

Release time IMMEDIATE
Date 30 June 2020

LSE, MOEX, AIX: POLY / ADR: AUCOY

Polymetal International plc

Far East and Arctic Development Fund and Credit Bank of Moscow will finance construction of grid power line for Nezhda project

UVES LLC (“UVES”), an independent grid management company, which will be funded by Far East and Arctic Development Fund (“FEDF”) and Credit Bank of Moscow (“CBoM”), will start construction of the grid power line and substation for Polymetal’s Nezhda project.

THE PROJECT AND FINANCING STRUCTURE

The power line will be built, owned and operated by UVES, an independent grid management company led by an experienced team with a proven track record in infrastructure projects. Upon the construction completion scheduled for Q2 2022, the facility will be leased out to Polymetal on pre-agreed terms.

The project CAPEX to be incurred by UVES is estimated at RUB 6.0 billion¹ (approximately US\$ 86 million, net of VAT), of which RUB 5.5 billion will be funded with the FEDF’s 10-year senior loan and RUB 1.7 billion with the CBoM’s 5-year subordinated loan facility. Polymetal will grant a guarantee for the FEDF loan, as well as guarantee payments under the lease agreement to UVES.

The single-circuit 110 kV power line will run 254 km from Khandyga, 415 km east from Yakutsk, to the Nezhda production site. The project is fully permitted with construction set to start in July.

STRATEGIC RATIONALE FOR THE PROJECT

- Cost savings: grid connection will reduce all-in power cost from approximately 16 to 10 RUB/Kw-h compared to in-house generation from diesel, which translates into a roughly US\$ 40/oz reduction in Nezhda’s TCC. Nezhda annual energy consumption is estimated at 110 GWh.
- Meaningful decrease in environmental footprint:
 - 75% reduction of equivalent Nezhda’s CO₂ emissions from 64 Kt to 16 Kt per year, which implies a 4% decline in total Group’s CO₂ emissions.
 - Reduction of environmental accident risks related to transportation and storage of large diesel fuel volumes.
- Benefits from further down-the-line power intensive improvement opportunities.

“Grid power enhances the economics of Nezhda and drastically reduces its environmental footprint”, said Vitaly Nesis, Group CEO of Polymetal. “Long-term project funding from FEDF supported by a highly experienced management team ensures successful execution of the project and allows us to preserve our focus on the key business”.

“As one of the largest Russian banks, we fully understand our impact on economic, social and environmental issues, and embrace responsibility that it implies. We are actively integrating sustainable development principles into our business, prioritising projects that generate social and environmental benefits, such as the construction of a power line for Nezhda, funded by the Far East and Arctic Development Fund and us”, said Alexander Kaznacheev, Deputy Chairman of the Board of Credit Bank of Moscow.

About Polymetal

Polymetal International plc (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) is a top-10 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.

¹ Including G&A and contingency costs.

About FEDF

JSC “Far East and Arctic Development Fund” is a subsidiary of the State Corporation “VEB.RF” (Bank for Development and Foreign Economic Affairs). The fund implements prioritized investment projects in the Far East and Arctic region by providing long-term preferential financing. On behalf of the Russian Government, the fund also develops digital services aimed to increase promptness and transparency of interaction between the state and business in various industries, and supports small and medium-sized enterprises.

Enquiries

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