

Release time IMMEDIATE
Date 24 October 2019

Polymetal International plc

Q3 2019 production results

Polymetal reports solid production results for the third quarter and nine months ended September 30, 2019.

“Continued strong performance at Kyzyl is driving our production dynamics. We now expect to exceed our full-year production guidance”, said Vitaly Nesis, Group CEO of Polymetal.

HIGHLIGHTS

- In Q3, the Company's gold equivalent (“GE”) production grew by 7% year-on-year to 476 Koz driven by Kyzyl contributing 94 Koz. Following the successful completion of several improvement projects, Kyzyl concentrator achieved steady-state throughput of 2.0 Mtpa, 11% above the original design.
- Quarterly gold production gained 13% while silver output contracted by 20% on the back of 2018 asset disposals and planned grade decline at Dukat.
- GE production for the first nine months of 2019 increased 16% to 1,232 Koz. Polymetal is likely to exceed its full-year production guidance of 1,550 Koz by up to 50 Koz.
- Q3 revenue increased by 43% to US\$ 656 million on the back of higher sales volumes and prices. The seasonal gap between production and sales has been closed.
- The Company notes cost increases from royalties driven by commodity prices yet maintains its cost guidance for 2019: TCC of US\$ 600-650/GE oz and AISC of US\$ 800-850/GE oz.
- Net Debt of US\$ 1.7 billion as of 30 September 2019 remained largely unchanged compared to 30 June 2019. The Company generated significant free cash flow and paid a regular semi-annual dividend of US\$ 94 million (US\$ 0.20 per share).
- Construction and development activities at the Nezhda and the POX-2 projects continued on schedule.
- In Q3, Polymetal had its ESG ratings upgraded – MSCI ESG Ratings score improved from BBB to A, and ISS-Oekom Corporate Rating was raised to C+. Furthermore, the Company was reaffirmed as a member of the Dow Jones Sustainability Index and FTSE4Good Index Series.

	3 months ended Sep 30 ¹ ,		% change ²	9 months ended Sep 30 ¹ ,		% change ²
	2019	2018		2019	2018	
Waste mined, Mt	41.3	33.6	+23%	118.9	94.5	+26%
Underground development, km	25.9	31.2	-17%	80.2	96.8	-17%
Ore mined, Mt	4.5	3.6	+22%	13.0	10.2	+28%
Open-pit	3.4	2.5	+36%	9.9	6.7	+48%
Underground	1.1	1.2	-7%	3.1	3.5	-11%
Ore processed, Mt	3.9	4.4	-12%	11.5	11.4	+1%
Production						
Gold, Koz	402	356	+13%	1,005	801	+25%
Silver, Moz	5.4	6.7	-20%	16.4	19.4	-16%
Copper, Kt	0.6	0.9	-36%	2.0	2.5	-21%
Gold equivalent, Koz ³	476	447	+7%	1,232	1,066	+16%
Sales						
Gold, Koz	388	321	+21%	992	766	+30%
Silver, Moz	6.1	5.3	+15%	16.4	17.4	-6%
Copper, Kt	1.0	0.5	+109%	2.0	1.9	+5%
Revenue, US\$m ⁴	656	459	+43%	1,602	1,248	+28%
Net debt, US\$m ⁵	1,702	1,700	+0%	1,702	1,518	+12%
Safety						
LTIFR ⁶	0.11	0.07	+57%	0.19	0.13	+46%
Fatalities	0	0	NA	2	1	+1

Notes: (1) Including discontinued operations.

(2) % 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.

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

(4) Calculated based on the unaudited consolidated management accounts.

(5) Non-IFRS measure based on unaudited consolidated management accounts. Comparative information is presented for 30 June 2019 (for the three months period) and 31 December 2018 (for the nine months period).

