register of Polyus held by IRC-R.O.S.T., submit a transfer order to IRC-R.O.S.T. for their Securities to be purchased from them.
What price will I receive for each Security that I sell?

- The Ordinary Share Strike Price will be the actual price at which successfully tendered Ordinary Shares will be purchased by Polyus Service. The DS Strike Price will be the actual price at which successfully tendered DSs will be purchased by Polyus Service.

- Polyus Service will select the Ordinary Share Strike Price as the single lowest purchase price within the Ordinary Share Price Range (in integral increments of U.S$2.00 (two U.S. dollars) only) and the DS Strike Price as a corresponding single lowest purchase price within the DS Price Range (in integral increments of U.S$1.00 (one U.S. dollar) only) that will allow it to purchase the Maximum Number of Securities (in any combination of Ordinary Shares and DSs) or, if fewer than the Maximum Number of Securities (in any combination of Ordinary Shares and DSs) are properly tendered, all Ordinary Shares and DSs that are properly tendered and not withdrawn prior to the Expiration Time.

- The Ordinary Share Strike Price and the DS Strike Price will be announced on or about December 28, 2020 (unless the Tender Offer is extended), but will fall within the Ordinary Share Price Range for Ordinary Shares and within the DS Price Range for DSs.

Why is Polyus Service making the Tender Offer, how is Polyus Service related to Polyus, and has the Board of Directors approved the Tender Offer?

- Polyus Service is making the Tender Offer pursuant to the resolution of its sole shareholder, the Company, dated November 23, 2020. On November 23, 2020, the Board of Directors of the Company approved the Purchase Price Range and the maximum number of Securities that may be purchased by Polyus Service from the Company’s securityholders, including the controlling shareholder of the Company. The resolution of the Board of Directors followed a unanimous recommendation of the independent non-executive directors of the Company and was approved by the Board of Directors by a unanimous vote of the directors not affiliated with the controlling shareholder of the Company.

- In arriving at these recommendations and decisions, the independent non-executive directors and the Board of Directors took into consideration, among other things, the analysis of an indicative market value range prepared by an international reputable independent appraiser.

- The Tender Offer provides Securityholders who wish to sell all or a portion of their interest in Polyus to do so at a premium to market price and provides Polyus Service with a block of shares that may be used for financial and business purposes of the Polyus Group, including for the purposes of the settlements with respect to consolidation of Lenzoloto assets, the next tranche under Polyus Group’s long-term incentive plan, which was approved by the Board of Directors in December 2018, as consideration in potential M&A transactions and for other corporate purposes.

- In connection with the Tender Offer, Polyus Service has engaged J.P. Morgan Securities Plc as the Dealer Manager and Debevoise & Plimpton LLP as legal counsel.

Does the management of Polyus Service or Polyus recommend Securityholders participate in the Tender Offer?

- None of Polyus, Polyus Service, their respective management or the board of directors of Polyus, the DS Tender Agent, the DS Depositary, the Dealer Manager, the Information Agent, IRC-R.O.S.T., NRC Stock Market or the professional advisers of each, is making any recommendation to the Securityholders of Polyus as to whether or not to tender Securities in the Tender Offer.
Does Polyus Service have the financial resources to purchase the Securities pursuant to the Tender Offer?

- Polyus Service will prior to Expiration Time have the financial resources to purchase the Securities pursuant to the Tender Offer. Polyus Service expects to pay for all Securities tendered and accepted for purchase pursuant to this Tender Offer with available cash on hand. See Section 10, “Source and Amount of Funds.” This Tender Offer is not conditional on financing.

Will Polyus Gold International Limited participate in the Tender Offer?

- Polyus Gold International Limited (“PGIL”), the controlling shareholder of the Company, holds 104,980,471 Ordinary Shares, representing approximately 77.15% of all Ordinary Shares (including Ordinary Shares represented by DSs) issued and outstanding as at November 23, 2020.

- Polyus Service and PGIL have signed an indicative letter of intent (the “PGIL LoI”) pursuant to which PGIL undertook not to participate in the Tender Offer through tendering any Securities it owns in the Tender Offer but indicated that it may, following the expiration of the Tender Offer period, sell to Polyus Service up to a maximum amount of 1,110,779 Ordinary Shares held by it, which corresponds to its pro rata stake in the Company. Any such sale, if it is implemented, is expected to be on the same terms as the share purchase agreements that will be signed by holders of Ordinary Shares under the terms of this Tender Offer and will be at a purchase price equal to the price per Ordinary Share as will be determined and paid as the Ordinary Share Strike Price in the Tender Offer. Pursuant to the PGIL LoI, any share purchase agreement with PGIL on these terms may only be entered into during the Execution Period and, accordingly, if such share purchase agreement is signed, the purchase of Ordinary Shares from PGIL could occur at any time starting with, and including, the date when the results of tenders pursuant to the Tender Offer, the Ordinary Share Strike Price and the DS Strike Price are announced. The provisions of PGIL LoI, other than PGIL’s undertaking not to tender any Ordinary Shares in the Tender Offer, are indicative and non-binding and, accordingly, PGIL may, at any time prior to the Expiration Time, notify Polyus Service that it will not be selling any Ordinary Shares to Polyus Service or that it proposes to sell a smaller number of Ordinary Shares under the share purchase agreement. At the Maximum Ordinary Share Price of US$240.00 for each Ordinary Share, the aggregate purchase price that Polyus Service could pay to PGIL pursuant to the share purchase agreement, if a share purchase agreement is executed, would be US$266,586,960. At the Minimum Ordinary Share Price of US$210.00 for each Ordinary Share, the aggregate purchase price that Polyus Service could pay to PGIL pursuant to the share purchase agreement, if a share purchase agreement is executed, would be US$233,263,590. PGIL holds 104,980,471 Ordinary Shares, representing approximately 77.15% of all Ordinary Shares (including Ordinary Shares represented by DSs) issued and outstanding as at November 23, 2020.

2. Certain Effects of the Tender Offer and Potential Risks for Securityholders

What are some of the effects of the Tender Offer?

- Securityholders who tender their Securities in the Tender Offer will forego any potential increase in the value of the Securities following the Tender Offer.

The Minimum Ordinary Share Price represents a cash premium of US$15.49 and 8.0% with respect to the closing price per Ordinary Share on the Moscow Exchange on November 23, 2020, and the Minimum DS Price represents a cash premium of US$9.30 and 9.7% and US$7.40 and 7.6% with respect to the closing price per GDS on the LSE and ADS on the U.S. OTC market, respectively, on November 23, 2020. However, Securityholders by selling their Securities in the Tender Offer will forego any potential increase in the value of the Securities following the Tender Offer. There can be no assurance as to the market value of Securities in the future.
• **Securityholders who do not tender their Securities in the Tender Offer will remain Securityholders of Polyus and bear the attendant risks associated with owning those Securities.**

To the extent Securityholders retain an equity interest in Polyus, either because they did not participate in the Tender Offer or tendered only part of their holdings, they will continue to be Securityholders of the Company. As a result, those Securityholders will bear certain risks associated with holding Securities of Polyus. Securities held following the completion of the Tender Offer may in the future be sold at a price significantly higher or lower than the Purchase Price, and no assurance can be given as to the price at which a Securityholder may be able to sell his or her Securities in the future.

• **Securities acquired by Polyus Service will be held by Polyus Service or another member of the Polyus Group. Under Russian law, Polyus Service will retain all rights in the shares (including shares represented by GDSs).**

Following completion of the Tender Offer, Polyus Service may hold Securities acquired in the Tender Offer or transfer them to another member of the Polyus Group. While held by a member of the Polyus Group, the Securities will not be considered outstanding for purposes of determining Polyus’s earnings per share. However, unlike the laws of the United Kingdom and many other jurisdictions, under Russian law a direct or indirect subsidiary of the issuer retains all rights in the shares (including shares represented by depositary shares), in particular the rights to dividends and other distributions, as well as voting rights available to shareholders generally. Therefore, Polyus Service, as well as any other subsidiary of Polyus holding such Securities, will be entitled to receive any accrued or future dividend payments with respect to the Securities, or any other distribution paid on the Securities, and to vote the Securities until such Securities are sold, otherwise transferred, or cancelled. The Company currently intends to keep any securities acquired by Polyus Service as quasi-treasury and not to exercise voting rights attributable to such securities.

