



**Polymetal International  
Analyst and Investor Briefing  
10/05/2023**

Presentation: [https://www.polymetalinternational.com/upload/ib/1/23-05-10/2023\\_05\\_10\\_GMIQ1\\_Re-dom\\_final\\_LINKS\\_TBU\\_website.pdf](https://www.polymetalinternational.com/upload/ib/1/23-05-10/2023_05_10_GMIQ1_Re-dom_final_LINKS_TBU_website.pdf)



Evgeny Monakhov, Polymetal Head of Investor Relations and Moderator of event:

Good morning, ladies and gentlemen. Welcome to an analyst and investor briefing of Polymetal International.

We will be represented by CEO Vitaly Nesis today and the CFO Maxim Nazimok who will update you on our announced plans to change the domicile as well as on the first quarter results that were published this morning.

Vitaly, over to you.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

First of all, thank you very much for coming here today because we firmly believe this is an important probably crucial occasion on which the management will update on both the strategic direction of the company and on the current trading.

I'll start with the traditional disclaimer on the forward looking statements. I also would like to stress that this is only an overview of the proposed re-domiciliation and all shareholders are strongly urged to read the circular as a whole because it contains a lot of important and pertinent details. We'll try to cover as much ground as possible today. But again, it's no full substitute for reading the document.

We'll start with the re-domiciliation. I think we have already stated multiple times what the strategic rationale behind moving to new jurisdiction is for our company. I would like to rehash and re-emphasize the key drivers. First of all, the re-domiciliation would help to mitigate political risk in Russia. Generally, that political risk related to the so-called companies from unfriendly jurisdiction has been on a steady rise in Russia. And we believe that despite the fact that we've been able to navigate the environment successfully so far, that risk is approaching the critical level and moving to a neutral jurisdiction that is absolutely necessary to avoid catastrophic disruption of value.

Second, we definitely remain committed and focused on restoring the shareholder value. We understand that getting the share price to the pre-war levels, is not achievable in the foreseeable future. But still, we believe that the current share price does not reflect even the value of the Kazakhstan part of the business. And as such, we believe that the re-domiciliation is a necessary and crucial step towards at least partial restoration of shareholder value.

And we have also expressed our commitment multiple times to restoring the dividends. And again, without the re-domiciliation, the resumption of shareholder returns is impossible. So this is a crucial step towards starting to pay dividends again. And last but probably not least, right now, Polymetal International is severely restricted in terms of strategic flexibility. That is true for both the Kazakhstan part of the business where we don't have access more or less to any forms of Western financing. And as such, we cannot proceed with any type of large capital projects, acquisitions, etc. But we also are significantly restricted within Russia where effectively, we are already barred by law to either buy or sell assets. And also it looks increasingly likely that in the nearest future, we will not be able to obtain any new licenses, which in our line of business is obviously a critical limitation.

In terms of the current situation, I think the first point that I've made about the political risk in Russia is all centering around the Russian counter sanctions' impact on the company's business.

As you well know, Polymetal International is incorporated in Jersey, and Jersey under the current meaning of Russian law is considered to be an unfriendly jurisdiction, and that brings about significant restrictions and risks. The recent developments included the emergence of risk of temporary management. There have been specific instances where the assets of companies domiciled in unfriendly jurisdictions have been placed by presidential decree, under the state management, now with legal details been very scant. But obviously, such a move takes the management and the safekeeping of the shareholder value of the business totally away from the current management and this we would consider to be a catastrophic risk. Capital controls remain in place in Russia, and that relates to both money transfers out of Russian accounts to other jurisdictions and our ability to grant cross border loans from Russia to Kazakhstan is also restricted due to the difficulties with such transactions in any form of accessible currency, be it Dollars or Euros, which are not available in Russia, or Rubbles, which are not welcome into Kazakhstan. And obviously, Russian business cannot pay dividends from Russian subsidiaries to the parent company. And I already mentioned in terms of corporate actions, any transactions in respect of companies, Russian subsidiaries holding licenses require presidential approval. So in effect, those transactions are out of limits for the company. Again, I run the risk of being repetitive, but we believe that counter sanctions more recently, as well as sanctions imposed significant risk on the continued existence of the group in its current form, specifically on the viability of the Russian part of Polymetal International.

We have done a lot of work in terms of selection of the target jurisdiction for our re-domicile. And we have chosen Astana International Financial Center (AIFC) in Kazakhstan, after a very careful evaluation. Firstly, neither AIFC nor Kazakhstan is currently on the unfriendly countries list. And as such, the risk of Kazakhstan getting into that list, from our perspective, is effectively nil. Secondly, Polymetal already has significant presence in Kazakhstan. Kazakhstan business accounts, on different metrics from 35 to 50%, of the

combined company. So that is a jurisdiction, which is well known to the management and where Polymetal itself is very well known.

Re-domiciliation from Jersey to the AIFC is permitted under the respective laws. So we don't need to establish a new corporate structure. The re-domiciliation would represent just the change of the address so the company continues in its present incorporated form. AIFC is trying to develop itself into a global financial hub and targets international standards in regulation and the rule of law. For example, the Basic Law in the AIFC is English Common Law, and an independent court with a bench of independent international judges has been established. Lastly, but very important for the strategic direction of the company; both dividends and capital gains on shares are exempt from taxation in Kazakhstan, for both Kazakh and international shareholders. So effectively, the parent company would serve as a flow through vehicle for dividends from both Russian and Kazakh businesses, whether it be within one company or within separate legal entities.

I turn now to Maxim, who will walk you in detail through both the timing, and the mechanics of the potential re-domiciliation.



Maxim Nazimok, Chief Financial Officer:

Thanks Vitaly.

