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**Release time**      IMMEDIATE  
**Date**                26 July 2018

## **Polymetal International plc**

### **Q2 2018 production results**

**Polymetal International plc (LSE, MOEX: POLY; ADR: AUCOY) (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) is pleased to announce the Group’s production results for the second quarter and six months ended June 30, 2018.**

#### **HIGHLIGHTS**

- Polymetal produced 324 Koz of gold equivalent (GE) in the second quarter of 2018, up 17% year-on-year. Volumes at Svetloye and Amursk POX combined with improved grades at Omolon drove the strong performance. Gold production for the quarter was 232 Koz, up 22% year-on-year. Silver production grew by 2% to 6.8 Moz year-on-year.
- GE production for the first six months of 2018 was 619 Koz, an 11% increase year-on-year and fully in line with guidance. Stronger production in the 2H will be driven by traditional seasonal concentrate de-stockpiling at Mayskoye, as well as first contributions from the recently launched Kyzyl operation.
- Kyzyl produced first concentrate in June, one month ahead of schedule. The operation is expected to ramp up to full throughput capacity (150 Kt per month) and reach design recoveries (86%) by October 2018. The company plans to produce 80 Koz of payable gold at Kyzyl this year.
- Gold sales for the quarter increased by 17%, which largely offset a 7% decline in silver sales as the Company generated a total of US\$ 435 million in revenues, up 13% compared to previous year.
- During the quarter the Company generated significant free cash flow. Net debt increased by approximately US\$ 75 million as the company paid US\$ 129 million of final dividends for FY2017 (US\$ 0.30 per share). As in prior years, we expect significantly stronger free cash flow generation in the second half of the year on the back of higher production volumes and seasonal working capital drawdowns.
- Polymetal is pleased to report that no fatalities occurred in the quarter. The Group’s LTIFR improved to 0.17 versus 0.19 in Q2 2017. As part of a continuous effort improve across health and safety metrics, in Q2 we have implemented two new standards – voice reporting of near-misses to improve communication underground, and an incident recording system to improve the efficiency of preventive measures.
- The Company remains on track to meet its FY 2018 production guidance of 1.55 Moz of gold equivalent at TCC of US\$ 650-700/GE oz and AISC of US\$ 875-925/GE oz. Due to the seasonality of revenues, both TCC and AISC are expected to be at the higher end of the guidance range for the first half of the year. The cost guidance remains contingent on the Rouble/Dollar exchange rate dynamic that has a significant effect on the Group’s Rouble-denominated operating costs. Polymetal will announce its half-yearly financial results on 22 August 2018.

“Another strong quarter puts us into a very comfortable position vis-a-vis our guidance for 2018”, said Vitaly Nesis, Group CEO of Polymetal, commenting on the results. “With Kyzyl launched ahead of schedule, the focus is now on its smooth ramp-up and the completion of the POX debottlenecking project.”

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	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change <sup>1</sup>	2018	2017	change <sup>1</sup>
Waste mined, Mt	32.1	29.5	+9%	60.9	55.1	+11%
Underground development, km	31.5	28.9	+9%	64.4	53.8	+20%
Ore mined, Kt	3,352	3,277	+2%	6,541	6,590	-1%
Open-pit	2,156	2,198	-2%	4,191	4,402	-5%
Underground	1,196	1,079	+11%	2,350	2,189	+7%
Ore processed, Kt	3,905	3,443	+13%	6,967	6,286	+11%
Production						
Gold, Koz	232	190	+22%	446	389	+15%
Silver, Moz	6.8	6.6	+2%	12.7	12.8	-0%
Copper, Kt	0.9	0.5	+72%	1.6	1.0	+66%
Zinc, Kt	1.6	1.2	+32%	3.0	2.3	+30%
Gold equivalent, Koz <sup>2</sup>	324	278	+17%	619	558	+11%
Sales						
Gold, Koz	239	203	+17%	445	380	+17%
Silver, Moz	7.3	7.8	-7%	12.1	12.4	-3%
Copper, Kt	1.2	0.5	+158%	1.5	0.5	+171%
Zinc, Kt	1.4	1.7	-17%	2.3	2.2	+3%
Revenue, US\$m <sup>3</sup>	435	385	+13%	789	683	+16%
Net debt, US\$m <sup>4</sup>	1,653	1,578	+5%	1,653	1,421	+16%
Safety <sup>5</sup>						
LTIFR	0.17	0.19	-11%	0.16	0.15	+7%
Fatalities	0	1	-100%	1	1	0%

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 March 2018 (for the three months period) and 31 December 2017 (for the six months period).

