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Polymetal International plc

Q4 and full year 2020 production results

Polymetal reports strong production results for the fourth quarter and twelve months ended December 31, 2020.

“2020 was a successful year for Polymetal despite the COVID pandemic. We improved our safety performance and, crucially, achieved zero fatalities. The Company beat production guidance, enjoyed record free cash flow and continued to execute development projects on schedule”, said Vitaly Nesis, Group CEO of Polymetal. “In 2021, we expect first ounces from Nezhda and will make every effort to minimize the impact of the second wave of the pandemic on our safety, production, and cash flows”.

HIGHLIGHTS

- No fatal accidents among Group workforce or its contractors occurred in 2020 (compared with two employee fatalities and one contractor fatality in 2019). Lost time injury frequency rate (LTIFR) among the Group’s employees decreased by 37% year-on-year (y-o-y) to 0.12.
- In 2020, the Company started to use the DIS metric (days lost due to work-related injuries) as the main Health and Safety KPI. For the full year, DIS amounted to 1,583 days, a 10% decrease compared to 2019. Polymetal will also continue to report its LTIFR going forward.
- The Company’s FY2020 gold equivalent (“GE”) output amounted to 1,559 Koz, a 4% increase y-o-y and 4% above the original production guidance of 1.5 Moz. Strong contribution from Kyzyl, Varvara and Albazino offset planned grade declines at Svetloye and Voro. Q4 GE production was roughly stable y-o-y and stood at 358 Koz.
- Revenue in 2020 jumped by 28% to reach US\$ 2.9 billion while Q4 revenue was up 31% y-o-y to US\$ 0.8 billion on the back of higher gold sales and higher metal prices. The lag between gold production and sales has been closed.
- The Company expects full-year Total Cash Costs (“TCC”) to be below the original guidance of US\$ 650-700/GE oz. Sharp devaluation of domestic currencies (RUR and KZT) outweighed additional COVID-related costs and price-driven increase in royalties. All-in Sustaining Cash Costs (“AISC”) are expected to be within the guidance range of US\$ 850-900/GE oz as the Company has accelerated pre-stripping and mine fleet renewals against the backdrop of higher commodity prices.
- Polymetal generated strong quarterly free cash flow resulting in Net Debt reduction to US\$ 1.35 billion as at the end of 2020, Net Debt/EBITDA is expected to be below 1x. For the full year, Net Debt decreased by US\$ 128 million and the Company paid US\$ 480 million of dividends implying record annual FCF.
- Construction and development activities at Nezhda and POX-2 progressed on schedule despite significant challenges posed by COVID-related disruptions and slowdowns. At Nezhda, processing plant building was completed and most of the key equipment installed. Ore mining is ongoing. At POX-2, the autoclave building framework, concentrate storage facility and the majority of concrete work for desorption/electrolysis building and oxygen station were completed.
- In 2020, the Board approved construction of the Voro flotation plant (start-up in Q1 2023) and Kutyn heap leach project, a part of Albazino operations (start-up in Q2 2023).
- CAPEX for the full year is expected to amount to approximately 10% higher than guidance at US\$ 590 million. The increase is mostly related to:
 - Accelerated spending across project portfolio in a bid to neutralize the impact of the pandemic on project schedules and
 - Substantial increase in capitalized stripping aimed at ensuring operational flexibility and production stability against the backdrop of heightened epidemiological risks.

2021 OUTLOOK

- The Company reiterates its current production guidance of 1.5 Moz of GE for FY2021 and 1.6 Moz of GE for FY2022.
- TCC in 2021 is expected to be in the range of US\$ 700-750/GE oz. The y-o-y TCC increase will be driven by:
 - Rouble and Tenge appreciation compared to average 2020 levels.
 - Increasing domestic diesel fuel price driven by higher Brent oil prices.
 - Above-CPI wage inflation in the mining industry.
 - Full-year impact of COVID-related measures.

The guidance remains contingent on the Rouble/Dollar and Tenge/Dollar exchange rates and Brent oil price.

- Capital expenditures in 2021 are expected to be approximately US\$ 560 million. A US\$ 75 million increase compared to the previous guidance is driven by:
 - Limited availability and sharp increases in construction labor costs. This factor is driven by COVID-related travel restrictions with Central Asian countries, a traditional source of the majority of construction workforce.
 - Sharp increases in domestic diesel fuel and steel prices.
 - Higher EUR/USD exchange rate (imported processing and mining equipment mainly sourced from the EU).
 - Construction of on-site observatory facilities for personnel at remote sites.

As a result, AISC in 2021 is expected to average US\$ 925-975/GE oz. The Company will continue to prioritize timely project execution over cost optimization in its projects.