• **COVID-19 may have an impact on the procedures required to implement the Tender Offer.**

The onset of COVID-19, and the actions of governments to limit its spread, has had an unprecedented impact on business activity around the world. There can be no assurance that the disruptions caused by COVID-19 will not have an impact on the timing and processes required to implement the Tender Offer, including the ability of Securityholders to collect all documents required under the terms of this Tender Offer Memorandum and timely tender their Securities in the Tender Offer, as well as the procedures for acceptance and settlements under the Tender Offer.

• **Polyus Service, acting as a tax agent under Russian law with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by holders of Ordinary Shares who are individuals (natural persons) and the DS Strike Price in relation to DSs sold by DS holders who are individuals (natural persons) that are Russian tax residents, may be obliged to withhold the applicable tax from the full amount of the Purchase Price if such Securityholders fail to provide documents confirming the costs at which they acquired the Securities sold in the Tender Offer or that they are eligible for an available exemption.**

As required by Russian law, where Securities are not tendered through a Russian broker or a Russian trustee acting as a tax agent for Russian law purposes, Polyus Service will act as a tax agent with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by holders of Ordinary Shares who are individuals (natural persons) and the DS Strike Price in relation to DSs sold by DS holders who are individuals (natural persons) that are Russian tax residents. See Section 13A, “Certain Tax Matters—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer.” The applicable tax rate will depend on whether the relevant individual Securityholder is resident or non-resident for tax purposes in Russia and the applicable tax base will depend on whether there are any exemptions available or whether the relevant Securityholder can confirm the costs at which it acquired the
Securities that are tendered in the Tender Offer. Securityholders are urged to carefully read the Tax Information Memorandum that accompanies this Tender Offer Memorandum and is available at: www.polyus-service.com for more information as to applicable procedures, including an indicative list of required documents, and consult at their own expense with their professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences of any other jurisdiction.

If the relevant individual Securityholders do not provide the documents confirming the acquisition costs of the Securities or the applicability of an available tax exemption, or provide an incomplete set of documents or documents that are not properly certified, in each case prior to the Expiration Time, Polyus Service will be obliged to withhold the amount of the applicable tax (which at the moment constitutes 13% for Russian residents (and will be raised to 15% in certain cases from January 2021) and 30% for non-Russian residents or individuals who do not confirm that they are Russian tax residents) from the full amount of the purchase price payable to such Securityholders.

- In deciding whether or not to tender their Securities in the Tender Offer, Securityholders are urged to consider the above information, together with the other information contained in this Tender Offer Memorandum.

Who will vote the Securities after they are purchased?

- Under Russian law, any direct or indirect subsidiary of the issuer holding shares in the issuer retains all rights in the shares (including shares represented by depositary shares), in particular rights to dividends and other distributions, as well as voting rights available to shareholders generally. Therefore, Polyus Service, as well as any subsidiary of Polyus holding Ordinary Shares or DSs will be entitled to receive any accrued or future dividend payments with respect to the DSs or Ordinary Shares, or any other distribution paid on the DSs or Ordinary Shares, and to vote the DSs or Ordinary Shares until such DSs or Ordinary Shares are sold, otherwise transferred or cancelled. The Company currently intends to keep any securities acquired by Polyus Service as quasi-treasury and not to exercise voting rights attributable to such securities.

3. Tender Procedures and Conditions of the Tender Offer

Do all Securityholders whose Securities are accepted for purchase and purchased by Polyus Service receive the same purchase price per Security, regardless of whether it is a Ordinary Share or a DS?

- All Ordinary Shares purchased by Polyus Service pursuant to the Tender Offer will be purchased at the Ordinary Share Strike Price for each Ordinary Share (payable in Russian rubles based on the CBR U.S. dollar / Russian ruble exchange rate effective on the date of the announcement of the results of tenders pursuant to the Tender Offer).

All DSs purchased by Polyus Service pursuant to the Tender Offer from DS holders that are not Russian Currency Residents will be purchased at the DS Strike Price for each DS, payable in cash.

All DSs tendered and transferred pursuant to this Tender Offer by DS holders that are Russian Currency Residents will be purchased at the DS Strike Price for each DS (payable in Russian rubles based on the CBR U.S. dollar / Russian ruble exchange rate effective on the date of the announcement of the results of tenders pursuant to the Tender Offer).

- Tendering Securityholders will not be entitled to any payment of accrued or other interest with respect to the Purchase Price under any circumstances. Tendering Securityholders will not receive any other form of compensation in the event of a delay in the payment of the Purchase Price.

- As required by Russian law, where Securities are not tendered through a Russian broker or a Russian trustee acting as a tax agent for Russian law purposes, Polyus Service will act as a tax agent with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by holders of Ordinary Shares who are individuals (natural persons) and the DS Strike Price in relation to DSs sold by DS holders who are individuals (natural persons) that are Russian tax
residents. See Section 13A, “Certain Tax Matters—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer.” The applicable tax rate will depend on whether the relevant individual Securityholder is resident or non-resident for tax purposes in Russia and the applicable tax base will depend on whether there are any exemptions available or whether the relevant Securityholder can confirm the costs at which it acquired the Securities that are tendered in the Tender Offer. Securityholders are urged to carefully read the Tax Information Memorandum that accompanies this Tender Offer Memorandum and is available at: www.polyus-service.com for more information as to applicable procedures, including an indicative list of required documents, and to consult at their own expense with their professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences of any other jurisdiction.

If the relevant individual Securityholders do not provide the documents confirming the acquisition costs of the Securities or the applicability of an available tax exemption, or provide an incomplete set of documents or documents that are not properly certified, in each case prior to the Expiration Time, Polyus Service will be obliged to withhold the amount of the applicable tax (which at the moment constitutes 13% for Russian residents (and will be raised to 15% in certain cases from January 2021) and 30% for non-Russian residents or individuals who do not confirm that they are Russian tax residents) from the full amount of the purchase price payable to such Securityholders.

- None of Polyus, Polyus Service, their respective management or Board of Directors of Polyus, the DS Tender Agent, the DS Depositary, the Dealer Manager, the Information Agent, IRC-R.O.S.T., NRC Stock Market or the professional advisers of each, is making any recommendation to the Securityholders of Polyus, including any employee of Polyus, as to whether or not to tender Securities in the Tender Offer.

How many Securities will be purchased pursuant to the Tender Offer?

- In the aggregate, no more than 317,792 Ordinary Shares, in the form of Ordinary Shares and DSs, will be purchased pursuant to this Tender Offer. If all such Securities were purchased, this would represent approximately 0.22% of all issued and outstanding Ordinary Shares (including Ordinary Shares represented by DSs). See Section 4, “Number of Securities.”

- If more than the Maximum Number of Securities are properly tendered and not withdrawn prior to the Expiration Time, the tendered Securities will be purchased on a pro rata basis according to the number of Securities tendered (or deemed to have been tendered) by the tendering Securityholders at or below the Ordinary Share Strike Price and at or below the DS Strike Price (with downward adjustments where necessary to avoid the purchase of fractional Securities). See Section 5, “Pro-Ration.”

- If less than the Maximum Number of Shares (in any combination of Ordinary Shares and DSs) are properly tendered and not withdrawn prior to the Expiration Time, then all Ordinary Shares and DSs validly tendered will be purchased by Polyus Service at the Ordinary Share Strike Price for Ordinary Shares and the DS Strike Price for DSs.

- Polyus Service will not purchase any Ordinary Shares and DSs tendered at a price above the Ordinary Share Strike Price and the DS Strike Price, respectively.

What is a Strike Price Tender?

- A Strike Price Tender is a tender at the price determined to be the Ordinary Share Strike Price for Ordinary Shares and the DS Strike Price for DSs. It does not require you to select a specific price within the Ordinary Share Price Range for Ordinary Shares or within the DS Price Range for DSs. Instead, you will let the process of the Tender Offer work out the price for you. All successful Strike Price Tenders will be purchased at the respective Purchase Price, i.e. at the Ordinary Share Strike Price or at the DS Strike Price, as applicable, subject, where applicable, to pro-ration. See Section 5, “Pro-Ration.”
If you want to participate in the Tender Offer and wish to maximize the chance of having your Securities accepted for purchase, you should submit your Securities for purchase as a Strike Price Tender. You should understand that this election may have the effect of lowering the Ordinary Share Strike Price and the DS Strike Price and could result in your Ordinary Shares and DSs being purchased at the Minimum Ordinary Share Price or the Minimum DS Price, respectively.

