

**Release time** IMMEDIATE  
**Date** 20 April 2020

## Polymetal International plc

### Q1 2020 production results

#### Polymetal reports solid production results for the first quarter ended 31 March 2020

“Q1 was a strong start to the year for the Company, delivering steady performance amidst unprecedented global disruption and uncertainty”, said Vitaly Nesis, Group CEO of Polymetal. “In light of the global COVID-19 pandemic we have been taking significant measures to keep our employees, suppliers, contractors, and other counterparties healthy and safe, and to maintain continuous operations. So far we have been proven to be successful in mitigating any impact”.

#### HIGHLIGHTS

- There were no fatal accidents during the quarter either among Polymetal employees or at the Company’s contractors. LTIFR improved by 71% year-on-year (y-o-y) to 0.07 as only two minor injuries were recorded.
- The Company’s Q1 gold equivalent (“GE”) production grew by 5% y-o-y to 391 Koz as strong performance at Kyzyl, Svetloye and Varvara more than offset planned grade declines at Omolon and Voro.
- Quarterly revenue increased by 9% y-o-y to US\$ 494 million on the back of higher gold prices. Sales volumes decreased by 7% y-o-y due to the COVID-related slowdown of concentrate shipments to China, which have fully normalised since early March.
- Net debt grew to US\$ 1.66 billion primarily due to seasonal advance purchases of diesel fuel and other consumables and low sales volumes. Free cash flow generation in 2020, as seen historically, will be weighted towards the second half of the year driven by seasonal working capital drawdowns.
- Construction and development activities at Nezhda and POX-2 projects progressed on schedule.
- The Company confirms its 2020 production guidance of 1.6 Moz of GE. Management acknowledges material devaluation of Russian Rouble and Kazakh Tenge since the beginning of the year. However, given the highly volatile macroeconomic background, we currently maintain the full-year guidance of US\$ 650-700/GE oz for TCC and US\$ 850-900/GE oz for AISC. The guidance will be revisited along with 1H results.
- Polymetal remains committed to its dividend policy and does not intend to change the previously announced final dividend recommendation of US\$ 0.42 per share or US\$ 197 million in total for FY 2019, which is due to be paid on 29 May 2020 (subject to the AGM approval on 27 April 2020). This will take the total dividend paid for 2019 to US\$ 0.82 per share or US\$ 385 million in aggregate.
- The Company will host its annual Analyst & Investor Day and ESG Investor Presentation on 28 April 2020 in the format of conference call and webcast.

## COVID-19 UPDATE

### Health and safety

- No cases of COVID-19 have been registered within Polymetal so far.
- Health and safety of our employees and other people is our top priority. Strict precautionary procedures are in place at all production sites, including daily temperature checks, regular medical surveillance and isolation of new shifts (at remote sites). Polymetal has organised isolated accommodation for potential placement of patients with suspicion of COVID-19, enhanced hygiene protection in public spaces and increased control over disinfection and sterilisation measures. Adequate medical supplies are in place at all locations.
- Off-site offices are currently manned by skeleton crews tasked with minimum maintenance of essential information and financial systems. Most of the work and communication is conducted remotely from home. Personal meetings and business trips have been cancelled.
- Polymetal has started to provide financial support for medical institutions in all regions of operation. The Company is purchasing mobile X-Ray and anesthetic-respiratory equipment, oxygen concentrators, ventilators and other medical supplies for Chukotka district hospital, Magadan regional hospital, medical facilities in Yakutsk, and 10 other municipal hospitals in Russia and 4 in Kazakhstan.

### Sales

- Sales and refining activities remain unaffected. Refineries in Russia and Kazakhstan continue to operate normally. Concentrate shipments to China by sea and by rail are back to regular schedule after temporary suspension of shipments in February.
- Although the Central Bank of Russia decided to temporarily suspend gold purchases, commercial banks in Russia continue to buy bullion. No negative signs of demand repercussions for domestic producers are present. The Company also maintains the ability to directly export bullion abroad.