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

(6) NA = not available, NM – not material

## PRODUCTION BY MINE

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change <sup>1</sup>	2018	2017	change <sup>1</sup>
<b><u>GOLD EQ. (KOZ)</u><sup>1</sup></b>						
Dukat	76	79	-4%	155	158	-2%
Albazino-Amursk	63	40	+58%	153	108	+41%
Omolon	54	43	+27%	86	93	-8%
Mayskoye	-	4	-100%	-	9	-100%
Varvara	31	27	+18%	66	55	+19%
Voro	28	33	-13%	54	58	-7%
Svetloye	45	26	+69%	53	26	+101%
Okhotsk	12	12	-3%	25	24	+5%
Kapan	15	14	+1%	27	25	+8%
<b>TOTAL</b>	<b>324</b>	<b>278</b>	<b>+17%</b>	<b>619</b>	<b>558</b>	<b>+11%</b>

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

## CONFERENCE CALL AND WEBCAST

Polymetal will hold a conference call and webcast on Thursday, 26 July 2018 at 10:00 London time (12:00 Moscow time).

To participate in the call, please dial:

8 800 500 98 63 access code 95582454# (free from Russia), or

0808 238 9671 (free from the UK), or

+1 646 722 4913 (free from the US), or

follow the link: <http://polymetal260718-live.audio-webcast.com>. Please be prepared to introduce yourself to the moderator or register.

Webcast replay will be available on Polymetal's website ([www.polymetalinternational.com](http://www.polymetalinternational.com)) and at <http://polymetal260718-live.audio-webcast.com>. A recording of the call will be available immediately after the call at +44 20 3364 5147 (from within the UK), 1 646 722 4969 (USA Toll Free) and +7 495 249 16 71 (from within Russia), access code 418779146#, from 12:30 Moscow time Thursday, 26 July, till 12:30 Moscow time Thursday, 2 August, 2018.

## Enquiries

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

## 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

## DUKAT OPERATIONS

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
<b>Dukat</b>						
Underground development, m	9,066	8,201	+11%	17,783	16,213	+10%
Ore mined (underground), Kt	420	418	+1%	825	817	+1%
<b>Goltsovoye</b>						
Underground development, m	1,864	1,877	-1%	3,687	3,264	+13%
Ore mined (underground), Kt	48	47	+2%	93	92	+1%
<b>Lunnoye</b>						
Underground development, m	2,299	2,154	+7%	4,487	3,802	+18%
Ore mined (underground), Kt	147	142	+4%	280	286	-2%
<b>Perevalnoye</b>						
Underground development, m	907	755	+20%	1,780	1,257	+42%
Ore mined (underground), Kt	-	-	NA	2	-	NA
<b>Nachalny-2</b>						
Waste mined, Kt	-	75	-100%	-	75	-100%
Ore mined (open pit), Kt	-	16	-100%	-	16	-100%
<b>Terem</b>						
Underground development, m	847	458	+85%	1,694	458	+270%
Ore mined (underground), Kt	11	5	+126%	20	5	+306%
<b>TOTAL HUB</b>						
Waste mined, Kt	-	75	-100%	-	75	-100%
Underground development, m	14,983	13,445	+11%	29,431	24,994	+18%
Ore mined, Kt	626	627	-0%	1,221	1,215	+1%
Open-pit	-	16	-100%	-	16	-100%
Underground	626	611	+2%	1,221	1,199	+2%
<b>PROCESSING</b>						
<b>Dukat</b>						
Ore processed, Kt	513	491	+4%	996	967	+3%
Grade						
Gold, g/t	0.5	0.4	+18%	0.5	0.4	+20%
Silver, g/t	291	310	-6%	302	319	-5%
Recovery <sup>1</sup>						
Gold	87.0%	87.3%	-0%	86.6%	85.4%	+1%
Silver	88.2%	89.1%	-1%	88.0%	88.3%	-0%
Production						
Gold, Koz	7.1	6.2	+14%	14.3	11.7	+22%
Silver, Moz	4.1	4.3	-5%	8.4	8.6	-3%
<b>Lunnoye</b>						
Ore processed, Kt	114	116	-1%	227	228	-0%
Grade						
Gold, g/t	1.2	1.2	-5%	1.2	1.3	-3%
Silver, g/t	323	346	-7%	340	364	-6%