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

PRODUCTION BY MINE

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2019	2018		2019	2018	
<u>GOLD EQ. (KOZ)</u>¹						
Kyzyl	94	10	NM	253	10	NM
Dukat	75	77	-2%	233	231	+1%
Albazino-Amursk	75	88	-15%	211	241	-12%
Omolon	49	50	-3%	148	136	+8%
Mayskoye	72	47	+52%	76	47	+62%
Varvara	37	37	-1%	113	103	+10%
Voro	28	23	+20%	85	78	+9%
Svetloye	46	59	-22%	107	112	-4%
TOTAL (continuing operations)	476	392	+21%	1,227	959	+28%
Okhotsk	-	44	NA	-	68	NA
Kapan	-	11	NA	5	38	NA
TOTAL (including discontinued operations)	476	447	+7%	1,232	1,066	+16%

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

CONFERENCE CALL AND WEBCAST

Polymetal will hold a conference call and webcast on Thursday, 24 October 2019 at 12:00 London time (14:00 Moscow time).

To participate in the call, please dial:

From the UK:

+44 330 336 9411 (local access)

0800 279 7204 (toll free)

From the US:

+1 929 477 0324 (local access)

800 458 4121 (toll free)

From Russia:

+7 495 646 9190 (local access)

8 10 8002 867 5011 (toll free)

To participate from other countries, please dial any of the local access numbers listed above.

Conference code: 2360288

To participate in the webcast follow the link: <https://webcasts.eqs.com/polymetal20191024>. Please be prepared to introduce yourself to the moderator or register.

A recording of the call will be available immediately after the call at +44 20 7660 0134 (from the UK), +1 719 457 0820 (from the USA) and 8 10 8002 702 1012 (from Russia), access code 2360288, from 17:30 Moscow time Thursday, 24 October, till 17:30 Moscow time Thursday, 31 October, 2019. Webcast replay will be available on Polymetal's website (www.polymetalinternational.com) and at <https://webcasts.eqs.com/polymetal20191024>.

About Polymetal

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

Enquiries

Media		Investor Relations	
FTI Consulting Leonid Fink Viktor Pomichal	+44 20 3727 1000	Polymetal Evgeny Monakhov Timofey Kulakov Kirill Kuznetsov	ir@polymetalinternational.com +44 20 7887 1475 (UK) +7 812 334 3666 (Russia)
Joint Corporate Brokers			
Morgan Stanley Andrew Foster Richard Brown	+44 20 7425 8000	RBC Europe Limited Marcus Jackson Jamil Miah	+44 20 7653 4000
Panmure Gordon Charles Lesser James Stearns	+44 20 7886 2500		

Forward-looking statements

This release may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements speak only as at the date of this release. These forward-looking statements can be identified by the use of forward-looking terminology, including the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or “should” or similar expressions or, in each case their negative or other variations or by discussion of strategies, plans, objectives, goals, future events or intentions. These forward-looking statements all include matters that are not historical facts. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the company’s control that could cause the actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the company’s present and future business strategies and the environment in which the company will operate in the future. Forward-looking statements are not guarantees of future performance. There are many factors that could cause the company’s actual results, performance or achievements to differ materially from those expressed in such forward-looking statements. The company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

KYZYL

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2019	2018		2019	2018	
MINING						
Waste mined, Mt	17.5	16.1	+9%	49.9	44.8	+11%
Ore mined (open-pit), Kt	527	436	+21%	1,560	833	+87%
PROCESSING						
Ore processed, Kt	502	362	+39%	1,490	436	NM
Gold grade, g/t	7.5	5.1	+45%	7.0	4.7	+49%
Gold recovery	88.3%	78.7%	+12%	87.7%	75.3%	+16%
Concentrate produced, Kt	31.4	20.4	+54%	89.7	21.7	NM
Concentrate gold grade, g/t	104.8	69.1	+52%	101.7	67.7	+50%
Gold in concentrate, Koz ¹	105.9	45.2	+134%	293.3	47.2	NM
Concentrate shipped, Kt	17.2	5.4	+220%	54.2	5.4	NM
Payable gold shipped, Koz	35.8	10.0	+259%	127.0	10.0	NM
Amursk POX						
Concentrate processed, Kt	15	-	NA	35	-	NA
Gold grade, g/t	125.9	-	NA	125.3	-	NA
Gold recovery	91.7%	-	NA	92.9%	-	NA
Gold produced, Koz	58.2	-	NA	126.5	-	NA
TOTAL PRODUCTION						
Gold, Koz	94.0	10.0	NM	253.5	10.0	NM

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 shipment to off-taker or dore production at Amursk POX.