### Business continuity

- Both Russia and Kazakhstan have imposed various self-isolation requirements that differ among regions. Continuous operations and strategic industrial companies (including Polymetal) are allowed to continue operating.
- In both countries, Polymetal has had no interruptions either in production or supply chain. The vast majority of operating consumables and spares are sourced domestically and in China.
- At Nezhda, all critical equipment has been shipped by vendors. Installation support and start-up services can be performed by domestic crews or remotely. Project delay risks are thus minimal.
- Should the lockdown measures in response to the COVID-19 pandemic be tightened further, some operations and development projects remain exposed to the actions countries have taken or may take, including:
  - Ability to bring employees across the border between Russia and Kazakhstan (materially relevant for Dukat).
  - Ability to change shifts at remote sites while observing inter-regional quarantine restrictions in Russia and Kazakhstan.
  - Delivery of key equipment for the POX-2 depends on the duration of industrial lockdowns in Belgium, Italy, and France. Project schedule may slip if such restrictive measures continue for more than 3 to 4 months.

### Liquidity and funding

- In order to further mitigate potential risks, Polymetal has proactively secured medium-term (6 to 9 months) funding to establish a cash cushion for a potential liquidity gap. Currently the Company has \$565 million of cash on its balance sheet and continue to maintain US\$ 600+ million of available credit lines for any additional requirements.

	3 months ended Mar 31,		% change <sup>1</sup>
	2020	2019	
Waste mined, Mt	39.9	37.6	+6%
Underground development, km	23.1	28.2	-18%
Ore mined, Mt	3.9	4.2	-7%
Open-pit	2.9	3.2	-8%
Underground	1.0	1.0	-2%
Ore processed, Mt	3.5	3.4	+2%
Production			
Gold, Koz	324	301	+8%
Silver, Moz	4.9	5.0	-1%
Gold equivalent, Koz <sup>2</sup>	391	371	+5%
Sales			
Gold, Koz	271	291	-7%
Silver, Moz	4.7	4.7	+1%
Revenue, US\$m <sup>3</sup>	494	454	+9%
Net debt, US\$m <sup>4</sup>	1,661	1,479	+12%
Safety			
LTIFR <sup>5</sup>	0.07	0.24	-71%
Fatalities	0	1	

Notes: (1) % changes can be different from zero even when absolute numbers are unchanged because of rounding. Likewise, % changes can be equal to zero when absolute numbers differ due to the same reason. This note applies to all tables in this release.

(2) Based on 1:80 Ag/Au, 5:1 Cu/Au and 2:1 Zn/Au conversion ratios.

(3) Calculated based on the unaudited consolidated management accounts.

(4) Non-IFRS measure based on unaudited consolidated management accounts. Comparative information is presented for 31 December 2019.

(5) LTIFR = lost time injury frequency rate per 200,000 hours worked.

## PRODUCTION BY MINE

	3 months ended Mar 31,		% change
	2020	2019	
<b><u>GOLD EQ. (KOZ)</u><sup>1</sup></b>			
Kyzyl	109	78	+39%
Albazino	78	81	-5%
Dukat	76	76	+0%
Varvara	45	38	+20%
Omolon	42	53	-20%
Svetloye	21	9	+133%
Voro	20	27	-26%
Mayskoye	0	5	-93%
<b>TOTAL (continuing operations)</b>	<b>391</b>	<b>367</b>	<b>+7%</b>
Kapan	-	5 <sup>2</sup>	-100%
<b>TOTAL (including discontinued operations)</b>	<b>391</b>	<b>371</b>	<b>+5%</b>

Notes: (1) Based on 1:80 Ag/Au, 5:1 Cu/Au and 2:1 Zn/Au conversion ratios.

(2) Production up to asset disposal date on 30 January 2019

## CONFERENCE CALL AND WEBCAST

Polymetal will hold a conference call and webcast on Monday, 20 April 2020 at 12:00 London time (14:00 Moscow time).