We start with the timeline. January through May we've been in intensive shareholder consultations along with the new home country. We have successfully passed the so called pre approval stage with AIFC and we have a welcoming new jurisdiction.

That essentially led us to the publication of the shareholder circular, which was released today. We were hopeful that this will be you know, re-domiciliation and cancelation of listing circular, but we'll talk about, this bit in a few minutes. So on the 30th of May, the general meeting will vote on the re-domiciliation, which will then be followed by notification of the company's creditors. And then there is a 21 day objection period. But we already have the support from the company's key lenders, in respect of the proposed re-domiciliation, so we don't expect this particular stage to be problematic. And then the formal start of the process is around the 22nd of June. So the regulator in Jersey will receive the application from the company. And then by the 17th of July, we expect consent from the Jersey regulator, and also the consent from the AIFC regulator, which will lead into the actual re-domiciliation. So the change of address the company will move physically from Jersey into AIFC. And at this time, the company will have to request the suspension of the company's shares trading in London. And I will explain in a second why this unfortunately needs to happen.

When we were talking to investors in January, we were planning to explore several options of how we could keep the listing and trading in London while moving into AIFC. The two options we were particularly exploring our depository interests, and then the second option is GDRs. Unfortunately, so far, we haven't been able to locate a willing provider to support either of the two instruments. At some points there were providers who were willing, but they made it very clear that once the company progresses with further corporate restructuring steps, i.e. the jurisdictional split, the program will not be maintained. So, this will be only a temporary and not a permanent solution, and therefore, doesn't make

a lot of sense. And therefore, we decided that we should proceed without trying to engage into an option which will only be viable for something like six or nine months, and then face the same problem of withdrawal from a listing.

Just a reminder, of why the suspension needs to happen. AIFC is a separate jurisdiction and therefore, the current shares will become foreign shares at the time of the re-domiciliation. So, they cannot be settled and traded in the CREST system without an additional infrastructure such as DIs or DRs. And therefore, we will, unfortunately be unable to continue trading. Our original plan was to request complete the de-listing at the same time as the re-domiciliation and the the de-listing requests and de-listing circular would require approval from the AIFC, which so far hasn't been obtained as yet. And therefore we are pursuing the re-domiciliation now and the de-listing subsequently. We continue to engage with the regulator to obtain approval for the de-listing circular. So at some point in time between now and the proposed re-domiciliation date, we might be launching another general meeting with a separate item on the agenda to approve the company's de-listing because the orderly cancellation is really the preferred route rather than to keep the company suspended here in London because this will not really result in any benefits to the current shareholders.

Now, all of this leads us to the question; what's next and how the shareholders should proceed with their shares in order to maintain access to the full set of the shareholder rights. The following few slides are setting out very detailed instructions to the various categories of shareholders we have on the register. I will start with individual shareholders. So the bulk of them is holding POLY shares through CREST on LSE with UK registered brokers. From our view, the preferred option for those shareholders is actually to transfer their shareholdings to an AIX eligible broker. Unfortunately, we know that not a lot of brokers, and none of the UK brokers apparently, offer this service. However, we do know a number of European and Kazakh brokers who are willing to engage into the transfer. I will just list three names, but obviously, shareholders are encouraged to do their own research. So there is a European broker named Wood&Co, who is registered as AIFC participants, who are willing to basically move the shares from LSE to AIX within one broker. Then there are two relatively large Kazakh brokers, Halyk Finance and Freedom Finance, who also are both able to trade and provide custody services both in London and in Astana, which means that you can use those brokers to basically transfer your shareholdings. The other option is actually to certificate a holding. You will not be able to trade in a certificate form, but you will obviously, retain the access to dividends and to voting. And we'll discuss how those certificates will convert once the company re-domiciles. And then the next step would be to basically transfer your shares either to the register directly, which will be more or less automatic, although you will need to pass a small KYC exercise or to transfer to an AIX settlement depository through a dedicated app which is available both in the App Store and Google Play Market. This will allow you basically retain online access to your shareholding. Although this is basically not an on-exchange trading access. This is just you know, the custody service. So you will still be able to receive dividends and voting with a very simplified procedure through the app. The dividends can even be wired to your bank card. And then you can subsequently transfer to AIX broker from this app if you wish to trade.

Then the last and the least preferred option, which unfortunately will, as we know, be offered by some of the UK brokers is actually to either sell in advance or there will be forced liquidation by the brokers who do not support trading on AIX or do not support the

transfer to paper certificates. We encourage you to refer to your broker as soon as possible and explore your options. There is still enough time to actually move to another UK broker who would be willing to, basically support the better options other than forced liquidations. And therefore we encourage shareholders to take action sooner rather than later. In terms of POLY's trading on MOEX and AIX, things will essentially remain unchanged. MOEX will continue as a secondary listing. I have to flag that MOEX still doesn't have any access to dividends and voting because of the sanctions on the National Settlement Depository (NSD) in Russia and AIX will remain the primary listing venue after the London suspension with a full set of services such as trading, dividends, voting etc. So AIX and MOEX shareholders do not need to take any action now. Things will pretty much continue as they are for those shareholders.

Then there is a number of individual shareholders who already hold their shares as paper certificates. As I mentioned before, they can hold the shares through the app developed by AIX, if they wish to have access electronically. Or with the AIX Registrar Portal. Again, basically, AIX does not support certificated shares so all of the shares will be in electronic, uncertificated format. So, a share certificate will essentially be an extract from the register rather than anything else. You can still hold it but we encourage you to either use the app or register with AIX's Registrar Portal just to have full access to dividends and voting in a convenient manner. And again, those shareholders with paper certificates can actually dematerialize their shares back into an AIX registered broker.