Kyzyl continued to exceed budget on throughput and grade. Gold in concentrate in Q3 was 106 Koz while payable gold production amounted to 94 Koz.

Q3 is expected to be the last quarter with significant positive grade reconciliation. Starting from Q4 mining will continue beyond the near-surface area with significant high-grade lenses and the average grade will revert to open-pit reserve average.

The Chinese market for refractory concentrates is continuing to tighten. In response, the Company moved to increase the share of gold contained in low-carbon concentrate processed at Amursk POX to 70% (versus 50% planned). This drove POX recoveries lower, but will ensure higher production and lower costs at Kyzyl at the expense of reducing 3rd-party concentrate processing.

Following the successful completion of several improvement projects, Kyzyl concentrator achieved steady-state throughput of 2.0 Mtpa, 11% above the original design. Several initiatives are under way to evaluate pushing throughput to 2.1 Mtpa level by H2 2020.

Polymetal Engineering is finalizing a FS-level technical study to re-optimize the open pit under updated operational and economic assumptions. The results, including the updated Ore Reserves estimate, will be presented on November 11 at the Analyst and Investor Day.

DUKAT OPERATIONS

	<u>3 months ended Sep 30,</u>		<u>%</u> change	<u>9 months ended Sep 30,</u>		<u>%</u> change
	2019	2018		2019	2018	
<u>MINING</u>						
Underground development, km	15.0	14.9	+1%	45.0	44.5	+1%
Ore mined, Kt	642	610	+5%	1,894	1,831	+3%
<u>PROCESSING</u>						
Omsukchan concentrator						
Ore processed, Kt	506	500	+1%	1,535	1,496	+3%
Grade						
Gold, g/t	0.5	0.6	-15%	0.5	0.6	-5%
Silver, g/t	282	296	-5%	291	300	-3%
Recovery ¹						
Gold	86.7%	87.0%	-0%	86.1%	86.8%	-1%
Silver	86.8%	88.6%	-2%	86.8%	88.2%	-2%
Production						
Gold, Koz	7.2	8.2	-13%	21.6	22.5	-4%
Silver, Moz	3.9	4.0	-4%	12.1	12.4	-2%
Lunnoye plant						
Ore processed, Kt	116	120	-3%	348	347	+0%
Grade						
Gold, g/t	1.4	1.4	+1%	1.4	1.3	+9%
Silver, g/t	241	310	-22%	258	330	-22%
Recovery ¹						
Gold	91.4%	85.7%	+7%	87.6%	85.4%	+3%
Silver	94.5%	91.4%	+3%	91.5%	91.1%	+0%
Production						
Gold, Koz	4.9	4.6	+6%	14.0	12.2	+15%
Silver, Moz	0.9	1.1	-20%	2.7	3.3	-19%
<u>TOTAL PRODUCTION</u>						
Gold, Koz	12.0	12.8	-6%	35.6	34.7	+3%
Silver, Moz	4.7	5.1	-8%	14.8	15.7	-6%

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

At Dukat, quarterly silver and gold production were down 8% and 6% year-on-year respectively. The decline was driven by the Omsukchan concentrator processing larger volumes of lower-grade ore as well as by planned reduction in silver grade at Lunnoye mostly attributable to the depletion of higher-grade Zone 9.

Given the significant increase in the silver price, management is evaluating the postponement of the mine closure at Goltsovoye by bringing marginal stopes and areas into production. Such a development will enable full utilization of the Dukat concentrator in 2020.