Can I tender some of my Securities at one price and some at another?

- Yes. You can specify how many Ordinary Shares you wish to tender at each price within the Ordinary Share Price Range and how many DSs you wish to tender at each price within the DS Price Range (in each case including any Strike Price Tenders).
- The total number of Ordinary Shares tendered by you at price(s) within the Ordinary Share Price Range and/or as Strike Price Tenders should not exceed the total number of Ordinary Shares held by you at the time of delivery of the Ordinary Shares Letter of Transmittal.
- You should note that Ordinary Shares and DSs will be purchased by Polyus Service only at the Ordinary Share Strike Price and the DS Strike Price, respectively, provided that they are tendered at or below such Ordinary Share Strike Price or at or below DS Strike Price, as applicable.

I have validly tendered my Securities and they have been accepted for purchase and purchased by Polyus Service. When do I receive payment and in what currency?

- Payment for validly tendered and accepted for purchase Ordinary Shares will be made in accordance with applicable executed share purchase agreement in Russian rubles, with the Ordinary Share Strike Price fixed in Russian rubles at the CBR U.S. dollar / Russian ruble exchange rate in effect on the date of the announcement of the results of tenders pursuant to the Tender Offer, by no later than on the seventh (7th) Russian business day following the transfer of the tendered Ordinary Shares to Polyus Service. No Securityholder will be entitled to any payment of accrued or other interest with respect to the Purchase Price under any circumstances. Securityholders will not receive any other form of compensation in the event of a delay in the payment of the Purchase Price to the tendering Securityholders. See Section 9, “Payment for Securities.”

- Polyus Service will make payment for the DSs it purchases from Non-Russian DS Holders pursuant to the Tender Offer by depositing with the DS Tender Agent no later than two Business Days following the Expiration Time in U.S. dollars the aggregate DS Strike Price, to be paid for the DSs validly tendered and accepted for purchase, and the DS Tender Agent will, as soon as practicable, transfer the DS Strike Price, subject to any fees, expenses, taxes (if withholding is required by applicable law) or other charges payable by the tendering DS holders (a) to DTC, in the case of the DS holders tendering DSs via DTC or (b) to the custodian for Euroclear or Clearstream, in the case of the DS holders tendering DSs via Euroclear or Clearstream. The DS Strike Price, subject to any fees, expenses, taxes (if withholding is required by applicable law) or other charges, will be paid to tendering DS holders that are Non-Russian DS Holders in U.S. dollars through the procedures of the relevant Clearing System.

- Payment for validly tendered and accepted for purchase DSs tendered and transferred by DS holders who are Russian Currency Residents will be made in Russian rubles, with the DS Strike Price fixed in Russian rubles at the CBR U.S. dollar / Russian ruble exchange rate in effect on the date of the announcement of the results of tenders pursuant to the Tender Offer, by no later than on the seventh (7th) Russian business day following the transfer of the tendered DSs to Polyus Service pursuant to the terms hereof.

- Holders of Ordinary Shares and holders of DSs who are Russian Currency Residents should note that the exchange rate of the U.S. dollar against the Russian ruble is volatile. No assurance can be given as to the CBR U.S. dollar / Russian ruble exchange rate that will be in effect on the date of the announcement of the results of tenders pursuant to the Tender Offer.
Tendering Securityholders will not receive any accrued or other interest with respect to the Purchase Price for Securities under any circumstance. Tendering Securityholders will not receive any other form of compensation in the event of a delay in the payment of the Purchase Price for Securities to the tendering Securityholders.

Are there reasons why my tendered Securities would not be accepted by Polyus Service?

- Yes. If any of the conditions described under Section 6, “Certain Conditions of the Tender Offer” are not satisfied, or if Securities are defectively tendered, Polyus Service is not required to complete the purchase of tendered Securities. Polyus Service reserves the right to reject any and all tenders determined by it not to be in appropriate form or that do not otherwise comply with the terms and conditions of the Tender Offer. Polyus Service may reject tenders of Ordinary Shares if, for instance, the relevant Ordinary Shares Letter of Transmittal does not include original signature(s). See Section 7A, “Procedures for Tendering Securities—Proper Tender and Delivery” and Section 7C, “Procedures for Tendering Securities—Determinations of Validity.”

- Polyus Service will not knowingly be accepting tenders from, or on behalf of, or purchase or pay for Securities tendered by, or on behalf of, any person who is a Sanctioned Person, if such acceptance, purchase or payment would violate any law or regulation, including any Sanctions, applicable to Polyus Service, Polyus, the Dealer Manager or any of their respective affiliates, or any contractual obligations of Polyus or Polyus Group companies in relation to compliance with Sanctions.

- Polyus Service reserves the right, at any time prior to the Expiration Time, to amend or extend the Tender Offer in its sole discretion in any respect, or terminate it subject to the provisions of Section 14, “Amendments; Extension of Tender Period; Termination” if any of the conditions in Section 6, “Certain Conditions of the Tender Offer,” are not satisfied, or for any other reason.

- Polyus Service will not purchase any Ordinary Shares and DSs tendered at a price above the Ordinary Share Strike Price or the DS Strike Price, as applicable.

May I tender pledged or otherwise encumbered Securities in the Tender Offer?

- No. Securityholders may not tender Securities that are blocked, encumbered, pledged or subject to attachment or have other restrictions of any kind.

- In respect of Ordinary Shares or DSs tendered by DS holders who are Russian Currency Residents, IRC-R.O.S.T. may disregard any Ordinary Shares Letter of Transmittal or DS Letter of Transmittal, as applicable, if the purchase and transfer of the Ordinary Shares to which it relates cannot be performed on any grounds, including due to the Ordinary Shares or DSs specified in the Ordinary Shares Letter of Transmittal or the DS Letter of Transmittal being blocked, encumbered, pledged or subject to attachment or having other restrictions on the rights and ability of the shareholder or DS holder to transfer the Ordinary Shares or DSs, as applicable, to Polyus Service and for Polyus Service to receive the Ordinary Shares or DSs free and clear of any liens, restrictions, charges and encumbrances and not subject to any adverse claim or right, and together with all rights attached thereto.

- In respect of DSs tendered by Non-Russian DS Holders, each Securityholder by tendering its DSs through the submission of an electronic acceptance instruction in accordance with the requirements of the relevant Clearing System or as otherwise set forth in this Tender Offer Memorandum, will be deemed to represent and warrant that it has full power and authority to tender, sell, assign and transfer the GDSs (including the underlying Ordinary Shares) tendered hereby and all distributions relating thereto and that when such tendered DSs are accepted for purchase and payment by Polyus Service, Polyus Service will acquire good, marketable and unencumbered title thereto and to all distributions, free and clear of any liens, charges, claims, interests, rights of third parties, encumbrances and restrictions of any kind and not subject to any adverse claim or right, and together with all rights attached thereto.
When will the Tender Offer commence and what is the deadline for tendering my Securities? May the Tender Offer be extended?

- The Tender Offer will commence on November 24, 2020 and will expire at 4:00 P.M., Luxembourg/Brussels time (6:00 P.M., Moscow time, 3:00 P.M., London time, 10:00 A.M., New York time) on December 24, 2020, unless extended, provided that any tenders submitted by Securityholders must be received by either IRC-R.O.S.T. (with respect to Ordinary Shares and DSs tendered by DS holders who are Russian Currency Residents) or the relevant Clearing System (with respect to DSs tendered by Non-Russian DS Holders) within their normal business hours and in any event prior to the Expiration Time and, in the case of DSs, prior to the cut-off dates and times established by the relevant Clearing System, its respective participants and the brokers or other securities intermediaries through which DS holders hold their DSs.

- Polyus Service may elect to extend the Expiration Time of the Tender Offer. If the Expiration Time of the Tender Offer is extended, Polyus Service will issue a press release announcing the extension and publish it on the website www.polyus-service.com no later than 9:00 A.M. New York time, on the next Business Day after the original Expiration Time. See Section 14, “Amendments; Extension of Tender Period; Termination.” Please note that DTC, the custodians for Euroclear and Clearstream, their respective participants and the brokers or other securities intermediaries through which DS holders hold their DSs will establish their own cut-off dates and times, which will be earlier than the Expiration Time.

