

Release time IMMEDIATE
Date 15 October 2018

Polymetal International plc

Polymetal increases its stake in the Veduga gold project

Polymetal International plc has agreed to increase its stake in the Veduga gold deposit to 74.3% through the acquisition of a 31.7% stake in Amikan LLC (“Amikan”), the licence holder for the property. The total consideration will comprise US\$ 19.7 million, payable in Polymetal shares.

“Obtaining a controlling stake in Veduga will allow us to explore multiple strategic options for this large and high-grade asset, including potentially selling the asset as it remains non-core for Polymetal. In the meantime, Polymetal will continue to process Veduga’s high-grade ore at our existing processing facilities”, said Vitaly Nesis, Group CEO of Polymetal.

TRANSACTION DETAILS

The total consideration to acquire a 31.7% stake in Veduga comprised US\$ 19.7 million paid to 2 shareholders of Amikan - SIBPROJECT LLC and a private investor Malakh Y. by issuing 2,456,049 new ordinary shares of the Company, representing 0.54% of Polymetal’s total increased share capital. The number of issued shares has been determined by dividing US\$ 19.7 million by US\$ 8.036, the spot price of ordinary shares of the Company on the Main Market of the London Stock Exchange as at market close on 10 October 2018 in US dollars.

An application has been made to the London Stock Exchange and UKLA on the Official List and the Consideration Shares are expected to be admitted to trading on the London Stock Exchange on 17 October 2018. Following admission, the total issued share capital of the Company will comprise 455,881,730 ordinary shares of no par value, each carrying one vote.

The value of Amikan’s gross assets subject to the transaction (on a 100% share basis) is US\$ 66.8 million with an attributable reported pre-tax profit of US\$ 17.3 million based on FY2017 financial accounts.

ABOUT THE PROPERTY

Veduga is a high-grade refractory gold deposit with reserves of 1.4 Moz of gold at 4.8 g/t and additional mineral resources of 0.4 Moz at 4.9 g/t. Polymetal has been a partial owner of the property since 2006 with the original 50% stake acquired through the JV with AngloGoldAshanti and subsequently diluted by external equity financing.

In 2012-2018 2,882 kt of ore with the average grade of 3.84 g/t containing 356 koz of gold was extracted from the open-pit mine at Veduga. Ore was sold to multiple processing plants including Varvara (Polymetal), Olimpiada (Polyus), and Vasilyevsky (Vasilyevsky Rudnik).

Veduga comprises 4 licence plots with the total area of 18 sq.km. It is located in a prolific Northern Yenisey gold belt in the Krasnoyarsk Region, the top gold producing region of Russia. The property is accessible by an all-year road and has direct access to the federal power grid.

About Polymetal

Polymetal International plc (LSE, MOEX: POLY, ADR: AUCOY) (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) is a top-20 global gold producer and top-5 global silver producer with assets in Russia, Kazakhstan and Armenia. The Company combines strong growth with a robust dividend yield.

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