ALBAZINO

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2019	2018		2019	2018	
MINING						
Albazino						
Waste mined, Mt	5.7	5.5	+4%	16.8	16.0	+5%
Underground development, Km	2.9	2.2	+28%	7.7	6.9	+12%
Ore mined, Kt	571	442	+29%	1,596	1,372	+16%
Open-pit	418	348	+20%	1,184	1,062	+11%
Underground	153	94	+62%	412	310	+33%
PROCESSING						
Albazino concentrator						
Ore processed, Kt	447	431	+4%	1,303	1,291	+1%
Gold grade, g/t	4.8	5.4	-11%	4.4	5.2	-15%
Gold recovery ¹	86.9%	84.9%	+2%	85.9%	84.5%	+2%
Concentrate produced, Kt	36.8	36.8	-0%	106.0	105.7	+0%
Concentrate gold grade, g/t	51.0	54.1	-6%	46.6	54.3	-14%
Gold in concentrate, Koz ²	60.3	64.0	-6%	158.9	184.3	-14%
Amursk POX						
Concentrate processed, Kt	45	49	-8%	135	131	+3%
Gold grade, g/t	51.2	56.1	-9%	50.5	57.3	-12%
Gold recovery	96.5%	96.6%	-0%	95.2%	96.9%	-2%
Gold produced, Koz	74.7	87.6	-15%	211.1	240.4	-12%
TOTAL PRODUCTION						
Gold, Koz	74.7	87.6	-15%	211.1	240.4	-12%

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 after dore production at the Amursk POX.

At Albazino, production dynamics continued to be affected by lower-grade ore from the Ekaterina-1 open pit. Quarterly production of gold in concentrate decreased by 6% year-on-year.

However, a 62% jump in underground ore mined ensured positive quarter-on-quarter grade dynamics despite challenging ground conditions thanks to careful customization of mining methods to specific stope conditions.

AMURSK POX

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2019	2018		2019	2018	
Concentrate processed, Kt	60	49	+22%	171	131	+30%
Albazino	41	44	-6%	122	115	+6%
Kyzyl	15	-	NA	35	-	NA
Mayskoye	-	1	-100%	-	1	-100%
Other ¹	3	5	-27%	13	16	-17%
Gold recovery	94.3%	96.6%	-2%	94.3%	96.9%	-3%
Average gold grade, g/t	70.3	56.1	+25%	66.0	57.3	+15%
Average sulphur grade	12.5%	9.3%	+34%	12.8%	8.7%	+47%
Total gold produced ² , Koz	132.9	87.6	+52%	337.5	240.4	+40%
Albazino	62.5	72.2	-13%	178.5	202.7	-12%
Kyzyl	58.2	-	NA	126.5	-	NA
Other ¹	12.2	15.4	-21%	32.6	37.7	-14%

Notes: (1) Veduga and purchased concentrates which are included in reportable production in the Albazino segment.

(2) For information only. Already accounted for in production at operating mines.

Q3 gold production at the Amursk POX increased by 52% year-on-year driven by the introduction of high-grade Kyzyl concentrate to the feed.

By implementing tight feed management procedures, the POX team managed to increase the recovery ratio in comparison with the previous quarter and stabilize it at the level above 94%. In Q2, the beginning of processing of large quantities of Kyzyl concentrate had significantly changed the operating parameters and led to a decline in recoveries.

Increased volumes of high-grade low-carbon Kyzyl concentrate displaced 3rd party materials.

OMOLON OPERATIONS

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2019	2018		2019	2018	
MINING						
Waste mined, Mt	1.9	1.9	+3%	5.1	4.6	+13%
Underground development, Km	3.3	3.3	+1%	9.9	9.6	+2%
Ore mined, Kt	805	176	NM	2,183	658	NM
Open-pit	690	102	NM	1,849	400	NM
Underground	115	74	+55%	334	258	+30%
PROCESSING						
Birkachan Heap Leach						
Ore stacked, Kt	350	487	-28%	897	959	-6%
Gold grade, g/t	1.2	1.2	+4%	1.2	1.1	+5%
Gold production, Koz	9.0	8.8	+2%	11.0	9.9	+12%
Kubaka Mill						
Ore processed, Kt	184	220	-16%	612	642	-5%
Grade						
Gold, g/t	6.0	4.4	+36%	6.3	4.8	+32%
Silver, g/t	131.6	151.2	-13%	90.0	118.8	-24%
Recovery ¹						
Gold	95.8%	95.4%	+1%	95.5%	95.4%	+0%
Silver	80.8%	89.3%	-10%	79.5%	83.0%	-4%
Gold production, Koz	32.7	29.8	+10%	119.1	99.8	+19%
Silver production, Moz	0.6	0.9	-37%	1.4	2.1	-34%
TOTAL PRODUCTION						
Gold, Koz	41.7	38.6	+8%	130.1	109.7	+19%
Silver, Moz	0.6	0.9	-37%	1.4	2.1	-34%

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

At Omolon, gold output was up 8% year-on-year while silver output was down 37% as the processing plant switched away from Sopka ore towards feed from Birkachan and Olcha.