How do I tender my Ordinary Shares or DSs, or both?

- The procedures for tendering Securities will vary depending on whether you are tendering Ordinary Shares or DSs and, if you are tendering DSs, whether you are a Non-Russian DS Holder or a Russian Currency Resident.

Holders of Ordinary Shares and holders of DSs who are individuals and, in respect of such individual holders of DSs, who are also Russian tax residents, and who, in each case, are not selling their Ordinary Shares or DSs through their Russian licensed brokers or trustees, would be also required to provide to Polyus Service the documents confirming the costs at which the relevant Securityholder acquired the Securities that are tendered in the Tender Offer or the applicability of an available exemption.

If such Securityholders do not provide the required documents together with, with respect to holders of Ordinary Shares, the Ordinary Shares Letter of Transmittal or, with respect to DS holders who are Russian tax residents and who are not represented by a Russian licensed broker or trustee in tendering and selling their DSs in the Tender Offer, as may be agreed with Polyus Service, or provide an incomplete set of documents or documents that are not properly certified, Polyus Service will be obliged to withhold the amount of the applicable tax (which at the moment constitutes 13% for Russian residents (and will be raised to 15% in certain cases from January 2021) and 30% for non-Russian residents or individuals who do not confirm that they are Russian tax residents) from the full amount of the Purchase Price payable to such Securityholders.

Securityholders are urged to carefully read Section 13A, “Certain Tax Matters—Certain Russian Tax Considerations for Securityholders Selling Securities Pursuant to the Tender Offer” of this Tender Offer Memorandum along with the Tax Information Memorandum that accompanies this Tender Offer Memorandum and to consult at their own expense with their professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences of any other jurisdiction.

- I wish to tender Ordinary Shares and my Ordinary Shares are registered in my personal account in the Polyus shareholders’ register held by IRC-R.O.S.T. In order to validly tender your Ordinary Shares pursuant to the Tender Offer, you must follow the procedures set forth in Section 7,
“Procedures for Tendering Securities” and in the Ordinary Shares Letter of Transmittal that accompanies this Tender Offer Memorandum. If you are a Securityholder whose Ordinary Shares are registered with your personal account in the Polyus shareholders’ register held by IRC-R.O.S.T., you must, prior to the Expiration Time, properly complete, sign and deliver the Ordinary Shares Letter of Transmittal and any other documents required by the Ordinary Shares Letter of Transmittal and, if applicable, the Tax Information Memorandum to IRC-R.O.S.T. at the addresses specified in this Tender Offer Memorandum and the Ordinary Shares Letter of Transmittal, or have your duly authorized representative complete these actions on your behalf and appear at IRC-R.O.S.T. at the addresses specified in this Tender Offer Memorandum and the Ordinary Shares Letter of Transmittal. Polyus Service will be deemed to have accepted for purchase validly tendered Ordinary Shares and will proceed with signing of share purchase agreements with respect to tendered Ordinary Shares accepted for purchase in accordance with the terms of this Tender Offer Memorandum, when, as and if Polyus Service (i) gives oral or written notice to IRC-R.O.S.T. of its acceptance of such Ordinary Shares for purchase pursuant to the Tender Offer and (ii) announces the results of tenders pursuant to the Tender Offer, including the Ordinary Share Strike Price, the DS Strike Price and the results of pro-ration, if any.

After your Ordinary Shares have been validly tendered and accepted for purchase in accordance with this Tender Offer Memorandum, you must during the Execution Period appear at IRC-R.O.S.T. at the addresses specified in this Tender Offer Memorandum and the Ordinary Shares Letter of Transmittal (or have your duly authorized representative appear at IRC-R.O.S.T.) and sign a share purchase agreement and a transfer order to transfer the tendered and accepted for purchase Ordinary Shares to Polyus Service.

Russian licensed securities trustees wishing to tender Ordinary Shares pursuant to the Tender Offer should follow the same procedures as holders of Ordinary Shares holding their Ordinary Shares on a personal account in the Polyus shareholders’ register held by IRC-R.O.S.T. or a depo account with a nominee holder (depository). If you wish to tender Ordinary Shares and your Ordinary Shares are registered with an account of a non-licensed Russian securities trustee, certain restrictions on the transfer of such Ordinary Shares may apply and you need to consult your non-licensed securities trustee with respect to procedures for the transfer of your Ordinary Shares. See Section 7A, “Procedures for Tendering Securities—Proper Tender and Delivery.” Polyus Service will not be required to purchase any Ordinary Shares if the procedures set out above have not been complied with.

• **I wish to tender Ordinary Shares and my Ordinary Shares are registered with an account of a nominee holder.** In order to validly tender your Ordinary Shares pursuant to the Tender Offer, you must follow the procedures set forth in Section 7, “Procedures for Tendering Securities” and in the Ordinary Shares Letter of Transmittal that accompanies this Tender Offer Memorandum. If you are a Securityholder whose Ordinary Shares are registered with your depo account with a Russian licensed depositary (nominee holder), you must properly authorize and instruct your nominee holder or any other representative to properly complete, sign and deliver the Ordinary Shares Letter of Transmittal and any other documents required by the Ordinary Shares Letter of Transmittal and, if applicable, the Tax Information Memorandum, to IRC-R.O.S.T. at the addresses specified in this Tender Offer Memorandum and the Ordinary Shares Letter of Transmittal prior to the Expiration Time. Polyus Service will be deemed to have accepted for purchase validly tendered Ordinary Shares and will proceed with signing of share purchase agreements with respect to tendered Ordinary Shares accepted for purchase in accordance with the terms of this Tender Offer Memorandum, when, as and if Polyus Service (i) gives oral or written notice to IRC-R.O.S.T. of its acceptance of such Ordinary Shares for purchase pursuant to the Tender Offer and (ii) announces the results of tenders pursuant to the Tender Offer, including the Ordinary Share Strike Price, the DS Strike Price and the results of pro-ration, if any.
After your Ordinary Shares have been validly tendered and accepted for purchase in accordance with this Tender Offer Memorandum, you must, during the Execution Period, have your duly authorized nominee holder or other authorized representative appear at IRC-R.O.S.T. at the address specified in this Tender Offer Memorandum and the Ordinary Shares Letter of Transmittal to sign on your behalf a share purchase agreement and effect all actions required to transfer the Ordinary Shares tendered and accepted for purchase to Polyus Service. Alternatively, you may do all actions specified above yourself without authorizing your nominee holder (whether Russian or foreign) or another representative, provided that you submit to IRC-R.O.S.T. the relevant documents specified in the Ordinary Shares Letter of Transmittal attached hereto. You will not be obligated to pay a brokerage commission in connection with your tender of Ordinary Shares pursuant to the Tender Offer, but you may be charged a fee by a brokerage firm or similar nominee for processing the tender(s) on your behalf and effecting transfer of Ordinary Shares pursuant to your instructions. See Section 7A, “Procedures for Tendering Securities—Proper Tender and Delivery.” Polyus Service will not be required to purchase any Ordinary Shares if the procedures set out above have not been complied with.

- I wish to tender DSs and I am a Non-Russian DS Holder, i.e., I am not a Russian Currency Resident and I am able to provide the representation set forth in paragraph (18) of Section 7(A)(b)(4) of the Tender Offer Memorandum. In order to validly tender your DSs pursuant to the Tender Offer, you must follow the procedures set forth in Section 7, “Procedures for Tendering Securities.” If you wish to tender DSs, you must: (a) instruct the relevant Clearing System of your intention to participate in the Tender Offer, specifying a price (in integral increments of US$1.00 (one U.S. dollar)) within the DS Price Range at which the tender is being made, in accordance with the relevant procedures of, and deadlines for the tender set by, such Clearing System, (b) in the case of Regulation S GDSs, instruct Euroclear or Clearstream, as applicable, to block, with immediate effect, any transfers from the relevant Clearing System participant account of such DS holder of the number of DSs which the DS holder intends to tender in the Tender Offer, and (c) follow the instructions of, and procedures established by, the relevant Clearing System for the tender and blocking of DSs. A DS holder (or direct participant of DTC on behalf of such holder) holding Rule 144A GDSs or Level I ADSs must tender through the automated procedures operated by DTC.