To participate in the call, please dial:

**From the UK:**

+44 330 336 9104 (local access)

0800 358 6374 (toll free)

**From the US:**

+1 646 828 8195 (local access)

888 378 4398 (toll free)

**From Russia:**

+7 495 213 1765 (local access)

8 800 500 9271 (toll free)

To participate from other countries, please dial any of the local access numbers listed above.

**Conference code:** 971224

To participate in the webcast follow the link: <https://webcasts.eqs.com/polymetal20200420>.

Please be prepared to introduce yourself to the moderator or register.

A recording of the call will be available at +44 207 660 0134 (from the UK), +1 719 457 0820 (from the USA) and 8 10 800 2702 1012 (from Russia), access code 8636392, from 17:30 Moscow time Monday, 20 April, till 17:30 Moscow time Monday, 27 April 2020. Webcast replay will be available on Polymetal's website ([www.polymetalinternational.com](http://www.polymetalinternational.com)) and at <https://webcasts.eqs.com/polymetal20200420>.

### About Polymetal

Polymetal International plc (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) is a top-10 global gold producer and top-5 global silver producer with assets in Russia and Kazakhstan. The Company combines strong growth with a robust dividend yield.

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### Forward-looking statements

This release may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements speak only as at the date of this release. These forward-looking statements can be identified by the use of forward-looking terminology, including the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or “should” or similar expressions or, in each case their negative or other variations or by discussion of strategies, plans, objectives, goals, future events or intentions. These forward-looking statements all include matters that are not historical facts. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the company’s control that could cause the actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the company’s present and future business strategies and the environment in which the company will operate in the future. Forward-looking statements are not guarantees of future performance. There are many factors that could cause the company’s actual results, performance or achievements to differ materially from those expressed in such forward-looking statements. The company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

## KYZYL

	3 months ended Mar 31,		% change
	2020	2019	
<b><u>MINING</u></b>			
Waste mined, Mt	19.2	15.9	+21%
Ore mined, Kt	523	522	+0%
<b><u>PROCESSING</u></b>			
Ore processed, Kt	526	476	+10%
Gold grade, g/t	8.0	6.9	+17%
Gold recovery	87.2%	86.8%	+0%
Concentrate produced, Kt	35.7	29.8	+20%
Concentrate gold grade, g/t	101.4	96.0	+6%
Gold in concentrate, Koz <sup>1</sup>	116.4	91.9	+27%
Concentrate shipped, Kt	20.8	19.6	+6%
Payable gold shipped, Koz	41.3	50.7	-19%
<b>Amursk POX</b>			
Concentrate processed, Kt	16	8	+100%
Gold grade, g/t	135.8	118.3	+15%
Gold recovery	91.8%	94.4%	-3%
Gold produced, Koz	67.2	27.4	+146%
<b><u>TOTAL PRODUCTION</u></b>			
Gold, Koz	108.6	78.1	+39%

Note: (1) For information only; not considered as gold produced and therefore not reflected in the table representing total production. It will be included in total production upon shipment to off-taker or dore production at Amursk POX.

In Q1, Kyzyl continued to demonstrate material positive grade reconciliation – the average gold grade in ore processed grew by 17% y-o-y to 8.0 g/t, well above the mine plan. The company expects the average grade at Kyzyl to normalize in Q2.

POX recovery fell as more material with medium-carbon grade was diverted to Amursk from China following COVID-related shipment delays in February.

## ALBAZINO

	3 months ended Mar 31,		% change
	2020	2019	
<b>MINING</b>			
Waste mined, Mt	4.8	5.5	-13%
Underground development, Km	3.1	2.3	+32%
Ore mined, Kt	517	480	+8%
Open-pit	360	362	-1%
Underground	157	118	+33%
<b>PROCESSING</b>			
<b>Albazino concentrator</b>			
Ore processed, Kt	445	425	+5%
Gold grade, g/t	4.5	4.4	+1%
Gold recovery <sup>1</sup>	85.6%	83.7%	+2%
Concentrate produced, Kt	35.9	35.6	+1%
Concentrate gold grade, g/t	48.1	44.5	+8%
Gold in concentrate, Koz <sup>2</sup>	55.6	50.9	+9%
<b>Amursk POX</b>			
Concentrate processed, Kt	46	53	-14%
Gold grade, g/t	53.6	51.6	+4%
Gold recovery	96.4%	95.2%	+1%
Gold produced, Koz	77.5	81.3	-5%
<b>TOTAL PRODUCTION</b>			
Gold, Koz	77.5	81.3	-5%

Notes: (1) To concentrate.