Following a successful in-fill drilling campaign, open-pit mining recommenced at the Bikarchan mine with a view to extend the operation of the heap leach facility.

Quarterly volume of ore processed at the Kubaka mill decreased by 16% year-on-year due to the planned 14-day maintenance shutdown to complete SAG headgear replacement.

MAYSKOYE

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2019	2018		2019	2018	
MINING						
Waste mined, Mt	1.4	1.6	-13%	4.0	3.6	+12%
Underground development, km	4.7	5.4	-13%	15.5	17.6	-11%
Ore mined, Kt	199	304	-34%	638	767	-17%
Open-pit	41	150	-73%	175	282	-38%
Underground	159	154	+3%	463	485	-4%
PROCESSING						
Ore processed, Kt	232	223	+4%	658	639	+3%
Gold grade, g/t	6.3	9.0	-30%	6.2	7.5	-18%
Gold recovery	84.7%	71.8%	+18%	79.5%	77.5%	+3%
Gold in concentrate, Koz ²	36.3	29.3	+24%	94.9	84.3	+13%
Gold produced in dore from concentrate (POX), Koz	-	0.7	-100%	-	0.7	-100%
Gold produced in dore from carbon, Koz ³	1.5	1.2	+25%	6.0	1.2	+416%
Payable gold in concentrate shipped to off-takers, Koz	70.3	45.3	+55%	70.3	45.3	+55%
TOTAL PRODUCTION						
Gold, Koz	71.8	47.1	+52%	76.3	47.1	+62%

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 dore production at Amursk POX.

(3) Gold produced from carbon at Amursk POX.

In Q3, Mayskoye switched back to processing sulphide ore from the underground mine. Consequently, grade fell and recoveries jumped. Gold in concentrate produced increased by 24% year-on-year.

Shipments of Mayskoye concentrate to Chinese off-takers commenced with the start of navigation period in August. Payable gold in concentrate shipped was up 55% year-on-year. The Chinese concentrate market continues to be challenging with high arsenic material starting to attract heavy penalties. This is likely to have an approximately \$150-200/oz negative impact on Mayskoye's TCC and AISC for 2019.

VARVARA

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2019	2018		2019	2018	
MINING						
Waste mined, Mt	11.4	7.2	+59%	34.1	21.9	+56%
Ore mined, Kt	1,014	888	+14%	2,953	2,274	+30%
PROCESSING						
Flotation						
Ore processed, Kt	134	116	+16%	411	296	+39%
Grade						
Gold, g/t	1.3	1.4	-6%	1.2	1.3	-11%
Copper	0.37%	0.59%	-37%	0.53%	0.55%	-4%
Recovery ¹						
Gold	52.1%	72.3%	-28%	51.3%	68.7%	-25%
Copper	91.3%	92.8%	-2%	91.4%	92.1%	-1%
Production						
Gold in concentrate, Koz	2.7	3.2	-15%	7.2	7.4	-2%
Copper in concentrate, Kt	0.6	0.6	-6%	1.8	1.5	+26%
Veduga ore toll processed, Kt ²	35	43	-18%	98	86	+14%
Leaching						
Ore processed, Kt	733	826	-11%	2,268	2,324	-2%
Gold grade, g/t	1.6	1.3	+18%	1.5	1.4	+7%
Gold recovery ¹	87.4%	89.4%	-2%	86.8%	87.7%	-1%
Gold production (in dore), Koz	31.3	31.1	+1%	96.7	88.6	+9%
Total ore processed, Kt	902	985	-8%	2,778	2,706	+3%
TOTAL PRODUCTION						
Gold, Koz	34.0	34.3	-1%	103.9	95.9	+8%
Copper, Kt	0.6	0.6	-6%	1.8	1.5	+26%

Notes: (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.

At Varvara, gold output decreased by 1% year-on-year as the leaching circuit underwent the planned replacement of the mill lining.

Gold grade processed increased thanks to higher mining and riling volumes at Komar. New company-owned loco has been successfully commissioned and is expected to further drive down Komar ore transportation costs.