If you wish to tender DSs held through a broker or other securities intermediary, you must contact that firm to effect a tender on your behalf (and any such firm may have established an earlier deadline for tendering Securityholders to act to instruct it to accept the Tender Offer). You will not be obligated to pay a brokerage commission in connection with your tender of DSs pursuant to the Tender Offer, but you may be charged a fee by a brokerage firm or similar securities intermediary for processing the tender(s) on your behalf. See Section 7A, “Procedures for Tendering Securities—Proper Tender and Delivery.”

If you are unable to provide the representation set forth in paragraph (18) of Section 7(A)(b)(4) below, i.e., if you are an individual, who is a Russian tax resident, and who is not represented by a Russian licensed broker or trustee in tendering and selling the DSs in this Tender Offer, where such broker acts as a tax agent pursuant to the Russian Tax Code with respect to payment to you of the Purchase Price, you must contact IRC-R.O.S.T. to obtain further information on how you can tender your DSs into the Tender Offer.

- I wish to tender DSs and I am a Russian Currency Resident. In order to validly tender your DSs pursuant to the Tender Offer, you must follow the procedures set forth in Section 7, “Procedures for Tendering Securities.”

If you are a DS holder and you are a Russian Currency Resident, i.e., if you are an individual who is a citizen of the Russian Federation or a foreign citizen or a stateless person permanently residing in the Russian Federation on the basis of the residence permit provided for by laws of the Russian
Federation; or if you are a legal entity, which is established pursuant to the laws of the Russian Federation, except for foreign legal entities registered in accordance with the Russian Law on International Companies, you may tender your DSs in the Tender Offer provided that:

(a) the DSs are held through, and will be delivered to Polyus Service from, your securities account (depo account) with a Russian licensed depositary; and

(b) the DS Strike Price for the DSs tendered in the Tender Offer will be paid to you in Russian rubles to an account with a Russian authorized bank.

In accordance with Russian Securities Market Law DS holders who are Russian Currency Residents and who are not “qualified investors” directly named in the Russian Securities Market Law, such as brokers or other professional market participants, may only tender and sell their DSs in this Tender Offer through their Russian licensed brokers.

Accordingly, in order to tender your DSs in the Tender Offer, you must:

(1) sign and deliver, or instruct your Russian licensed broker to sign and deliver on your behalf, to IRC-R.O.S.T. the DS Letter of Transmittal in the form set out in Annex 1 to the DS Corporate Action Notice indicating: (i) the type and number of the DSs that you are tendering in the Tender Offer; (ii) the price within the DS Price Range, in integral increments of US$1.00 (one U.S. dollar), at which you wish to tender and sell your DSs, or a confirmation that you are submitting a Strike Price Tender; (iii) the details of the securities account (depo account) from which your DSs will be transferred to the depo account of Polyus Service; (iv) the details of your account with an authorized Russian bank, to which the DS Strike Price for the DSs tendered, and accepted for purchase in, the Tender Offer will be transferred; and (v) if applicable, a confirmation that you are acting through a Russian licensed broker in selling the DSs and details of such Russian licensed broker;

(2) following (a) announcement of the results of tenders pursuant to the Tender Offer, including the Ordinary Share Strike Price, the DS Strike Price and the pro-ration results, if any, and (b) to the extent required, receipt of a notice from Polyus Service or IRC-R.O.S.T. of the number of DSs accepted for purchase, transfer, or procure that your Russian licensed broker transfers, the number of DSs accepted for purchase to the depo account of Polyus Service set forth in the DS Letter of Transmittal. The DSs must be transferred to, and received by, Polyus Service within 7 (seven) Russian business days following the date of publication by Polyus Service of the results of tenders pursuant to the Tender Offer, including the DS Strike Price and the pro-ration results, if any.

Polyus Service will pay the DS Strike Price in Russian rubles, less any applicable taxes, for the DSs properly tendered, not withdrawn, accepted for purchase by, and transferred to Polyus Service within seven (7) Russian business days following the receipt of the DSs in Polyus Service’s depo account.

Polyus Service will not be required to purchase any DSs tendered by DS holders who are Russian Currency Residents if the procedures set out above have not been complied with.

- **I hold both Ordinary Shares and DSs and wish to tender both.** For each type of Security you wish to tender pursuant to the Tender Offer, please follow the relevant procedures outlined for such Security above and in Section 7, “Procedures for Tendering Securities” of this Tender Offer Memorandum.

**Can I tender my Securities by guaranteed delivery?**

- No, Securities may not be tendered pursuant to the Tender Offer by guaranteed delivery.

**Not all of my properly tendered Securities were purchased. Why?**

- It is possible that not all of the Securities you properly tendered, and not withdrawn, will be purchased, due to the modified “Dutch auction” procedure and pro-ration.
• All Securityholders who tender their Securities at a price at or below the Ordinary Share Strike Price for Ordinary Shares, or at or below the DS Strike Price for DSs, or as Strike Price Tenders, will receive the Ordinary Share Strike Price or the DS Strike Price, as applicable, for all properly submitted and successfully accepted tenders, subject, where applicable, to pro-rata.

• If more than the Maximum Number of Securities are properly tendered and not withdrawn prior to the Expiration Time, the tendered Securities will be purchased on a pro rata basis according to the number of Securities tendered (or deemed to have been tendered) by the tendering Securityholders at or below the Ordinary Share Strike Price and at or below the DS Strike Price (with downward adjustments where necessary to avoid the purchase of fractional Securities). See Section 5, “Pro-Ration.”

• Polyus Service will not purchase any Ordinary Shares and DSs tendered at a price above the Ordinary Share Strike Price or the DS Strike Price, as applicable.

Will Securities not purchased by Polyus Service pursuant to the Tender Offer be returned to me?

• Tendered Ordinary Shares and DSs tendered by DS holders that are Russian Currency Residents that are not purchased under the Tender Offer will remain in the ownership of the holder thereof and remain registered on the relevant Securityholder’s personal account with IRC-R.O.S.T. or depo account with the depositary, as applicable.

• DSs tendered by Non-Russian DS Holders that are not purchased under the Tender Offer will be unblocked by the relevant Clearing System on the account of the tendering DS holder.

• See Section 7D, “Procedures for Tendering Securities—Return of Securities Tendered by Securityholders but Not Purchased by Polyus Service.”

Are there any limitations on the number of Ordinary Shares or DSs that may be tendered by a Securityholder in the Tender Offer and does the Tender Offer differentiate between Ordinary Shares and DSs?

• No. Securityholders may tender any number of Ordinary Shares or DSs owned by them and there are no limitations on the maximum number of Securities that may be tendered. However, no more than 317,792 Ordinary Shares, in the form of Ordinary Shares and DSs, will be purchased pursuant to this Tender Offer. If more than the Maximum Number of Securities is tendered into this Tender Offer, the Securities will be purchases on a pro rata basis. See Section 4, “Number of Securities.” and Section 5, “Pro-Ration.”

• Any pro rata allocation pursuant to the Tender Offer will not differentiate between Ordinary Shares or DSs, except that it will be taken into account that one Ordinary Share is represented by two DSs.

Must I tender all of my Securities? If I am a holder of both Ordinary Shares and DSs, may I tender both?

• No, you do not need to tender all of your Securities, but you must tender any Securities that you wish Polyus Service to potentially purchase pursuant to the Tender Offer. If you are a holder of both Ordinary Shares and DSs, you may (but are not obligated to) tender any portion or all of your Ordinary Shares and DSs, or a combination of Ordinary Shares and DSs, at any price within the Ordinary Share Price Range (in integral increments of US$2.00 (two U.S. dollars)) for Ordinary Shares and at any price within the DS Price Range (in integral increments of US$1.00 (one U.S. dollar)) for DSs (including in each case any Strike Price Tenders).