There were also two derivative instruments on our shares. One is an ADR sponsored program under AUCOY. We have been informed by Bank of New York Mellon, who is the supporting bank of this program, that the ADR program will be discontinued at the time of the listing suspension. So, therefore, you will need to pursue one of the three routes. One is to withdraw your shares into paper certificates, again, very similar to what the shareholders with UK brokers will need to do. You will need to engage with BNY Mellon as the depository bank. Secondly, you can sell. And, lastly, if you do nothing, which is always an option, the bank will terminate the program, and most likely sell those shares and transfer proceeds to you. No action can be taken, but obviously, this will not generate a lot of value.

And then there is also stock called POYYF or so-called F-shares. The company doesn't have control over this particular program, because this is unsponsored. So, the shareholders will need to take actions independently we can only provide some kind of information support, but basically, again, the options are; requests for share certificates, transfer to an alternative broker (we know that the trading in this particular instrument has already been quite severely constrained) or sell in advance or the brokers will do that for you. So, again, all of the Depository Receipt holders are encouraged to take action sooner rather than later. Engage with your brokers, know what your options are, consult our Investor Relations team and please proceed. Because the two months between now and the proposed effective date for the London listing suspension will pass very quickly.

For the institutional shareholders the scheme of action is very much similar. So, the preferred option which we would recommend and the one where we are very willing to provide support to each and every institutional shareholder on the register is actually to transfer to an AIX eligible broker. I will flag that the company is going to a lot of effort to actually reignite trading in AIX. We are going to establish more market making relationships with brokers. We are going to secure more support in terms of custody

services from the three brokers that I mentioned; Wood&Co, Halyk Finance, and Freedom Finance. Wood&Co is specifically a natural bridge between London and AIX because they are set up very well here in London and they are an active AIX trading participant as well and they are European brokers. So they can provide custody services to the local institutions here.

If your custodian already offers settlement services in AIX you can do nothing as you will retain full access through a different exchange, but you need to engage with your custodian to know that for sure. Then you can withdraw shares back into share certificates and then subsequently register with AIX Registrar Portal. Again the company would support you there. There is a very simplified KYC procedure that you will need to pass and this will offer you access to dividends and voting although not offer on-exchange trading. For MOEX and AIX, again, no action needed. The status quo on both exchanges will be maintained. And then paper certificates, as I mentioned, you will need to register with AIX Registrar Portal to support the dividends and voting after the actual re-domiciliation.

For ADRs, both sponsored and unsponsored, again the scheme of action is very similar to what is offered to individuals. You will need to either withdraw or convert your ADRs into shares and then subsequently go to an AIX registered broker. Or you can withdraw into paper certificates. Or you can do nothing but this will mean that eventually you are facing the liquidation of your position. So, this is not the preferred option in the company's eyes. Just to recap, how envisage the post re-domiciliation trading to look - AIX is becoming the company's primary listing venue. We have already signed the relevant agreement with AIX, which means that AIX, upon the effective date, will become the primary exchange for the company. And, as I mentioned, we are ramping up our efforts to increase liquidity in that particular market. There has already been some pick up because we know that people have been transferring their stock to AIX in anticipation of the re-domiciliation. We expect more action to be happening now. We expect more interested market participants to offer trading in this listing venue and the company is actually going to a lot of effort to make this happen. MOEX will maintain its secondary listing status with a level one listing up to the 30th of September at the least. There was a moratorium in MOEX, in respect of de-listings of companies from the Western exchanges. And by that time, we hope to negotiate with MOEX that they recognize AIX as an eligible primary listing venue to continue with level one listing rather than downgrade one level down. I have to flag again, that's trading on MOEX is a totally isolated line of trading at the moment because of the sanctions on NSD. Shares are blocked from voting and receiving dividends. The company will need to address this issue somehow, but this is not possible before the re-domiciliation. So this is our likely next step following the successful re-domiciliation. And in the meantime, we are also progressing our efforts to seek alternative listing venues, which are better recognized in the West and more liquid. We have made certain progress but unfortunately as of today, I cannot report anything else than that. This process is ongoing. I would say it is unlikely any additional listing will happen prior to the re-domiciliation effective date. And there is no certainty. But we remain very committed to offer those options to our shareholders once it becomes available.

Another aspect to mention is that the company, by migrating to AIFC, is not going to lower its corporate governance standards in any way. We will continue to adhere both with FCA rules and procedures because suspension basically retains all of the listing rules applicable to the company. We remain committed to maintain UK corporate governance standards and ESG practices. So everything you have seen from the company over the course of the last 10 years. The board composition remains the same and we still have the majority of

our independent directors. We will need to adopt New Articles of association basically to comply with the rules of the new jurisdiction. There is a detailed comparison of the new articles versus old articles in the shareholders circular, but substantially there are not a lot of changes in terms of how the company will be governed. And we have also maintained voluntary compliance with the city code on takeovers and mergers despite the fact of migration.

We will need to assign a par value to the stock at three cents per share. This is again a regulatory requirement. Right now, the shares don't have any par value. As I mentioned already, the shares will need to be all in uncertificated form, so the certificated holders will have evidence of record in the register instead. The registrar of the company will change from Computershare, which is the current registrar to an AIX registrar, the local company established under the laws of AIFC.

Any dividend payments will now be made obviously through the new registrar and through the new AIX CSD. Or directly paid by the company for those shareholders who will continue to work directly through the register. In terms of disclosure rules and standards, we remain, for now, LSE listed and therefore, we will retain all of the disclosure standards. In addition, we will continue to comply with AIX disclosure rules which are very largely similar. You should not expect any meaningful changes to the company disclosure. In terms of taxation, specifically the company's taxation and not so much about the shareholders taxation - the company after the re-domiciliation will be subject to the Kazakh tax regime, although AIFC offers significant tax benefits versus the general tax code for Kazakhstan registered companies and specifically, as Vitaly has mentioned, the dividends will be exempt from the taxation in Kazakhstan. In terms of any withholding taxes to the shareholders, there will not be any difference to the current position. In terms of taxation implications of the re-domiciliation, and the listing suspension for individual shareholders, we strongly encourage you to consult with your brokers and your tax advisers because your individual tax positions might be different.