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
Recovery <sup>1</sup>						
Gold	85.4%	90.2%	-5%	85.3%	91.0%	-6%
Silver	90.2%	92.0%	-2%	91.0%	92.2%	-1%
Production						
Gold, Koz	3.6	4.2	-14%	7.6	8.5	-11%
Silver, Moz	1.1	1.2	-8%	2.2	2.4	-7%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	10.7	10.4	+3%	21.9	20.2	+8%
Silver, Moz	5.2	5.5	-5%	10.6	11.0	-4%

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

Dukat underground development and processing volumes at the Omsukchan concentrator both hit record levels as the operation is trying to offset grade declines and the narrowing of the average vein width.

Q2 gold production at Dukat increased by 3% year-on-year as the concentrator processed ore from gold-rich veins at the deeper levels of Dukat. Silver production decreased by 5% over 2017 due to planned grade declines.

Underground development at the Perevalnoye and Terem satellite deposits is making significant progress as both ore sources are expected to deliver significant contributions to the feed at the Omsukchan concentrator during the year. Stopping at Perevalnoye is expected to ramp up by Q3.

At Lunnoye, mill throughput volumes remained flat, while both gold and silver production decreased year-on-year by 14% and 8%, respectively. This comes on the back of lower grades following the depletion of high-grade areas of Zone 7.

## ALBAZINO-AMURSK

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
Waste mined, Kt	5,389	4,988	+8%	10,490	9,388	+12%
Underground development, m	2,336	1,898	+23%	4,696	3,485	+35%
Ore mined, Kt	478	509	-6%	930	992	-6%
Open-pit	370	424	-13%	715	830	-14%
Underground	108	85	+26%	216	161	+34%
<b>PROCESSING</b>						
<b>Albazino concentrator</b>						
Ore processed, Kt	441	439	+1%	860	856	+1%
Gold grade, g/t	4.8	4.8	+0%	5.0	4.8	+6%
Gold recovery <sup>1</sup>	85.0%	87.9%	-3%	85.8%	87.1%	-2%
Concentrate produced, Kt	35.0	36.1	-3%	68.9	71.5	-4%
Concentrate gold grade, g/t	51.7	51.6	+0%	54.4	50.1	+8%
Gold in concentrate, Koz <sup>2</sup>	58.1	60.0	-3%	120.3	115.1	+5%
<b>Amursk POX</b>						
Concentrate processed, Kt	32.2	23.1	+39%	82.2	66.2	+24%
Albazino	27.2	20.0	+36%	71.1	60.2	+18%
Third-party	5.0	3.1	+60%	11.1	6.0	+85%
Gold grade, g/t	59.3	59.9	-1%	58.1	55.4	+5%
Gold recovery	96.7%	96.0%	+1%	97.1%	96.1%	+1%
Gold produced, Koz	63.0	39.8	+58%	152.8	108.1	+41%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	63.0	39.8	+58%	152.8	108.1	+41%

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 completion of downstream processing at the Amursk POX

At Albazino, ore mining started at the new Ekaterina open pit. The processing of partially oxidized near-surface material has negatively impacted recoveries, a situation expected to be reversed by the end of the year.

Underground mine productivity and grades continued to improve on the back of a full transition to partially cemented waste backfill in primary stopes.

At Amursk POX, the scheduled 6-week maintenance shutdown was successfully completed in May with the installation of all new pipes and valves required for the debottlenecking project. Year-on-year production increased by 58% as 2017 performance was impacted by a longer autoclave re-line shutdown.

The debottlenecking project is on schedule. The new section to crush, mill and store lime and limestone has been commissioned. The focus now shifts to commissioning the new oxygen plant and installing sulphur filters and the acidic thickener. Polymetal plans to ramp up the debottlenecked POX plant in Q4 of 2018, with additional feed comprising Kyzyl and 3<sup>rd</sup>-party concentrates.