• In the case of Ordinary Shares, you need to properly complete and submit the Ordinary Shares Letter of Transmittal and any other documentation required prior to the Expiration Time. In the case of DSs, you need to follow the procedures set forth in Section 7, “Procedures for Tendering Securities” of this Tender Offer Memorandum, the DS Corporate Action Notice and, if applicable, the DS Letter of Transmittal by the cut-off dates and times established by IRC-R.O.S.T. (with
respect to DS holders who are Russian Currency Residents) or the relevant Clearing System, its respective participants and the brokers or other securities intermediaries through which you hold your DSs and submit any other documentation required in connection with the tender prior to the applicable deadline. Alternatively, you may choose to tender none of your Securities (in which case no action on your part is required), or tender either Ordinary Shares or DSs you hold.

May I withdraw my Ordinary Shares or DSs, or both, after I have tendered them and, if so, by when?

- Yes, you may, in whole or in part, withdraw your properly tendered DSs or Ordinary Shares, as the case may be, or both, if you held both and properly tendered both, at any time prior to the Expiration Time. In order to be effective, the DS Tender Agent, in the case of DSs tendered by Non-Russian DS Holders or IRC-R.O.S.T., in the case of tendered Ordinary Shares and DSs tendered by DS holders who are Russian Currency Residents, must receive at its address set forth on the back page of this Tender Offer Memorandum or at the address of one of its branches set forth in the Ordinary Shares Letter of Transmittal a valid written notice of withdrawal prior to the Expiration Time, provided that in the case of Ordinary Shares and DSs tendered by DS holders who are Russian Currency Residents such notice must be delivered in person to the same office of IRC-R.O.S.T. to which the Ordinary Shares Letter of Transmittal with respect to such Ordinary Shares or the DS Letter of Transmittal with respect to DSs tendered by DS holders who are Russian Currency Residents was originally submitted. You may re-tender withdrawn Securities by again completing the tender procedures prior to the Expiration Time. See Section 8, “Withdrawal Rights” for additional details.

How will my choosing to participate in the Tender Offer affect my rights with respect to the Securities I tender?

- If you validly tender your Securities pursuant to the Tender Offer and to the extent that those Securities are accepted for purchase and purchased by Polyus Service, you will receive the Purchase Price for such Securities in exchange for giving up your interest in such Securities. In other words, you will give up in exchange for such payment all rights associated with owning such Securities, including any accrued or future dividend payments, if any, and voting rights with respect to such Securities. You will not be able to vote at any annual or extraordinary meetings of the shareholders following the acquisition of your Securities by Polyus Service pursuant to this Tender Offer. See Section 9, “Payment for Securities.”

- By giving instructions to the relevant Clearing System, the Securityholder will irrevocably appoint each designee of Polyus Service or one or more of its affiliates as the attorneys-in-fact and proxies of the Securityholder, each with full power of substitution, (i) to give voting instructions with respect to any annual or extraordinary meeting of Polyus’s shareholders or any adjournment of postponement thereof or otherwise in such manner as each such attorney-in-fact and proxy or his or her substitute shall, in his or her sole discretion, deem proper with respect to, (ii) to execute any written consent concerning any matter as each such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, and (iii) to otherwise act as each such attorney-in-fact and proxy or his or her substitute shall in his or her sole discretion deem proper with respect to, all of the DSs (including the underlying Ordinary Shares and any and all distributions) tendered hereby and accepted for purchase and payment by Polyus Service. This appointment will be effective if and when, and only to the extent that, Polyus Service becomes obligated to pay for the tendered DSs pursuant to the Tender Offer following the satisfaction, or the waiver by Polyus Service, of all conditions to the Tender Offer. See Section 7A, “Procedures for Tendering Securities—Proper Tender and Delivery.”

Once the results of tenders pursuant to the Tender Offer are announced, is Polyus Service required to complete the Tender Offer?

- Yes, once the results of tenders pursuant to the Tender Offer are announced, Polyus Service is required to complete the Tender Offer, unless any of the conditions described under Section 6,
“Certain Conditions of the Tender Offer,” are not satisfied, or Polyus Service has not accepted for purchase tendered Securities. Polyus Service also has the right to extend or amend the Tender Offer in its sole discretion or terminate it for any reason or if any of the conditions set forth in Section 6, “Certain Conditions of the Tender Offer,” are not satisfied, at any time prior to the Expiration Time. See Section 14, “Amendments; Extension of Tender Period; Termination.”

Is my sale in the Tender Offer a taxable transaction?

- Securityholders should be aware that the sale of Securities and receipt of the Purchase Price pursuant to the Tender Offer may have certain tax consequences, and are urged to consult at their own expense with their tax advisers with respect to those consequences in considering the Tender Offer.

- As required by Russian law, where Securities are not tendered through a Russian broker or a Russian trustee acting as a tax agent for Russian law purposes, Polyus Service will act as a tax agent and withhold applicable amount in respect of tax with respect to the payment of the Ordinary Share Strike Price in relation to Ordinary Shares sold by holders of Ordinary Shares who are individuals (natural persons) and the DS Strike Price in relation to DSs sold by DS holders who are individuals (natural persons) that are Russian tax residents. The applicable tax rate will depend on whether the relevant individual Securityholder is resident or non-resident for tax purposes in Russia and the applicable tax base will depend on whether there are any exemptions available or whether the relevant Securityholder can confirm the costs at which it acquired the Securities that are sold in the Tender Offer. Securityholders are urged to carefully read the Tax Information Memorandum that accompanies this Tender Offer Memorandum and is available at: www.polyus-service.com for more information as to applicable procedures, including an indicative list of required documents, and consult at their own expense with their professional tax advisers as to the amount and the procedure for any tax payment, including with respect to the applicable tax consequences in any other jurisdiction.

If the relevant individual Securityholders do not provide the documents confirming the acquisition costs of the shares or the applicability of an available tax exemption together with, with respect to holders of Ordinary Shares, the Ordinary Shares Letter of Transmittal or, with respect to DS holders who are Russian tax residents and who are not represented by a Russian licensed broker or trustee in tendering and selling their DSs in this Tender Offer, as may be agreed with Polyus Service, or provide an incomplete set of documents or documents that are not properly certified, Polyus Service will be obliged to withhold the amount of the applicable tax (which at the moment constitutes 13% for Russian residents (and will be raised to 15% in certain cases from January 2021) and 30% for non-Russian residents or individuals who do not confirm that they are Russian tax residents) from the full amount of the purchase price payable to such Securityholders.

- Securityholders are liable for their own taxes and have no recourse to Polyus Service, Polyus, the Dealer Manager or the DS Tender Agent with respect to taxes arising in connection with the Tender Offer.


Will I have to pay any fees?

- You will not be obligated to pay a brokerage commission in connection with your tender of Securities, but you may be charged a fee by a brokerage firm or similar securities intermediary for processing the tender(s) on your behalf. See Section 7A, “Procedures for Tendering Securities—Proper Tender and Delivery.” You are urged to check with the relevant brokerage firm or similar securities intermediary and, if appropriate, consult with your advisers.
What actions need I take if I decide not to tender any of my Securities pursuant to the Tender Offer?

- None.

What happens if I sell my Securities after receiving this Tender Offer Memorandum?

- You may trade your Securities as usual during the Tender Offer period so long as you have not tendered those Securities in accordance with the terms of this Tender Offer Memorandum. If you sell or have sold or otherwise transferred all of your Securities, please forward this Tender Offer Memorandum to the purchaser or transferee or the agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee (but not if such purchaser, transferee or agent is resident in a jurisdiction where the Tender Offer would be unlawful). If you have sold part of your holding of Securities, please retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected as to the actions you should take.

What regulatory approvals are required for the Tender Offer?

- The Tender Offer has not been and will not be registered under the securities laws of the United States or the Russian Federation or in any other jurisdiction. Neither the SEC nor any other authority or securities exchange in the United States has approved or disapproved of the Tender Offer, passed upon the merits of the Tender Offer or determined whether the Tender Offer is accurate or complete. Participating Securityholders are urged to consult their own legal and tax advisers regarding possible legal requirements as well as possible tax consequences of participating in the Tender Offer in their particular circumstances. Neither this Tender Offer Memorandum nor the Tender Offer nor any information contained herein constitute or may be construed as constituting an offer (“oferta”) pursuant to Russian law, or an advertisement, or an offer of securities to an unlimited number of persons within the territory of or outside the Russian Federation, or a voluntary tender offer or a mandatory tender offer under Russian law, or a voluntary tender offer or a mandatory tender offer under Russian law, or an auction under Articles 447-449 of the Civil Code of the Russian Federation and applicable Russian law.

