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Polymetal International plc

Polymetal signs agreement for the sale of its stake in Dolinnoye

Polymetal International plc (LSE, MOEX: POLY; ADR: AUCOY) (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) have entered into a binding agreement to sell its 50% stake in the Dolinnoye gold property to JSC AK Altynalmas (“Altynalmas”).

TRANSACTION DETAILS

Currently, Polymetal holds a 50% stake in the Dolinnoye property with the remaining 50% owned by Dolfinflip Co Limited (“Dolfinflip”). Under the agreement, Polymetal and Dolfinflip (together the “Sellers”) each agree to transfer their respective 50% interests in “Aktogai Mys” LLC (“Aktogay Mys”), the licence and contract holder for the Dolinnoye gold property, to Altynalmas. The consideration receivable by each of the sellers shall be equal to 50% of US\$ 33.5 million, subject to certain working capital adjustments. The transaction is expected to close in Q2 2018 and is subject to statutory approvals and other customary conditions.

INFORMATION ON THE PROPERTY

The Dolinnoye deposit is located in the Aktogay district of the Karaganda region in the Republic of Kazakhstan. JORC-compliant ore reserves (on 100% basis) comprise 5.1 Mt at 2.4 g/t gold for 0.4 Moz of gold contained. Additional mineral resources (on 100% basis) are estimated at 11.7 Mt at 2.6 g/t for 1.0 Moz of gold contained.

Polymetal’s stake in Dolinnoye was acquired in a series of transactions in 2015-2016 with a view to establishing it as one of a number of ore sources for the Varvara processing hub. Mining commenced in 2017 with 4 Koz of gold produced at Varvara from Dolinnoye ore. All production activities were ceased in late 2017 as negotiations with Altynalmas continued to advance. The Group’s production and cost guidance are not expected to be impacted by the transaction.

The consideration represents US\$ 85 per ounce of gold reserve and US\$ 24 per ounce of gold resource (inclusive of reserves), broadly in line with global averages for assets of this size.

“Dolinnoye became manifestly non-core after Komar fully supplanted it as a source of ore for Varvara”, said Vitaly Nesis, Group CEO of Polymetal, “We will continue to consider other steps to optimize our asset portfolio to focus on high-margin long-life assets”.

Notes: Reserve and resource estimate prepared by Polymetal as at 01.01.2018 on the basis of an initial reserve and resource estimate prepared by CSA as at 28.07.2016. Price: Au = US\$1,200/oz.

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