(2) For information only; not considered as gold produced and therefore not reflected in the table representing total production. Included in total production after dore production at the Amursk POX.

At Albazino, gold in concentrate production was up 9% y-o-y on the back of higher grades and recoveries. This was driven by the lower base in Q1 2019 attributable to more complex metallurgy and lower grade from Ekaterina-1.

Underground mine productivity at Albazino increased by 33% y-o-y due to continued underground development at Olga ore zone and increased mining fleet. The Company plans to fully ramp up underground mining at Ekaterina-2 this year.

Reported gold production for the quarter decreased by 5% y-o-y as Albazino and third-party concentrate were supplanted by Kyzyl concentrate at the POX plant.

## AMURSK POX

	3 months ended Mar 31,		% change
	2020	2019	
Concentrate processed, Kt	62	61	+1%
Albazino	41	45	-10%
Kyzyl	16	8	+100%
Veduga	1	4	-67%
Other <sup>1</sup>	3	3	-0%
Gold recovery	94.2%	95.0%	-1%
Average gold grade, g/t	74.9	60.3	+24%
Average sulphur grade	14.2%	12.7%	+12%
Total gold produced <sup>2</sup> , Koz	144.7	108.7	+33%
Kyzyl	67.2	27.4	+146%
Albazino	59.7	66.5	-10%
Veduga	14.4	12.8	+12%
Other	3.4	2.0	+67%

Notes: (1) Purchased concentrates which are included in reportable production in the Albazino segment.

(2) For information only. Already accounted for in production at operating mines.

Amursk POX achieved the record quarterly throughput and gold production of 62 Kt and 145 Koz respectively on the back of larger volumes from Kyzyl.

The operation copes well with relatively high-carbon incremental material from Kyzyl although the introduction of this off-specification feedstock led to a moderate decrease in the recovery y-o-y.



## DUKAT OPERATIONS

	3 months ended Mar 31,		% change
	2020	2019	
<b><u>MINING</u></b>			
Underground development, Km	11.3	15.2	-26%
Ore mined, Kt	539	603	-11%
<b><u>PROCESSING</u></b>			
<b>Omsukchan concentrator</b>			
Ore processed, Kt	513	513	+0%
Grade			
Gold, g/t	0.5	0.6	-15%
Silver, g/t	286	284	+1%
Recovery <sup>1</sup>			
Gold	84.5%	86.2%	-2%
Silver	86.0%	87.2%	-1%
Production			
Gold, Koz	6.3	7.4	-15%
Silver, Moz	3.9	3.9	+0%
<b>Lunnoye plant</b>			
Ore processed, Kt	116	116	+0%
Grade			
Gold, g/t	1.5	1.5	+3%
Silver, g/t	269	268	+0%
Recovery <sup>1</sup>			
Gold	90.7%	86.2%	+5%
Silver	91.4%	90.2%	+1%
Production			
Gold, Koz	5.1	4.7	+8%
Silver, Moz	0.9	0.9	+1%
<b><u>TOTAL PRODUCTION</u></b>			
Gold, Koz	11.3	12.1	-6%
Silver, Moz	4.8	4.8	+0%

Note: (1) Technological recovery, includes gold and silver within work-in-progress inventory.

At Dukat, silver production exceeded expectations due to higher than planned grade supported by lower underground dilution. As a result, quarterly silver output remained largely unchanged y-o-y despite discontinuation of mining from the relatively high-grade Goltsovoye mine.