This slide provides a summary of the three resolutions which are being proposed at the General Meeting. One is the obvious one - to approve the re-domiciliation to AIFC. The second one is to assign the par value - it is a regulatory requirements in AIFC to have par value for the stock. And resolution three is to adopt the new articles, and as I already mentioned, these articles resemble the current articles of the company.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

In terms of the proposed resolution, the board unanimously recommends shareholders to vote for all of the resolutions. The board firmly considers to be all of the resolution to be in the best interests of the company and its shareholders. The board's unanimous opinion is that change of domicile from Jersey to AIFC is a necessary and critical first step to preserve the group's existence in its current form, and to unblock the ability to execute further corporate actions to restore shareholder value. The board firmly believes that voting for the resolutions will remove the burden of as many Russian counter sanctions

and related restrictions as possible in a manner which offers shareholders as much similarity to the status quo as achievable.



Maxim Nazimok, Chief Financial Officer:

The one thing I would just flag is that we have been preparing quite a lot detailed materials for the shareholders. Apart from the circular there is a list of frequently asked questions and we encourage you to consult those. There will also be a dedicated mini site on the GM matters which has all of the relevant links handy. Please use this information in your decision making.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

I think we should conclude the part about the strategic direction of the company with the discussion of further possible restructuring plans. Obviously, as we have stated multiple times before, the re-domiciliation is the first step towards the split up. Currently, in terms of the legal structure, we expect that the split up of Polymetal along jurisdictional lines will take the form of the spin off of the Kazakhstan business into a separate new entity, after the re-domiciliation has been completed in a manner which provides shareholders with continued full exposure to the Kazakhstan and Russia assests. Both Polymetal Kazakhstan and Polymetal Russia will remain registered in the AIFC.

Currently, we expect that the Polymetal Kazakhstan will be eligible and it will be possible to list it on the LSE and obviously on on AIX and possibly other alternative exchanges. Obviously Polymetal Russia's future currently is uncertain, as that company will more or less concentrate all of the geopolitical and sanctions related risks on itself. So both the structure and listing strategy are currently under development, and will depend to a large degree on the dynamics in the sanctions against Russia and Russian companies.

In terms of the conceptual timeline. We, as Maxim has pointed out, expect to fully complete the re-domiciliation early in the third quarter. We'll spend the remainder of the third quarter ironing out specific details of the split up, which there will be a lot of including taxation, relationship agreements between the two parts of the current Polymetal as well as political approvals and the strategy of both parties going forward. The fourth quarter of this year, we plan to hold intensive shareholder consultations and start the preparation of the documentation for the split up. We expect the General Meeting to prove the split in the first quarter of the next year and to achieve the split and obtain new new listings for Polymetal Kazakhstan in the second half of the next year.

I would like to highlight that the amount of time that will be needed to list all Polymetal Kazakhstan will more or less resemble the regular IPO. That company would be a fully new company and will need a full blown prospectus and a set of listing documents,



including such things as a Competent Persons Report, a Working Capital Statement, etc. So this will be a lot of work and that's why the new listing for Polymetal Kazakhstan will take some time. And without the new listing, simultaneous with the jurisdictional split, it would be hugely disadvantageous to the shareholders. So it may be a bit conservative, but we believe it is fully achievable.

I would like to conclude today's presentation with First Quarter results. Obviously, the macro environment in the First Quarter has improved hugely. We saw a big jump in both gold and silver prices along with a significant weakening of the Ruble. In terms of production results, the production fell 5% year on year, but was actually slightly above planned - about 1.5%. So we believe the result is positive. I will go into the details about the negative dynamics a bit later on. The grades fell in line with a plan by 7%. But we managed to actually improve both recoveries and throughput. Revenues increased by 20% year on year and we achieved very strong safety performance with no fatalities and a 10% reduction in lost time injury frequency rate year on year. In terms of production by mine, I would like to highlight the results posted by our Kazakhstan assets, both Kyzyl and Varvara recorded material declines. But both of those declines are mostly driven by the working capital issues at Kyzyl. Some of the production hasn't been booked due to the railway delays. And at Varvara the very strong results from last year was due to de-stockpiling. So overall, we believe that both of these assets will end up producing roughly flat year on year results as the year wears on.

In Russia obviously we had weak performances at Dukat and Voro driven by planned redeclines, but Nezhda ramped up very strongly. And Albazino the contribution also helped quite a bit. Overall, we believe First Quarter was, again quite positive, because we always expected the second half of the year to be larger in terms of production than the first half. Again, the issues at Kyzyl related to the railway depressed First Quarter results a bit.

I would like to conclude the presentation with the last slide. Hopefully, it will be illustrative of what we expect in terms of the free cash flow for the full year. Traditionally, First Quarter has been the weakest in terms of cash flow for the business. As you can see in both 2019, 2020 and 2021, there was a weak performance in the First Quarter - sometimes significantly negative free cash flow in the First Quarter - was followed up by a very strong full year performance. So the obviously the closest milestone or benchmark is 2020. The First Quarter free cash flow this year was more or less equal to 2020. And we ended up with very significant free cash flow for the full 2020.