## OMOLON OPERATIONS

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
<b>Sopka</b>						
Waste mined, Kt	1,645	1,903	-14%	2,677	2,330	+15%
Ore mined (open pit), Kt	5	64	-92%	298	64	+367%
<b>Tsokol</b>						
Underground development, m	796	992	-20%	1,663	1,897	-12%
Ore mined (underground), Kt	38	26	+47%	76	61	+25%
<b>Birkachan</b>						
Underground development, m	1,192	1,202	-1%	2,396	2,348	+2%
Ore mined (underground), Kt	32	28	+15%	60	54	+10%
<b>Oroch</b>						
Waste mined, Kt	-	-	NA	-	109	-100%
Ore mined (open pit), Kt	-	-	NA	-	81	-100%
<b>Olcha</b>						
Waste mined, Kt	-	-	NA	-	184	-100%
Underground development, m	1,181	820	+44%	2,282	1,326	+72%
Ore mined, Kt	22	-	NA	48	73	-34%
Open pit	-	-	NA	-	73	-100%
Underground	22	-	NA	48	-	NA
<b>TOTAL HUB</b>						
Waste mined, Kt	1,645	1,903	-14%	2,677	2,622	+2%
Underground development, m	3,169	3,014	+5%	6,341	5,571	+14%
Ore mined, Kt	97	117	-17%	482	333	+45%
Open-pit	5	64	-92%	298	218	+37%
Underground	92	54	+72%	184	115	+59%
<b>PROCESSING</b>						
<b>Birkachan Heap Leach</b>						
Ore stacked, Kt	472	121	+289%	472	121	+289%
Gold grade, g/t	1.1	1.3	-15%	1.1	1.3	-15%
Gold production, Koz	1.0	-	NA	1.0	-	NA

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>Kubaka Mill</b>						
Ore processed, Kt	216	214	+1%	422	429	-2%
Grade						
Gold, g/t	5.2	5.3	-1%	5.0	6.3	-20%
Silver, g/t	171	134	+27%	102	78	+31%
Recovery <sup>1</sup>						
Gold	95.7%	94.0%	+2%	95.4%	93.8%	+2%
Silver	88.2%	82.3%	+6%	81.7%	81.8%	0%
Gold production, Koz	39.7	35.3	+12%	70.1	84.3	-17%
Silver production, Moz	1.1	0.6	+79%	1.2	0.7	+60%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	40.7	35.3	+15%	71.1	84.3	-16%
Silver, Moz	1.1	0.6	+79%	1.2	0.7	+60%

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

In Q2, gold production at Omolon was up 15% year-on-year with silver production jumping 79%. Higher grades and better metallurgical properties of Sopka ore drove improved recoveries and lower work-in-progress requirements.

Underground mines performed strongly with a continued shift towards underground ore mining, particularly in terms of metals contained.

The Birkachan heap leach operation recommenced in Q2 with stacking volumes positively impacted by the introduction of screening operation ahead of the crusher. The circuit is expected to deliver meaningful production in 2H.

## MAYSKOYE

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
Waste mined, Kt	1,377	1,554	-11%	1,950	2,571	-24%
Underground development, m	6,038	4,996	+21%	12,136	9,604	+26%
Ore mined, Kt	285	284	+0%	463	538	-14%
Open-pit	110	120	-8%	132	143	-8%
Underground	174	164	+6%	331	395	-16%
<b>PROCESSING</b>						
<b>Flotation</b>						
Ore processed, Kt	213	157	+36%	416	363	+15%
Sulphide ore	66	145	-54%	269	351	-23%
Oxide ore	147	12	+1164%	147	12	+1164%
Gold grade, g/t	8.3	5.6	+49%	6.7	5.9	+13%
Sulphide ore	5.7	5.2	+10%	5.2	5.8	-10%
Oxide ore	9.5	9.9	-4%	9.5	9.9	-4%
Gold recovery	71.4%	88.6%	-17%	77.5%	78.4%	-1%
Sulphide ore	87.5%	88.6%	+1%	87.9%	87.7%	+2%
Oxide ore	67.1%	53.5%	+14%	67.1%	53.5%	+14%
Concentrate produced, Kt	16.2	11.5	+40%	33.4	30.1	+11%
Concentrate gold grade, g/t	50.4	59.8	-16%	51.3	60.2	-15%
Gold in concentrate, Koz <sup>2</sup>	26.2	22.2	+18%	55.0	58.2	-6%
Gold in carbon, Koz <sup>3</sup>	12.1	8.0	+51%	12.1	8.0	+51%