## VARVARA

	3 months ended Mar 31,		% change
	2020	2019	
<b>MINING</b>			
Waste mined, Mt	10.2	11.2	-9%
Ore mined, Kt	782	961	-19%
<b>PROCESSING</b>			
<b>Leaching</b>			
Ore processed, Kt	734	752	-2%
Gold grade, g/t	1.5	1.5	+1%
Gold recovery <sup>1</sup>	87.0%	85.3%	+2%
Gold production (in dore), Koz	34.7	31.4	+10%
<b>Flotation</b>			
Ore processed, Kt	129	147	-12%
Grade			
Gold, g/t	3.1	1.1	+180%
Copper	0.32%	0.57%	-45%
Recovery <sup>1</sup>			
Gold	85.7%	79.3%	+8%
Copper	83.6%	91.9%	-9%
Production			
Gold (in concentrate), Koz	8.7	2.6	+234%
Copper (in concentrate), Kt	0.3	0.7	-55%
Veduga ore toll processed, Kt <sup>2</sup>	30	33	-8%
Total ore processed, Kt	893	931	-4%
<b>TOTAL PRODUCTION</b>			
Gold, Koz	43.3	34.0	+28%
Copper, Kt	0.3	0.7	-55%

Note: (1) Technological recovery, includes gold and copper within work-in-progress inventory. Does not include toll-treated ore.  
(2) To be further processed at Amursk POX.

At Varvara, Q1 gold output increased by 28% y-o-y to 43 Koz driven by larger volumes of high-grade third-party ore in the flotation circuit.

All mining at Varvara is focused on waste for the new TSF construction.

## OMOLON OPERATIONS

	3 months ended Mar 31,		% change
	2020	2019	
<b><u>MINING</u></b>			
Waste mined, Mt	0.9	1.3	-30%
Underground development, Km	3.3	3.2	+3%
Ore mined, Kt	802	648	+24%
Open-pit	689	533	+29%
Underground	113	115	-2%
<b><u>PROCESSING</u></b>			
<b>Kubaka Mill</b>			
Ore processed, Kt	213	220	-3%
Grade			
Gold, g/t	6.9	7.9	-13%
Silver, g/t	14	22	-39%
Recovery <sup>1</sup>			
Gold	92.1%	94.2%	-2%
Silver	83.8%	72.9%	+15%
Gold production, Koz	41.5	51.5	-19%
Silver production, Moz	0.1	0.1	-41%
<b>Birkachan Heap Leach</b>			
Ore stacked, Kt	-	54	-100%
Gold grade, g/t	-	1.2	-100%
Gold production, Koz	-	-	NA
<b><u>TOTAL PRODUCTION</u></b>			
Gold, Koz	41.5	51.5	-19%
Silver, Moz	0.1	0.1	-41%

Note: (1) Technological recovery, includes gold and silver within work-in-progress inventory.

At Omolon, gold production declined by 19% to 41 Koz on the back of increased processing volumes of lower-grade open-pit ore from Yolochka. Mining at the deposit is now complete, mining fleet and mining camp are being re-located to Olcha where step-out drilling identified near-surface reserves sufficient for a 6-month mining campaign.

In March, Polymetal completed sale of Sopka assets including low-grade ore stockpiles from Sopka, Dalneye and Oroch deposits as well as mining and exploration licenses for Sopka, Dalneye, and Irbychan. Mining at the properties ceased in 2018.

In February, the Company started construction of the new dry-stack TSF which is expected to be launched in Q4 2021. The facility has the capacity of 5.9 mln m<sup>3</sup> which implies 12 years of stacking at 850 Ktpa Kubaka mill throughout. The project CAPEX is estimated at RUB 1.5 billion (US\$ 24 million at the budget exchange rate).

## MAYSKOYE

	3 months ended Mar 31,		% change
	2020	2019	
<u>MINING</u>			
Waste mined, Mt	1.1	1.2	-9%
Underground development, km	5.5	5.5	-1%
Ore mined, Kt	261	218	+20%
Open-pit	78	64	+23%
Underground	183	155	+18%
<u>PROCESSING</u>			
Ore processed (sulphide ore), Kt	227	219	+4%
Gold grade, g/t	5.7	5.7	+1%
Gold recovery	91.2%	83.8%	+9%
Gold in concentrate, Koz <sup>2</sup>	38.2	33.4	+15%
Gold produced in dore from concentrate (POX), Koz	0.3	-	NA
Gold produced in dore from carbon, Koz <sup>3</sup>	-	4.6	-100%
Payable gold in concentrate shipped to off-takers, Koz	-	-	-
<u>TOTAL PRODUCTION</u>			
Gold, Koz	0.3	4.6	-93%

Notes: (1) To concentrate.