Obviously, this year, a lot will depend on the macro dynamics, including gold prices, and particularly the Ruble/Dollar exchange rate. But the internal factors all point to a very strong free cash flow generation. We will launch a flotation concentrator either late May or early June. Obviously, we'll have traditional seasonal increases at Mayskoye operations. And we are optimistic that the recent surge in concentrate stockpile at Kyzyl will be reversed either, as we manage to overcome railway difficulties. or in the worst case scenario, we will incur additional costs and just truck concentrate eastward. Overall, the management believes we are set up for very significant positive free cash flow this year. That obviously should play an important role in shareholders decision making, because that free cash flow following a hopefully successful re-domiciliation will pave the way for the resumption of the dividends. And with this, I think we'll yield to the questions.

Question in the room:

**Just a quick one with regards to Astana. You mentioned dividend capital gains benefits these. Have there been any other incentives offered to you to re-domicile to that jurisdiction?**



Vitaly Nesis, Polymetal Group Chief Executive Officer:

I think we had a hard job convincing the AIFC. That for them, it makes sense to accept us. Obviously, Kazakhstan is very keenly aware of the sanctions against Russia. And they have a very strong legal team, which scrutinized the applicability of those sanctions, in the case of the potential re-domiciliation. I think it was more Polymetal advocating the re-domicile - bringing additional benefits to Kazakhstan, rather than the other way around. And one of the arguments in favor with the re-domiciliation for example was our commitment to the Parks 3, within Kazakhstan. I think political support that we have received from the top most levels of the Kazakhstan government was at least partially due to our commitment to investment in the country. So it was not the country offering us incentives. It was more us offering the country capital commitments.

**Thank you. And just from an operational perspective, have there been any significant changes in the way that you interact with your partners with regards to the processing of material? Certainly in China or anything like that?**



Vitaly Nesis, Polymetal Group Chief Executive Officer:

No, I think that China is fully back to business as usual are following the full removal of COVID restrictions. Right now in terms of moving concentrates, the key bottleneck is the Russian railway, which is clogged by eastward moving coal shipments. That actually is probably the most urgent operational challenge that the management is tackling.



Maxim Nazimok, Chief Financial Officer:

Seeing that there are no further questions from the room, we'll proceed with the questions from the webcast.

Webcast questions:

**Are you working with UK brokers to ensure that UK shareholders can still trade on AIX?**



Maxim Nazimok, Chief Financial Officer:

We have tried to cover this in the main part of the presentation. My advice to the shareholders is to engage with the UK brokers - some of them can support the custody services for holding shares in AIX, if not, the three names that were mentioned, Wood & Co, Halyk and Freedom Finance are the ones we can recommend to engage with.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

I would just like to add that, realistically, AIX has been relatively unknown to UK brokers. And we are now trying to launch an awareness campaign among the brokers. Obviously it will take some time and we will need some momentum after the re-domiciliation has happened and the trading, as we expect, will surge on the AIX. We understand the importance of the liquidity on the AIX. And we understand the importance of multiple market makers on the exchange. But we request patience as we work to address that issue.

**How serious of an obstacle to the proposed re-domiciliation is the position of Euroclear and CREST - not to execute any orders/actions with the securities entities that are under sanctions?**



Maxim Nazimok, Chief Financial Officer:

We have extensively analyzed the re-domiciliation from the sanctions perspective. And our various legal advisors have confirmed that re-domiciliation itself doesn't represent any violation of sanctions and actually does not involve any sanctioned entities in the chain. Therefore, we do not expect any kind of limitations here from Euroclear and CREST, we need to understand that this is the same company just continuing in a new jurisdiction. Even the ISIN of shares will remain the same. So there is not a lot, to be honest, to be done by Euroclear and CREST and withdrawal from CREST will happen more or less automatically as a result of inability of CREST to settle the foreign stock.

**Would LSE listed Polymetal shares held in a retail broker nominee ISA account be transferred automatically to AIX upon a stockholders request?**



Maxim Nazimok, Chief Financial Officer:

This is not automatic and we strongly encourage you to engage with your brokers early on and evaluate your options.

**Can Polymetal buy shares at LSE from the shareholders?**

This is a question we heard a lot from shareholders and we seriously considered this as an option. Again, we believe that the board's and the management's strategic priority is to preserve the value of the business, not to manage the share price. We believe we've done everything we could to enable orderly transfer of shares from the current infrastructure to the infrastructure at the AIX. And we want not to be seen as meddling with the market, but also we want to preserve as much financial firepower as possible for the future. And as a result, we decided that share buybacks would not be advisable at this time.

**What do you think the stock price will be in December 2023 on the Moscow stock exchange?**

So, this is just a funny one. I think reading it out loud is enough.

**What will happen with the shares listed in LSE? Will the shareholder shares be converted to Astana ones?**

This is not automatic. So please do engage with your brokers and take effort to do so.

**Can holders request paper shares?**

Yes. And this is one of the options, which is viable, especially for those who hold shares and brokers who can not move the shareholding to a standard exchange.

**Why are you not moving to UAE something you were exploring only just recently?**

In terms of corporate re-domiciliation, we have evaluated the UAE and came to the conclusion that this is not the optimal jurisdiction for relocation. We don't have significant presence there. Operationally, we don't have strong relationships with local government. And the UAE, to be honest, is significantly more stringent in terms of sanction compliance, even compared to AIFC. And last but not the least, UAE has a very bad tax treaty with Russia, which means that this will also be inefficient from the taxation perspective. In terms of the listings, the UAE is one of the potential jurisdictions for alternative listing, although the progress there has been quite limited, to be honest.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

**It would be comforting to have understanding of any conflicts of interests that may lead to the recommendation to approve the re-domiciliation. Will you be able to disclose this before the vote?**

We don't have any conflicts of interests in terms of the Board of Directors and management large shareholders. This is a corporate action not even a transaction. It is a corporate action that does not involve any potential leakage of value. So there is no conflict of interest.