**Amursk POX**

Concentrate processed, Kt	-	1.0	-100%	-	5.2	-100%
Gold grade, g/t	-	55.9	-100%	-	50.0	-100%
Gold recovery	-	96.3%	-100%	-	96.1%	-100%
Gold produced, Koz	-	3.8	-100%	-	9.0	-100%

**TOTAL PRODUCTION**

Gold, Koz	0.0	3.8	-100%	0.0	9.0	-100%
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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-taker or internal downstream processing to saleable metal product

(3) Work in progress. For information only; not considered as gold produced and therefore not reflected in the table representing total production

Underground development at Mayskoye continued to increase as the new mine level (100m below surface) is expected to enter stoping in Q1 2019.

Oxide ore processing through the combined float-leach circuit has demonstrated broadly positive results. Recoveries are in line with metallurgical test work and, given very high grades of oxide material, gold production for the year is expected to jump significantly.

This year most of Mayskoye concentrate will be sold to Chinese off-takers as in-house POX capacity is taken up by higher-grade third-party material. Accordingly, production at Mayskoye will be booked in the second half of the year once the stockpiled concentrate is shipped to off-takers and loaded carbon is stripped at the Amursk POX.



## VARVARA

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
<b>Varvara</b>						
Waste mined, Kt	1,652	2,982	-45%	3,256	6,659	-51%
Ore mined, Kt	180	376	-52%	349	878	-60%
<b>Komarovskoye</b>						
Waste mined, Kt	5,899	2,956	+100%	11,444	5,260	+118%
Ore mined, Kt	531	466	+14%	1,037	900	+15%
<b>PROCESSING</b>						
<b>Flotation</b>						
Ore processed, Kt	104	32	+226%	180	89	+103%
Grade						
Gold, g/t	1.4	3.1	-57%	1.3	2.4	-46%
Copper	0.51%	0.70%	-26%	0.53%	0.61%	-13%
Recovery <sup>1</sup>						
Gold	71.8%	69.4%	+2%	67.7%	65.0%	+2%
Copper	92.6%	87.2%	+5%	91.5%	80.7%	+11%
Production						
Gold (in concentrate), Koz	2.6	1.7	+52%	4.2	3.3	+27%
Copper (in concentrate), Kt	0.5	0.2	+161%	0.9	0.4	+11%
Toll-treated ore processed, Kt <sup>2</sup>	32	52	-39%	43	63	-31%
<b>Leaching</b>						
Ore processed, Kt	723	671	+8%	1,498	1,409	+6%
Gold grade, g/t	1.3	1.1	+15%	1.4	1.3	+12%
Gold recovery <sup>1</sup>	87.5%	79.7%	+10%	86.9%	81.1%	+7%
Gold production (in dore), Koz	26.3	24.0	+10%	57.5	50.0	+15%
Total ore processed, Kt	858	755	+14%	1,721	1,560	+10%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	28.9	25.7	+12%	61.7	53.3	+16%
Copper, Kt	0.5	0.2	+161%	0.9	0.4	+112%

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.

In Q2, Varvara delivered a 12% increase in gold production year-on-year. Continued increases in Komar ore rilling capacity drove higher processing volumes and improved head grades at the leaching circuit. Gold recovery rates in the leaching circuit also improved thanks to the detailed geo-metallurgical mapping of Komar ore followed by the introduction of flexible reagent additions.

Open pit mining volumes continued to shift away from Varvara towards Komar following high-margin ore tonnes.

Varvara continued to toll-treat third-party refractory gold ore. The produced gold concentrate is processed at the Amursk POX facility. Gold production from this material is booked following dore production from concentrate at Amursk.