- Polyus Service is not aware of any approval or action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required to effect the Tender Offer other than those disclosed in this Tender Offer Memorandum. Should any such approval or other action be required, Polyus Service presently cannot determine whether such approval or other action will be sought. Polyus Service is unable to predict whether it may determine that it is required to delay the acceptance for purchase or payment for, Securities tendered pursuant to the Tender Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to Polyus Service’s or Polyus’s respective businesses. Polyus Service expressly reserves the right at any time to terminate the Tender Offer prior to the Expiration Time and not accept for purchase, or pay for, any Securities for any reason or if any of the conditions referred to in Section 6, “Certain Conditions of the Tender Offer,” has not been satisfied or upon the occurrence and during the continuance of any of the events specified in Section 6, “Certain Conditions of the Tender Offer.”

What are the conditions to the Tender Offer?

- In addition to (and not in limitation of) Polyus Service’s right to extend, amend or terminate the Tender Offer at any time prior to the Expiration Time, the Tender Offer is also subject to several other conditions, which Polyus Service may waive in whole or in part at any time and from time to time in its sole discretion. In particular, Polyus Service will not be required to accept for purchase or pay for, and may delay the acceptance for purchase or the payment for, any tendered Ordinary Shares or DSs, if:
any action or proceeding has been instituted or threatened that would, in Polyus Service’s sole discretion, impair the contemplated purpose of the Tender Offer;

• acceptance for purchase or payment for any Ordinary Shares or DSs pursuant to the Tender Offer would violate any law or regulation applicable to Polyus Service or Polyus, including any applicable Sanctions, or any contractual obligations of Polyus or Polyus Group companies in relation to compliance with Sanctions;

• there has occurred or will be likely to occur any event affecting the business, financial affairs, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of Polyus Service or Polyus, or their respective subsidiaries or affiliates, that, in Polyus Service’s sole discretion, would or might prohibit, prevent, restrict or delay consummation of the Tender Offer, or that will, or is reasonably likely to, materially impair the contemplated benefits of the Tender Offer to Polyus Service, Polyus or Polyus securityholders as a group, or otherwise result in the consummation of the Tender Offer not being or reasonably likely not being in the best interests of Polyus Service, Polyus or Polyus securityholders as a group; or

• there has been, among other things, (a) any general suspension of, shortening of hours for, or limitation on prices for trading in securities on any securities exchange or in the over-the-counter market on which any securities of Polyus, including the Ordinary Shares and DSs, trade, (b) any significant adverse change in the price of the Ordinary Shares or DSs on the Russian, or any European or United States securities or financial markets, (c) a declaration of a banking moratorium or any suspension of payments in respect of banks by the Russian Federation, the United Kingdom, the European Union or federal or state authorities in the United States (whether or not mandatory), (d) a commencement of a war, armed hostilities, terrorist action or other national or international crisis or national calamity, (e) any limitation (whether or not mandatory) by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in the Russian Federation, the United Kingdom, the European Union or the United States, (f) any significant change in Russian, UK or U.S. currency exchange rates or a suspension of, or limitation on, the markets thereof (whether or not mandatory) or (g) in the case of any of the foregoing existing at the time of the commencement of the Tender Offer, a material acceleration or worsening thereof.

See Section 6, “Certain Conditions of the Tender Offer” and Section 14, “Amendments; Extension of Tender Period; Termination.”

4. Additional Information

How do I obtain more information?

• Questions and requests for assistance or for copies of the Tender Offer Memorandum, the Tax Information Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice, the DS Letter of Transmittal may be directed to the Information Agent on 0800 029 4287 (toll free from within the UK), +44 (0) 208 187 1439 (London local call), 1-866 458 4519 (toll free from within the US), +1 929 999 5141 (New York local call) or at the following e-mail address: polyus@cmi2i.com.

• Questions about the tendering procedures for DSs held by Non-Russian DS Holders should be directed to the DS Tender Agent at the following e-mail address: drprojectarrow@bnymellon.com.

• Questions and requests for assistance in connection with the tendering procedures for the Ordinary Shares or DSs held by Russian DS Holders should be directed to IRC-R.O.S.T. during business hours at: Joint Stock Company Independent Registrar Company R.O.S.T., 18 bldg. 5B, Stromynka
Street, Moscow, Russian Federation, by email at: info@rrost.ru or on 8-800-700-94-47 (from within the Russian Federation).

- Please note that the Information Agent, the DS Tender Agent and IRC-R.O.S.T. will only be able to provide technical information regarding the mechanics of tendering into the Tender Offer and the completion of the accompanying Ordinary Shares Letter of Transmittal and the DS Letter of Transmittal and will be unable to give advice on the merits of the Tender Offer or to provide legal, financial, investment, taxation or any other advice or information.

- Copies of this Tender Offer Memorandum, the Tax Information Memorandum, the Ordinary Shares Letter of Transmittal, the DS Corporate Action Notice, the DS Letter of Transmittal, other accompanying documents and other related materials are available at a dedicated website at: www.polyus-service.com.
The following definitions apply throughout this Tender Offer Memorandum unless the context requires otherwise:

“ADSs” means Level I American Depositary Shares, with two ADSs representing one Ordinary Share

“Agent’s Message” means a message transmitted by DTC and forming part of a Book-Entry Confirmation

“Board of Directors” means the board of directors of Polyus

“Book-Entry Confirmation” means a confirmation of a book-entry transfer of the tendered DSs into the designated account at DTC

“Business Day” means a day (other than a Saturday or Sunday) on which banks are generally open for normal business in each of London (England), Luxembourg, Brussels (Belgium), Moscow (Russian Federation) and New York (United States of America)

“CBR” means the Central Bank of Russia

“Clearing System” means each of Euroclear, Clearstream and DTC

“Clearstream” means Clearstream Banking, société anonyme

“Company” or “Polyus” means Public Joint Stock Company Polyus

“Dealer Manager” means J.P. Morgan Securities Plc

“Deposit Agreements” means the Level I Deposit Agreement, the Regulation S Deposit Agreement and the Rule 144A Deposit Agreement

“DS Corporate Action Notice” means the DS Corporate Action Notice that accompanies this Tender Offer Memorandum

“DS Depositary” means The Bank of New York Mellon

“DS Letter of Transmittal” means the DS Letter of Transmittal in the form set out in Annex 1 to the DS Corporate Action Notice

“DS Price Range” US$105.00 to US$120.00 with respect to DSs

“DS Strike Price” the price per DS at which the successfully tendered DSs will be acquired by Polyus Service, which will be determined in accordance with this Tender Offer Memorandum

“DS Tender Agent” means The Bank of New York Mellon engaged by Polyus Service to act as tender agent with respect to tenders of DSs by Non-Russian DS Holders pursuant to the Tender Offer

“DSs” means ADSs and GDSs

“DTC” means The Depository Trust Company

“Euroclear” means Euroclear Bank S.A./N.V.


“Expiration Time” means 4:00 p.m., Luxembourgh/Brussels time (6:00 p.m., Moscow time: 3:00 p.m., London time: 10:00 a.m., New York time) on December 24, 2020, unless the Tender Offer is extended pursuant to the terms thereof

“GDSs” means Regulation S and Rule 144A Global Depositary Shares, with two GDSs representing one Ordinary Share

“Information Agent” means CMi2i Ltd


“IRS” means the U.S. Internal Revenue Service

“Level I Deposit Agreement” means the Amended and Restated Deposit Agreement, dated as of August 31, 2017, among the Company, the DS Depositary and the Owners and Holders of ADSs

“Maximum DS Price” means US$120.00 per DS

“Maximum Number of Securities” means 317,792 Ordinary Shares, in any combination of Ordinary Shares and DSs

“Maximum Ordinary Share Price” means US$240.00 per Ordinary Share

“Minimum DS Price” means US$105.00 per DS

“Minimum Ordinary Share Price” means US$210.00 per Ordinary Share

“Moscow Exchange” or “MOEX” means NRC Stock Market Limited Liability Company

“Non-Russian DS Holder” means: (i) a DS holder who is not a Russian Currency Resident; and (ii) a DS holder who is able to provide the representation set forth in paragraph (18) of Section 7(A)(b)(4), i.e. who either is not an individual (natural person) or, if such DS holder is an individual (natural person), such DS holder is not Russian Currency Resident and not a Russian tax resident, or, if such DS holder is a Russian tax resident, such DS holder is represented by a Russian licensed broker or trustee, acting on the basis of an agreement with such DS holder, in tendering and selling its DSs in the Tender Offer