Maxim Nazimok, Chief Financial Officer:

**Could you please clarify regarding the risks of Polymetal potentially not being able to obtain new mining licenses in Kazakhstan and Russia in the future, that you mentioned during the first part of the presentation?**



Vitaly Nesis, Polymetal Group Chief Executive Officer:

There is no question about Kazakhstan businesses as usual. In Russia the law right now is on the consultation that would ban companies from unfriendly jurisdictions from obtaining any new licenses for minerals on the strategic minerals list. Gold is on that list. Again, it's only a question of time, before that happens. Probably not second quarter, but given the speed with which the Congress sanctions are enacted in Russia, I would say the third quarter is very likely.



Maxim Nazimok, Chief Financial Officer:

**What will happen to my shares if I do nothing upon suspension?**

This option is actually covered in the slides that I've demonstrated. We strongly encourage you not to do nothing, if you value your shareholding in Polymetal. Please do engage with a broker. There is a lot of helpful materials on the website, and there is a special dedicated email address. So please do not hesitate to contact investor relations, if you are in doubt.

**Is it possible to make a free transfer from CREST to Kazakh CSD without a broker?**

We are not aware of that option.

**How will the issuance of the new ISN happen?**

**We understand there will be no new ISNs, so shares will keep the existing ISN despite re-domiciling to AIFC. Which market maker will ensure volume on AIX?**

We are in progress of ramping up the market making arrangements. So this is still in progress.

**Regarding ADR US73178Q1058 and do nothing, liquidation value will be the last trading share price on LSE?**

I guess the liquidation value will be the price that BNY as an operator of the program will receive in the market. So we cannot predict it.

**Suppose I move my ordinary shares to a Kazakh broker. What other things must I do to receive the new ISIN? What should I instruct the Kazakh broker to do?**

After you have moved to the Kazakh enabled broker, then you can do nothing and comfortably continue to hold the Polymetal stock. So no further action.

**In which currency will Polymetal trade on AIX?**

I have to emphasize that we've been trading in AIX and we have a listing there since 2019. So it's already traded there. Volumes have been picking up recently because people have realized that, the this re domicile is imminent. The stock trades in US dollars.

**How and when the holders of shares on MOEX could get dividends from the company?**

We understand this is not possible prior to the re-domiciliation, and even after re-domiciliation, this is not at all automatic. The company after the re domicile will evaluate options, on how we could offer non sanctioned shareholders trading in MOEX to regain access to their full set of shareholder base.

**Do Wood & Co, Halyk and Freedom Finance accept transfer of shares from retail investors?**

Yes.

**Can you confirm that any dividends will be declared and paid in US dollars?**

Historically we have maintained two or even three currencies but the base currency is US dollars.

**Can the delisting from LSE be delayed to give retail holders more time. As it takes 6 weeks to move your shares from a UK broker?**

I will have to emphasize if you initiate the process now. Six weeks is okay. Because the earliest re domiciliation can happen is 17th of July. So this is more than six weeks ahead. Unfortunately, we're not inclined to delay the re-domiciliation because of the risks that we Vitaly has very succinctly presented in this presentation.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

### **Why does the board not recommend GDRs?**

The board would recommend GDRs if we could find a willing GDR program sponsor, but we were not able to find one. So this is not an available option.



Maxim Nazimok, Chief Financial Officer:

### **Does the jurisdictional split have to be completed before a dividend payment can be approved?**



Vitaly Nesis, Polymetal Group Chief Executive Officer:

Yes, definitely. Jurisdictional split would probably take the better part of the year, so our intention is to pay dividend before the split, hopefully.

### **Are all existing Directors that are shareholders, going to be retaining their shareholdings during the transfer to AIX?**

As far as I know, I'm the only Director that is a shareholder. All of my shares are on MOEX in NSD. And, for example, I won't be able to vote on the re-domiciliation and I definitely am not selling my shares.



Maxim Nazimok, Chief Financial Officer:

I would only probably comment on the management team side and the management team does have a lot of shares. All of them tend to keep them at the time of the transfer to AIX.

### **What are the options for UK investors through ISA and SIPP?**

I would like to refer you to the FAQ on the website. It has more detailed information on those specific plans.

**Are you expecting reduce net debt this year and what would be a target you would be happy with? At the moment looks like you reported a 2.4 billion net debt.**



Vitaly Nesis, Polymetal Group Chief Executive Officer:

I would like to refer to the last slide of the presentation. We expect a significant free cash flow this year so the net debt would go down even in the case if we declare and pay a substantial dividend. So definitely net debt reduction is one of the objectives for this year.

**Sanctions put a ban on export of gold from Russia. Does it impact your sales in any way? Higher discounts locally?**

There is no blanket ban on exports of gold from Russia. The sanctions banned exports of Russian gold to EU, US, UK and some other jurisdictions. But exports are not banned, for example, to China or to other Asian markets. We currently sell the vast majority of our Bullion domestically, both to retail - to jewelers or to investor buyers. Local discounts have shrunk very significantly. They were in high single digits half a year ago and now the prevailing discount in Russia is less than 1%.



Maxim Nazimok, Chief Financial Officer:

**The transfer from Crest should be done BEFORE 17th of July?**

Yes, we encourage shareholders to do any transfers before the 17th of July.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

**What was the remaining gold and silver inventories at the end of Quarter 1 in 2023?**

I think bullion inventories were around 100,000 ounces of gold equivalent and concentrate inventories were slightly higher, maybe 120/130,000 ounces of gold equivalent.