## VORO

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
<b>Voro</b>						
Waste mined, Kt	850	2,539	-67%	1,921	5,057	-62%
Ore mined, Kt	272	402	-32%	575	822	-30%
<b>PROCESSING</b>						
<b>Voro Heap Leach</b>						
Ore stacked, Kt	2	180	-99%	2	180	-99%
Gold grade, g/t	1.5	1.3	+18%	1.5	1.3	+18%
Gold production, Koz	2.1	3.2	-34%	3.7	5.8	-36%
<b>Voro CIP</b>						
Ore processed, Kt	252	252	+0%	498	498	+0%
Gold grade, g/t	4.2	4.9	-15%	4.0	4.3	-5%
Gold recovery <sup>1</sup>	81.1%	82.6%	-2%	80.8%	81.8%	-1%
Gold production, Koz	26.2	29.3	-10%	50.8	52.6	-4%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	28.3	32.5	-13%	54.5	58.4	-7%

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

Q2 gold production at Voro decreased by 13% year-on-year, largely driven by lower ore grades.

Mining volumes declined sharply as expected given that the open pit is nearing closure next year. Exploration drilling has identified substantial high-quality mineralization below the open pit. Technical studies are currently under way to determine the feasibility of underground mining.

The heap leach plant shifted to residual leaching, whereby previously leached ore is re-crushed and re-agglomerated to enable recoveries from previously impermeable material.

## SVETLOYE

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
<b>Svetloye</b>						
Waste mined, Kt	122	66	+85%	224	255	-12%
Ore mined (open pit), Kt	335	331	+1%	661	595	+11%
<b>PROCESSING</b>						
<b>Svetloye Heap Leach</b>						
Ore stacked, Kt	434	370	+17%	653	466	+40%
Gold grade, g/t	3.8	4.7	-18%	3.8	4.5	-15%
Gold production, Koz	44.7	26.4	+69%	53.0	26.4	+101%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	44.7	26.4	+69%	53.0	26.4	+101%

In Q2 Svetloye delivered a robust 69% year-on-year production increase.

Higher stacking volumes and continued leaching of material placed on pads last year more than offset grade declines.

Successful step-out drilling at the Emy pit and positive metallurgical test work for the material from the nearby Levoberezhny property indicate potential to extend the life-of-mine of Svetloye by approximately 4 years to 2028.

## OKHOTSK OPERATIONS

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
<b>Avlayakan</b>						
Underground development, m	756	1,223	-38%	2,108	2,467	-15%
Ore mined (underground), Kt	42	29	+44%	88	68	+30%
<b>Khotorchan</b>						
Waste mined, Kt	251	-	NA	254	-	NA
Ore mined (open pit), Kt	28	-	NA	28	-	NA
<b>PROCESSING</b>						
<b>Khakanja</b>						
Ore processed, Kt	159	153	+3%	312	307	+2%
Grade						
Gold, g/t	1.8	1.7	+7%	1.8	1.5	+17%
Silver, g/t	87	99	-12%	87	99	-13%
Recovery <sup>1</sup>						
Gold	97.4%	96.2%	+1%	97.2%	96.5%	+1%
Silver	72.6%	73.7%	-1%	72.1%	73.8%	-2%
Gold production, Koz	8.0	7.8	+2%	16.6	14.8	+12%
Silver production, Moz	0.3	0.4	-13%	0.6	0.7	-7%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	8.0	7.8	+2%	16.6	14.8	+12%
Silver, Moz	0.3	0.4	-13%	0.6	0.7	-7%

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

At Okhotsk, production was largely flat. Sea transportation of ore from Avlayakan commenced on time setting the stage for improvement in grades in Q3.

A new small-scale satellite open-pit mine, Khotorchan, entered production. The operation is expected to be completed in Q4 2018 with ore trucked by winter road to the Khakanja mill in Q1 2019.

## KAPAN

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
<b>Kapan</b>						
Underground development, m	4,268	4,355	-2%	9,684	7,723	+25%
Ore mined (underground), Kt	154	135	+14%	311	250	+24%
<b>PROCESSING</b>						
Ore processed, Kt	158	132	+20%	312	246	+27%
Grade						
Gold, g/t	2.0	2.6	-23%	1.9	2.4	-19%
Silver, g/t	34	45	-25%	33	44	-24%
Copper, %	0.32%	0.32%	+2%	0.31%	0.30%	+6%
Zinc, %	1.48%	1.31%	+13%	1.40%	1.32%	+6%
Recovery						
Gold	84.7%	86.3%	-2%	83.4%	85.0%	-2%
Silver	85.2%	84.9%	+0%	83.6%	84.1%	-1%
Copper	95.8%	91.6%	+5%	95.2%	91.3%	+4%
Zinc	86.7%	90.8%	-4%	87.1%	89.7%	-3%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	7.7	8.6	-10%	14.2	14.4	-1%
Silver, Moz	0.1	0.1	-9%	0.2	0.2	-5%
Copper, Kt	0.4	0.3	+24%	0.8	0.6	+34%
Zinc, Kt	1.6	1.2	+32%	3.0	2.3	+30%

Gold production for Q2 decreased slightly year-on-year as the upper levels of the mine with high-grade stopes were temporarily unavailable due to the official enquiry of the fatal incident on March 2.

