

Release time IMMEDIATE
Date 24 April 2018

Polymetal International plc

Polymetal consolidates 100% stake in the Prognoz silver property

Polymetal International plc (LSE, MOEX: POLY; ADR: AUCOY) (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) announces that it has acquired a 50% stake in the Prognoz silver property for US\$ 140 million in Polymetal shares. As a result of the transaction, Polymetal now owns 100% of Prognoz.

TRANSACTION DETAILS

The total consideration for the 50% stake in Prognoz comprised US\$ 140 million paid by issuing 14,152,668 new ordinary shares of the Company (the “Consideration Shares”). The number of Consideration Shares has been determined by dividing US\$ 140 million by US\$ 9.89, the spot price of ordinary shares of the Company on the Main Market of the London Stock Exchange on previous day’s market close (19 April 2018). The Consideration Shares will be subject to a lock-up period of 180 days. Polymetal also commits to pay a net smelter return (“NSR”) royalty in the range of 0.5% to 2.5%, pro rated to the 50% stake being acquired and capped at US\$ 40 million. The royalty will be only payable if silver price is US\$ 19/oz or higher, with the actual royalty rate within the range determined on a progressive scale dependent on silver price.

An application has been made to the London Stock Exchange and UKLA on the official list and the Consideration Shares are expected to be admitted to trading on the London Stock Exchange on 25 April 2018. Following admission, the total issued share capital of the Company will comprise 450,723,709 ordinary shares of no par value, each carrying one vote.

As a result of this and the preceding transactions, the total upfront consideration for 100% of Prognoz comprised US\$ 215 million, including US\$ 3 million paid for initial 5% and US\$ 72 million for 45% paid to Polar Acquisition Limited (completed on 13 April 2016) and US\$ 140 million for 50% paid to Garden Ring Capital. This amounts to US\$ 0.74/oz of silver resources (US\$ 59/oz GE).

The gross assets of Prognoz are US\$ 43 million and a reported pre-tax loss of US\$ 1.4 million has been attributable to the asset in 2017.

INFORMATION ON THE PROPERTY

Prognoz is the largest undeveloped primary silver deposit in Eurasia with JORC-compliant Indicated and Inferred Resources (estimated by Micon in 2009) of 292 Moz at 586 g/t silver.

Prognoz is a world-class deposit that fits well with Polymetal’s strategy:

- Very large resource with consistently high grades;
- Outstanding exploration upside (only 40% of known vein outcrop has been tested by drilling);
- Relatively wide veins (3m on average) with direct surface outcrop that enable open-pit mining for the significant part of mineralization;
- Conventional sulfide composition of mineralization with no deleterious elements ensures relatively simple processing options are feasible.

PROJECT DEVELOPMENT

- Project activities for 2018 include 46 km of diamond drilling and extensive in-house metallurgical test work. The updated JORC-compliant resource estimate is expected in Q4 2018;
- PFS and JORC-compliant reserve estimate in Q3 2019;
- FS and Reserve update in Q4 2020 paving the way for the potential investment decision in 2021;
- Subject to the positive investment decision, full run-rate of production can be achieved in 2024.

“We are very satisfied with the consolidation of 100% of Prognoz and the strengthening of our long-term growth pipeline”, said Vitaly Nesis, Group CEO of Polymetal. “Prognoz is a unique silver asset in terms of size and grade and will, in time, supplant Polymetal’s Dukat as one of the leading silver mines globally.”

Enquiries

Media		Investor Relations	
FTI Consulting Leonid Fink Viktor Pomichal	+44 20 3727 1000	Polymetal Eugenia Onuschenko Maryana Nesis Michael Vasiliev	ir@polymetalinternational.com +44 20 7016 9505 (UK) +7 812 334 3666 (Russia)
Joint Corporate Brokers			
Morgan Stanley Andrew Foster Richard Brown	+44 20 7425 8000	RBC Europe Limited Tristan Lovegrove Marcus Jackson	+44 20 7653 4000
Panmure Gordon Adam James James Stearns	+44 20 7886 2500		

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