Maxim Nazimok, Chief Financial Officer:

**Some UK brokers won't issue share certificates. Can Polymetal not work with brokers to issue paper shares?**

In this case, we actually would encourage you to transfer between various UK brokers just to choose the ones who can do this because Polymetal as a single issuer can probably not influence an individual UK broker to do this just for us.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

**Once POLY-K is split from the Russian Business do you envisage returning to LSE in a GDR or listing format?**

Our clear preference would be to return in the form of the full listing. But that decision will depend on the position of relevant service providers either the register holder, in the case of full listing, or for GDR the sponsoring bank. This is actually why the path to the split up would be relatively alone, a lot of chips would need to fall into the right place to ensure that the split up does not hamper the continued liquidity of at least the Kazakhstan part of the business. And that definitely would require a lot of work with third parties.



Maxim Nazimok, Chief Financial Officer:

**As a USA holder of AUCOY and POYYF, to be clear what steps should I take after I convert my shares to paper certificates to prepare for redom, assuming I can work with the brokers and banks to do so?**

Basically your options are; option one, just register with AIX Registrar Portal or to Tabys AIX CSD app and continue to hold your shares directly in the register. If you wish to trade, then your next step is actually to transfer the shares from certificates into an AIX registered broker.

**Do you feel that the recent "3rd Country" focus on sanction avoidance, specifically in Kazakhstan, will have any impact on the redom or post redom? have you received assurance from Kazakhstan that they are and will remain compliant with sanctions?**



Vitaly Nesis, Polymetal Group Chief Executive Officer:

A very detailed sanctions analysis with heavy reliance on external assurance by legal advisors has been done by both a AIFC and AIX as part of the vetting procedures for the redom. As we have always stated and as AIFC and AIX has received the confirmation, we are in full compliance right now. As such, we are not avoiding any sanctions. If the new sanctions packages will be focused on avoidance, they will have no impact on us. We're not avoiding anything. As such, I think where I see the potential sanctions risk is a post split up for the Russian part of the business and its ability to keep full presence in Kazakhstan, ncluding the listing. Right now it's possible and we see no immediate risk in that situation, but that may be a potentially vulnerable spot.

**Are you ruling out any possibility of sale of the Russian assets post redomiciliation?**

The management currently doesn't see any point in selling assets one by one. We expect a very strong financial position as the year progresses, and we generate more free cash flow. In general, selling specific assets, particularly assets in production doesn't make much sense right now.



Maxim Nazimok, Chief Financial Officer:

**You mentioned the risk of an "interim management imposed" in Russia. Is it really possible or is the possibility of this VERY low?**



Vitaly Nesis, Polymetal Group Chief Executive Officer:

If you are talking about the time horizon of one month, this is indeed very low. If you're talking about the time horizon of one year, this is definitely material. I wouldn't call it you know, above 50%. But we are not talking about a black swan event. We are talking about a clear direction of travel. And we as the management and the custodians of the shareholder value cannot ignore the writing on the wall. So that's why our efforts to redom has received additional urgency and additional impetus. That's why are proceeding without safeguarding the 100% of technical details of migration, from LSC to AIX, but we believe the catastrophic risk of some form of counter sanctions in Russia outweighs the inconveniences presented by a relatively speedy redom.

I would just emphasize that this interim management is already something that can be done under existing legal framework. The Russian government doesn't need to adopt

anything new to impose this on us. It's just a question of; who are they targeting at the moment.

**How firm a commitment could you give towards a restoration of the dividend in time for H2 results?**

I don't think the word commitment, particularly from the management, is applicable. The restoration of the dividend is a decision reserved for the board. I believe, two key considerations for this decision would be the financial results for the first half and the external market dynamics at the time of the decision. Again, a lot will ride on the gold price dynamics and Ruble/Dollar exchange rate dynamics, geopolitical dynamics and the progress with the split that will also play a role.



Maxim Nazimok, Chief Financial Officer:

**Which steps and when the company may explore in order to enable dividend payments to holders at MOEX?**

I can only answer the question when and this will be, post redom. In its current shape, when the company is registered in Jersey there are no ways to unlock the MOEX shareholders. We have a few potential paths of how we can unlock MOEX shareholders after the redom, the redom needs to happen first.

**Is the intention that after redomiciling the business it will be jurisdictionally split and existing shareholders would receive a share in Poly - Kazakh business and another separate share in Poly-Russian business?**

Yes, this is the intention.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

**Vitaly suggested the value of POLY-K would exceed the current share price even if POLY-R no longer adds value. What share price would the Kazakh side of the business reflect does he think?**

I think this is a difficult question, but I would personally expect at least doubling of the price.

**Do you believe much of the value lost in shares is due to the fear of sanctions / legal problems and thus believe shareholder value will rise after re-dom?**

I think a lot of institutional shareholders cannot touch Polymetal in its present form due to its association with Russia. I believe that Polymetal Kazakhstan business will be more or less free from direct association with Russia and as such will attract a lot of institutional and retail shareholders. It will also not be under the, more or less, embargo from a lot of service providers. It's not only investors who shun Polymetal right now. It's also the entire ecosystem around the exchange rate. Even the quarterly clearance of trades on the LSE right now is not possible. We expect that Polymetal Kazakhstan will get rid of those problems, and the share price will reflect the underlying value rather than the severely bottlenecked and limited trading opportunities available right now.



Maxim Nazimok, Chief Financial Officer:

**Is Wood & Co a good company. The phone number on the website is a bit dodgy?**

It is a good company - it is an EU registered broker based in Prague. If you have any trouble contacting them, please use our Investor Relations to help you.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

**What are your expectations regarding the restoration of production at Kyzyl and Varvara until the year end? Is the guidance of 500, 000 ounces still valid?**

Yes, it is.



Maxim Nazimok, Chief Financial Officer:

**Will we still be able to transfer after 17th July?**

Yes. The shares will not be you annihilated after the 17th of July even if you continue to hold them through a UK broker. It's just a question of whether your broker continues to allow you holding them after the 17th of July. I'd rather, again, reinforce the message that we encourage everyone to engage with their broker early on.