(2) For information only; not considered as gold produced and therefore not reflected in the table representing total production. Included in total production upon sale to off-takers or dore production at Amursk POX.

(3) Gold produced from carbon at Amursk POX.

At Mayskoye, gold in concentrate produced increased by 15% y-o-y to 38 Koz due to better recoveries driven by flowsheet improvements (rougher concentrate re-grinding).

## SVETLOYE

	3 months ended Mar 31,		% change
	2020	2019	
<u>MINING</u>			
Waste mined, Mt	0.7	0.4	+82%
Ore mined (open pit), Kt	346	413	-16%
<u>PROCESSING</u>			
Ore stacked, Kt	308	184	+67%
Gold grade, g/t	4.4	4.9	-10%
Gold recovery	80.8%	80.7%	+0%
<u>TOTAL PRODUCTION</u>			
Gold, Koz	21.3	9.2	+133%

At Svetloye, stacking volumes and leach kinetics continued to be positively impacted by warmer winter. This resulted in a 133% y-o-y jump in quarterly gold production to reach 21 Koz.

## VORO

	3 months ended Mar 31,		% change
	2020	2019	
<b>MINING</b>			
Waste mined, Mt	-	0.4	-100%
Ore mined, Kt	41	269	-85%
<b>PROCESSING</b>			
<b>Voro CIP</b>			
Ore processed, Kt	269	249	+8%
Gold grade, g/t	2.2	3.4	-37%
Gold recovery <sup>1</sup>	82.1%	87.0%	-6%
Gold production, Koz	17.8	22.3	-20%
<b>Voro Heap Leach</b>			
Gold production, Koz	2.3	4.8	-52%
<b>TOTAL PRODUCTION</b>			
Gold, Koz	20.1	27.0	-26%

Note: (1) Technological recovery, includes gold within work-in-progress inventory.

At Voro, open-pit mining was completed in January and the CIP plant turned to processing lower-grade stockpiles which resulted in 26% y-o-y decrease in quarterly gold production to 20 Koz.

## DEVELOPMENT UPDATE

**At Nezhda**, construction and mining activities are progressing on schedule. Construction within the concentrator was focused on the installation of internal walls and structural steel for the equipment installation. Installation of apron feeder and flotation cells commenced. The SAG mill and the first two (out of eight) gensets arrived on site. Foundations for the power plant and the boiler house were completed.

**At POX-2**, detailed engineering and contracting of auxiliary equipment is ongoing. Autoclave vessel construction completed and the testing program initiated. The vessel is expected to arrive in Q3 subject to no interruption due to the COVID-19.

Polymetal entered into an offtake agreement with Blackham Resources, an Australian gold mining company, to purchase refractory gold concentrate from Wiluna mine which will be available for processing at POX-2 during 2023-2027.

## SUSTAINABILITY, HEALTH AND SAFETY

In Q1, there were no fatalities neither among Polymetal employees nor the Company's contractors. Our LTIFR stood at 0.07, a 71% decline over 0.15 in Q1 2018. There were two minor work-related incidents recorded across the Group (6 incidents in 2019).

Safety remains a top priority for Polymetal and the Company reaffirms its commitment to further improvements across health and safety metrics to achieve our zero harm target in relation to our employees, as well as our suppliers and contractors.

## PERSONNEL

Tagir Ibragimov (41) was appointed as Managing Director at Mayskoye. He joined Mayskoye in 2015 as Deputy Chief Engineer for Drilling and Blasting Operations. Most recently he was Head of the Mine and Deputy Chief Engineer for Production. Mr. Ibragimov graduated from Kazakh National Technical University with a degree in mining.