VORO

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2019	2018		2019	2018	
<u>MINING</u>						
Waste mined, Mt	0.4	0.9	-56%	1.2	2.8	-58%
Ore mined, Kt	181	204	-11%	661	779	-15%
<u>PROCESSING</u>						
Voro CIP						
Ore processed, Kt	264	253	+4%	783	752	+4%
Gold grade, g/t	4.0	3.6	+11%	3.7	3.9	-6%
Gold recovery ¹	87.0%	80.6%	+8%	86.6%	80.7%	+7%
Gold production, Koz	26.4	21.4	+23%	71.4	72.2	-1%
Voro Heap Leach						
Ore stacked, Kt	58	60	-2%	58	62	-5%
Gold grade, g/t	1.4	1.4	+0%	1.4	1.4	+0%
Gold production, Koz	1.5	2.1	-25%	12.7	5.8	+120%
<u>TOTAL PRODUCTION</u>						
Gold, Koz	28.0	23.5	+19%	84.0	77.9	+8%

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

Q3 gold production at Voro climbed by 19% year-on-year as the CIP plant processed high-grade oxide ore from the southern pit.

Waste volume decreased sharply as the open pit is approaching the end of its life.

SVETLOYE

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2019	2018		2019	2018	
<u>MINING</u>						
Waste mined, Mt	0.3	0.2	+41%	1.1	0.5	+142%
Ore mined (open-pit), Kt	406	317	+28%	1,273	978	+30%
<u>PROCESSING</u>						
Ore stacked, Kt	369	491	-25%	968	1,144	-15%
Gold grade, g/t	4.1	3.8	+10%	4.0	3.8	+6%
Gold production, Koz	46.1	59.0	-22%	107.0	112.0	-4%
<u>TOTAL PRODUCTION</u>						
Gold, Koz	46.1	59.0	-22%	107.0	112.0	-4%

At Svetloye, gold production contracted by 22% year-on-year as ore stacking was negatively affected by wet and cold weather in Q3.

DEVELOPMENT UPDATE

At Nezhda, pre-stripping and construction proceeded according to plan. Repair of the road from the Kolyma federal highway to the mine site was completed. The road is ready for the delivery of technological equipment of the plant and the power station in Q1 2020. The installation of the metal framework of the processing plant building was completed, and the manufacturing of internal metal structures is under way. The construction of foundations for the power station and the underground tunnel from the crusher to the concentrator started. The lining of the dry-stack tailings storage facility commenced.

A positive conclusion of the state environmental review of the project documentation was received.

At POX-2, the autoclave foundation boxcut was excavated and the foundation concrete bed prepared. Polymetal signed contracts for high-pressure auxiliary equipment around the autoclave through Hatch. Active construction started at the new concentrate storage area.

SUSTAINABILITY, HEALTH AND SAFETY

In Q3, our LTIFR stood at 0.11 versus 0.07 in Q3 2018 with a total of 3 work-related incidents recorded across the Group (2 incidents in Q3 2018). The increase was driven by minor incidents that occurred at remote sites outside of production shifts (falls, slips). Accordingly, risk assessment and safety training will be adjusted to take into account higher frequency of this type of incidents.

In the reporting quarter Polymetal had its ESG ratings upgraded – MSCI ESG Ratings score improved from BBB to A, and ISS-Oekom Corporate Rating was raised to C+. Furthermore, the Company was reaffirmed as a member of the Dow Jones Sustainability Index and FTSE4Good Index Series.

As a way to further align our ESG efforts to financial results, Polymetal signed a new US\$ 75 million sustainability-linked credit facility with Societe Generale. The interest rate is tied to the Company's performance on specific ESG KPIs set by the agreement.

PERSONNEL

Oleg Voronin (50) was appointed as Managing Director at Albazino. Mr. Voronin graduated from the Krasnoyarsk Institute of Non-Ferrous Metal with a degree in underground mining. From 1993 until 2009 he held various positions with the Zyryanovsky mining and processing complex (now part of Kazzinc), all the way up to the chief engineer. In 2009, Oleg joined Polymetal as the chief engineer of Dukat operations. In 2015, he assumed the position of chief engineer at Albazino.