Ore mined volumes continued to grow, reflecting the positive results of ongoing improvement measures to debottleneck the underground mine, especially as mine personnel completed a full transition from manual to mechanized drilling. The processing volumes grew in line with mining.

Gold grades declined year-on-year as manual shrinkage with minimal dilution was completely phased out due to health and safety concerns.

## KYZYL

	3 months ended Jun 30,		%	6 months ended Jun 30,		%
	2018	2017	change	2018	2017	change
<b>MINING</b>						
Waste mined, Kt	14,888	12,479	+19%	28,683	23,178	+24%
Ore mined (open-pit), Kt	323	-	NA	397	-	NA
<b>PROCESSING</b>						
Ore processed, Kt	74	-	NA	74	-	NA
Gold grade, g/t	2.5	-	NA	2.5	-	NA
Gold recovery	42%	-	NA	42%	-	NA
Concentrate produced, Kt	1.3	-	NA	1.3	-	NA
Concentrate gold grade, g/t	46.5	-	NA	46.5	-	NA
Gold in concentrate, Koz <sup>1</sup>	2.0	-	NA	2.0	-	NA

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 sale to off-taker or internal downstream processing to saleable metal product

The Kyzyl processing plant was started up on 17 June 2018, one month ahead of schedule, with the first 1.3 Kt of concentrate produced during the month from the lower-grade material.

The 3-month ramp up period so far has been progressing according to plan. Grade reconciliation is in line with the reserve model. The recoveries are being improved continuously, with the current average run-rate of 72% achieved in July to date.

## OTHER DEVELOPMENTS

Nezhda - the Company decided to exercise its call option to acquire the remaining 75.3% stake in the gold property, which will bring its effective stake to 100% once completed. The total consideration for the call option exercise will amount to US\$ 144 million, payable in Polymetal shares. The transaction is expected to be completed by the end of 2018 after the receipt of all required regulatory approvals. A detailed development plan for the asset will be presented after the completion of a Feasibility Study in Q4 2018.

Prognoz - the Company has brought its effective ownership in the silver asset to 100% via 2 separate transactions for a total of US\$ 212 million paid in Polymetal shares. An updated JORC-compliant resource estimate is expected in Q4 2018.

## HEALTH AND SAFETY

Polymetal had no fatalities in the quarter, with a Group Lost Time Injury Frequency Rate ("LTIFR") of 0.17 versus 0.19 in Q2 2017.

All our Russian and Kazakh operations maintained their OHSAS 18001 accreditation following external audits, with Kyzyl and Komar re-certified during Q2 2018. An audit of Kapan is scheduled for the next quarter.

Safety remains a top priority for Polymetal and the Company reaffirms its commitment to further improving across health and safety metrics to achieve our zero-harm target. Details of the implemented safety and employee welfare initiatives are set out in the Sustainability Report, which can be found on our website.

Polymetal continues to invest in digital technologies and innovative practices to achieve greater levels of safety, efficiency, and productivity. In the reporting period, we have implemented two new standards – voice reporting of near-misses to improve communication underground, and an incident recording system to improve the efficiency of preventive measures.

## PERSONNEL

Yerbol Rakhimov (51) was appointed as Managing Director of Mayskoye. Yerbol replaced Yevgeny Tsybin (41) who assumed the position of Technical Director in Polymetal's Magadan office. Mr Rakhimov was born in Kazakhstan in 1967 and in 1991 graduated from the Kazakh Polytechnic Institute with a degree in mining engineering. From 1991 until 2011 he held various positions with Kazzinc, first as an underground mine surveyor and all the way up to chief engineer and mine manager. In 2011, Mr. Rakhimov joined Polymetal as chief engineer of the Dukat underground mine, a position he held until 2015. In 2015, he was appointed chief engineer of the Dukat operations.