**Halyk, Freedom Finance and Wood & Co are all not eligible for UK retail investors?**

They are. They aren't eligible for ISAs and SIPPS, but they can definitely work with retail investors.

**Do you plan to list POLY-K DRs at MOEX?**

We haven't yet thought about that. But it doesn't make a lot of sense to do that.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

**Are you saying that Russian assets may be seized and become worthless after the split?**

No actually, we believe that the redom and then the split would actually address the risk of the potential nationalization in any form or shape, so they will not be worthless. We will need to deal with a lot of other issues for shareholders, who will be re-evaluating their sanction exposure as the Polymetal Russia company will be just holding on to the Russian assets. But post redom, I think the risk of nationalization will drop dramatically.



Maxim Nazimok, Chief Financial Officer:

**Can you explain how opening an account with Halyk and Freedom Finance will allow a UK LSE holder to transfer his shares onto Kazakh exchange?**

Basically you will need to initiate a depository transfer from your current broker to Halyk and Freedom Finance. This is pretty much a standard share transfer procedure which should be handled more or less seamlessly. Already quite a few shareholders have done this.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

**In case MOEX shareholders are not unlocked at the time of dividend resumptions, how can they be compensated for the hypothetical dividend that they may miss?**

I don't have a ready answer to that question. We don't know the exact path to re-enfranchise MOEX shareholders. We will need to tread very carefully not to break any sanctions and that is definitely our intention. On the other hand, we definitely want to do our best not to discriminate against MOEX shareholders. It may take some time and I can give you no assurance as to how much time it will take.

Question in the room:

**Hi everyone. I am from Kazakhstan and I am interested in buying the shares on AIX. I should tell you that is pretty advanced. I haven't used Freedom but Halyk is just like the IBKR platform, it's very easy. So my question is that once you separate the two companies - would this Kazakh entity be independent in terms of its finances, management, dividend payments etc?**



Vitaly Nesis, Polymetal Group Chief Executive Officer:

Definitely, there will be fully separate Boards and fully isolated balance sheets and we have already done the bulk of work for the balance sheets of the two companies already. So right now the Kazakhstan assets and the Russian assets don't fund each other - they don't cross fund. In terms of the management, we expect that there will be a transition period where there may be some shared services between the two companies particularly given the extent of downstream integration with the Kyzyl concentrate process, but obviously, the end goal is to have the Kazakhstan entity standing fully on its own feet, even with the processing of concentrate moved into the new facility in Kazakhstan.

**Is there any requirements from the Kazakh government that the management should be physically located in Kazakhstan?**



Maxim Nazimok, Chief Financial Officer:

We will own an office - we have actually already obtained one. There is already quite a strong local management team, which is now managing the Kazakh assets from an operational side.



Vitaly Nesis, Polymetal Group Chief Executive Officer:

There is no requirement for the physical presence of specific people in a specific location. Definitely the board meetings will take place in AIFC- we already have an office in AIFC - we already have people lined up to assume specific positions for the Kazakh business post split up. As Maxim said, they mostly already work for Polymetal Eurasia, which is the management company of the Kazakhstan business. So I think the split up of the management should be relatively smooth. We see no issues stemming from the restrictions imposed by the AIFC.

**In terms of growing Kazakhstan, I used to be an analyst at Troika, and I used to cover Polymetal and then I left Moscow and then entered into private business. Obviously, I'm interested in buying the Kazakh part of the business to become your shareholder. So what's your strategy? I mean, I remember when you bought Varvara. Now, you are growing nicely. And there is a lot of interest from Chinese investors in Kazakhstan. Can you acquire new licenses in Kazakhstan? Are you inclined to pay out dividends? Do you want to grow in Kazakhstan if there are opportunities?**

We definitely want to continue with the strategy that Polymetal had before the war started. We always positioned ourselves as the company with significant and stable dividend payments. So dividends take the priority compared with growth, but we don't want to be seen and we don't want to pursue this strategy if it would show no growth, and we don't necessarily constrain ourselves to Kazakhstan. Kazakhstan is a very well known jurisdiction. It has already attracted a lot of international investors and the competition for assets of reasonable quality is already pretty high. So I think we will be looking not only at Kazakhstan, but other central Asian jurisdictions, such as Uzbekistan, Kyrgyzstan maybe even Tajikistan, or Armenia. So definitely, we will be looking at the ways to grow the business, but probably not as narrow.

**But this facility, which you mentioned, it should be built in Kazakhstan as one of the conditions, right?**

We have already selected the location. We have signed the land agreement and we are actually starting the procedure of statutory permeaning. The new environmental code in Kazakhstan dictates multi-staged and lengthy local consultation and environmental assessment. We already started this, this year. Together we were at the site of the Ertis POX two weeks ago, we've met with a local team, they will already have presence there at the office. People have come to jumpstart the process. So we have been very serious about this.

Thank you very much for all those who have asked questions her and through the webcast. We understand that this is a difficult process with many details. So again, we all urge you to write to the IR team, to read the circular, to read the FAQ document on the website and again, I would reiterate at the end, the strong recommendation of the board is to vote for all three resolutions proposed to the shareholders.



Evgeny Monakhov, Polymetal Head of Investor Relations and Moderator of event:

Just a couple of concluding remarks. We have established a helpline for shareholders and investors to ask questions and get clarity on what their options are. We have put in place an email address where people can send their inquiries and also ask us for advice. Please consult our website - we've put out an updated Frequently Asked Questions page there that should answer most of your questions. Please call us and email us if you have any questions and look at our website and at our AGM page that will also provide you with everything you need to vote on the 30th of May. Thank you very much. And this concludes the meeting and have a good day.