“NRC Stock Market” means NRC Stock Market Limited Liability Company


“Ordinary Share Price Range” means US$210.00 to US$240.00 with respect to Ordinary Shares

“Ordinary Share Strike Price” means the price per Ordinary Share at which the successfully tendered Ordinary Shares will be acquired by Polyus Service, which will be determined in accordance with this Tender Offer Memorandum
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Ordinary Shares”</td>
<td>means ordinary shares, of RUB 1 nominal value per share, of Polyus</td>
</tr>
<tr>
<td>“Ordinary Shares Letter of Transmittal”</td>
<td>means the Ordinary Shares Letter of Transmittal that accompanies this Tender Offer Memorandum</td>
</tr>
<tr>
<td>“Overseas Securityholders”</td>
<td>means persons who are citizens or nationals of, or resident in, jurisdictions outside the Russian Federation</td>
</tr>
<tr>
<td>“PFIC”</td>
<td>means passive foreign investment company for U.S. federal income tax purposes</td>
</tr>
<tr>
<td>“PGIL”</td>
<td>Polyus Gold International Limited</td>
</tr>
<tr>
<td>“PGIL LoI”</td>
<td>a letter of intent signed by PGIL and Polyus Service pursuant to which PGIL undertook not to participate in the Tender Offer through tendering any Securities it owns in the Tender Offer but indicated that it may, following the expiration of the Tender Offer period, sell to Polyus Service up to a maximum amount of 1,110,779 Ordinary Shares held by it, as described in Section 17, “PGIL LoI” of this Tender Offer Memorandum</td>
</tr>
<tr>
<td>“Polyus” or the “Company”</td>
<td>means Public Joint Stock Company Polyus</td>
</tr>
<tr>
<td>“Polyus Group”</td>
<td>means Polyus and its subsidiaries</td>
</tr>
<tr>
<td>“Polyus Service” ( “we”, “our” or “us”)</td>
<td>means Polyus Service Limited Liability Company, a wholly owned subsidiary of Public Joint Stock Company Polyus</td>
</tr>
<tr>
<td>“Purchase Price”</td>
<td>means, in respect of an Ordinary Share, the Ordinary Share Strike Price and, in respect of a DS, the DS Strike Price</td>
</tr>
<tr>
<td>“Regulation S Deposit Agreement”</td>
<td>means the Additional Regulation S Deposit Agreement, dated as of June 30, 2017, among the Company, the DS Depositary and the Owners and Holders of Regulation S GDSs</td>
</tr>
<tr>
<td>“Request Message”</td>
<td>means a message transmitted by DTC, which states that DTC has received a request for withdrawal from a DTC participant and identified the DSs to which such request relates</td>
</tr>
<tr>
<td>“Rule 144A Deposit Agreement”</td>
<td>means the Additional Rule 144A Deposit Agreement, dated as of June 30, 2017, among the Company, the DS Depositary and the Owners and Holders of Rule 144A GDSs</td>
</tr>
<tr>
<td>“Rule 14e-5”</td>
<td>means Rule 14e-5 under the Exchange Act</td>
</tr>
<tr>
<td>“Russian business day”</td>
<td>means a day, other than a Saturday, a Sunday or a non-working holiday under Russian law, on which banks are generally open for normal business in the Russian Federation and IRC-R.O.S.T. and NRC Stock Market carry out their operations</td>
</tr>
<tr>
<td>“Russian Currency Residents”</td>
<td>means holders of DSs who are Russian residents for the purposes of Russian Currency Control Law</td>
</tr>
<tr>
<td>“Russian DS Holder”</td>
<td>means any DS holder who is not a Non-Russian DS Holder</td>
</tr>
<tr>
<td><strong>Companies</strong></td>
<td>International Companies and International Funds” (as amended)</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>“Sanctions Authority”</td>
<td>means competent governmental institutions and agencies of the U.S. government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or the Bureau of Industry and Security of the U.S. Department of Commerce), the United Nations Security Council, the European Union, competent governmental institutions and agencies of the UK government, the State Secretariat for Economic Affairs of Switzerland or the Swiss Directorate of International Law, the Hong Kong Monetary Authority or the Monetary Authority of Singapore</td>
</tr>
<tr>
<td>“Sanctions”</td>
<td>means any sanctions or other similar restrictive measures (including, for the avoidance of doubt, any sanctions or measures relating to any particular embargo or asset freezing) administered or enforced by any Sanctions Authority</td>
</tr>
<tr>
<td>“Sanctioned Person”</td>
<td>means any person or entity: (a) with whom dealings are restricted or prohibited by, or are sanctionable under, any Sanctions; (b) that is located, organized or resident in a country or territory with which dealings are broadly restricted, prohibited, or made sanctionable under any Sanctions (examples of which would include, as of the date of this Tender Offer Memorandum, Cuba, Iran, North Korea, Syria); or (c) that is otherwise the subject or target of any sanctions administered or enforced by any Sanctions Authority, including by reason of a relationship of ownership or control with (a) or (b); provided that this definition shall not include any person to which subparagraphs (a) or (c) apply solely by virtue of its or its controlling persons’ inclusion in: (1) the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <a href="https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-">https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-</a> sdn-human-readable-lists (the “SSI List”); (2) Annexes III, IV, V and VI of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “EU Annexes”), or (3) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes.</td>
</tr>
<tr>
<td>“SEC”</td>
<td>means the United States Securities and Exchange Commission</td>
</tr>
<tr>
<td>“Securities” and “Security”</td>
<td>means Ordinary Shares and DSs</td>
</tr>
<tr>
<td>“Securityholders” and “Securityholder”</td>
<td>means the holders of Securities</td>
</tr>
<tr>
<td>“SSI List”</td>
<td>means the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <a href="https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists">https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists</a>)</td>
</tr>
</tbody>
</table>
“Strike Price” means the Ordinary Share Strike Price or the DS Strike Price, as applicable, or both

“Strike Price Tender” means a tender of Ordinary Shares at the Ordinary Share Strike Price or the DSs at the DS Strike Price, as applicable, in each case rather than at a specific numerical price in the Ordinary Share Price Range or the DS Price Range, as applicable

“Tax Information Memorandum” means the Tax Information Memorandum that accompanies this Tender Offer Memorandum

“Tax Treaty” means the income tax treaty between the United States of America and Russia, as amended

“Tender Offer” means the tender offer described in this Tender Offer Memorandum

“Tender Offer Memorandum” means this Tender Offer Memorandum
The Information Agent for the Tender Offer is:

CMi2i Ltd
21-26 Garlick Hill, London EC4V2AU

E-mail: polyus@cmi2i.com
London local: +44 (0)208 187 1439
UK toll free: 0800 029 4287
US toll free: 1-866 458 4519
New York local: +1 929 999 5141

If you are tendering DSs and you are a Non-Russian DS Holder, you must submit any required documentation (if applicable), through the procedures established by the relevant Clearing System.

If you are tendering Ordinary Shares or DSs and you are a DS holder who is a Russian Currency Resident, you must submit your Ordinary Shares Letter of Transmittal or, if applicable, your DS Letter of Transmittal, and any other required documentation (if applicable) to IRC-R.O.S.T. at:

Joint Stock Company Independent Registrar Company R.O.S.T.
18 bldg. 5B, Stromynka Street, Moscow, Russian Federation
or at other addresses specified in this Tender Offer Memorandum and the Ordinary Shares Letter of Transmittal

For information and documentation regarding the Tender Offer, please contact:

The Bank of New York Mellon (with respect to the tender procedures for DSs held by Non-Russian DS Holders)
E-mail:
drprojectarrow@bnymellon.com

IRC-R.O.S.T. (with respect to the tender procedures for Ordinary Shares and DSs held by Russian DS Holders)
Email:
info@rrost.ru
Tel.:
8-800-700-94-47
(from within the Russian Federation)

Polyus Service Limited Liability Company
November 24, 2020