COVID-19 UPDATE

- There were 80 active cases of COVID-19 as at 25 January 2021 across the Group. We regret to report that five of our employees (four in 2020 and one in 2021) died of the disease or its consequences.
- Epidemiological situation in the Company remains under control. Operations and development projects are unaffected so far.
- Strict precautionary procedures which were previously implemented including mandatory isolation of new arrivals and restrictions on meetings and travel, are maintained at all production sites and offices. These restrictions are currently expected to continue into full year of 2021.
- Polymetal is prepared to start vaccination of its employees and is currently awaiting for the Russian Sputnik-V vaccine to become broadly available.
- Polymetal continues to provide varied financial and operational support to healthcare facilities across all regions of its presence with US\$ 3.4 million spent in 2020. The main areas of assistance include purchasing PPE, medical supplies, and specialized diagnostic equipment.
- The Company estimates COVID-related cash expenses in 2021 at approximately US\$ 5 million per month with the majority recorded as operating costs. This translates into approximately US\$ 35 per GE ounce in AISC.

COVID-19 STATISTICS AS OF 25.01.2021

Employees	Russia	Kazakhstan	Group
Tests administered	31,679	16,521	48,200
C-19 positive tests	1,120	331	1,451
Active cases	48	32	80
Died	4	1	5
In hospital	1	1	2
Hospitalised since the start of the pandemic	187	20	207
Average headcount	9,432	2,633	12,065

OPERATING HIGHLIGHTS

	3 months ended Dec 31,		% change ¹	12 months ended Dec 31,		% change ¹
	2020	2019		2020	2019	
Waste mined, Mt	44.0	39.8	+10%	166.8	158.6	+5%
Underground development, km	22.6	25.6	-12%	90.0	105.8	-15%
Ore mined, Mt	3.54	4.21	-16%	15.76	17.22	-8%
Open-pit	2.49	3.13	-20%	11.60	13.02	-11%
Underground	1.05	1.07	-2%	4.17	4.20	-1%
Ore processed, Mt	3.7	3.5	+3%	15.4	15.0	+3%
Average GE grade processed, g/t	3.9	4.0	-3%	3.9	3.8	+2%
Production						
Gold, Koz	322	312	+3%	1,402	1,316	+6%
Silver, Moz	4.4	5.2	-16%	18.8	21.6	-13%
Gold equivalent, Koz ²	358	355	+1%	1,559	1,496	+4%
Sales						
Gold, Koz	386	374	+3%	1,392	1,366	+2%
Silver, Moz	5.2	5.7	-9%	19.3	22.1	-13%
Revenue, US\$m ³	846	643	+31%	2,865	2,245	+28%
Net debt, US\$m ⁴	1,351	1,610	-16%	1,351	1,479	-9%
Safety ⁵						
LTIFR (Employees)	0.16	0.18	-11%	0.12	0.19	-37%
DIS (Employees) ⁶				1,583	1,760	-10%
Fatalities						
Employees	0	0	NA	0	2	-100%
Contractors				0	1	-100%
Average headcount				12,065	11,611	+4%

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 120:1 Au/Ag conversion ratio (prior to Q2 2020, Polymetal used 80:1 Au/Ag ratio) and excluding base metals (previously were included). Historical comparative data restated accordingly.

(3) Based on the unaudited consolidated management accounts.

(4) Non-IFRS measure based on unaudited consolidated management accounts. Comparative information is presented for 30 September 2020 (for the three months period) and 31 December 2019 (for the twelfth months period).

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

(6) DIS – days lost due to work-related injuries.

PRODUCTION BY MINE

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
<u>GOLD EQ. (KOZ)¹</u>						
Kyzyl	67	90	-25%	382	343	+11%
Albazino	56	30	+88%	261	241	+8%
Omolon	57	54	+6%	210	196	+7%
Dukat	48	47	+2%	199	206	-3%
Varvara	28	33	-14%	159	137	+16%
Mayskoye	61	52	+16%	139	129	+8%
Svetloye	28	27	+7%	120	134	-11%
Voro	12	22	-46%	89	106	-16%
TOTAL (continuing operations)	358	355	+1%	1,559	1,493	+4%
Kapan	-	-	NA	-	3	-100%
TOTAL (including discontinued operations)	358	355	+1%	1,559	1,496	+4%

Notes: (1) Based on 120:1 Au/Ag conversion ratio (prior to Q2 2020, Polymetal used 80:1 Au/Ag ratio) and excluding base metals (previously were included). Historical comparative data restated accordingly.

CONFERENCE CALL AND WEBCAST

Polymetal will hold a conference call and webcast on Friday, 29 January 2021 at 11:00 London time (14:00 Moscow time).

To participate in the call, please dial:

From the UK:

+44 (0) 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 10 800 2867 5011 (toll free)

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

Conference code: 3973919

To participate in the webcast follow the link: <https://www.webcast-eqs.com/polymetal20210129>.

Please be prepared to introduce yourself to the moderator or register.

A recording of the call will be available at +44 207 660 0134 (from the UK), +1 719 457 0820 (from the USA) and 8 10 800 2702 1012 (from Russia), access code 3973919, from 17:30 Moscow time Friday, 29 January, till 17:30 Moscow time Friday, 5 February 2021. Webcast replay will be available on Polymetal's website (www.polymetalinternational.com) and at <https://www.webcast-eqs.com/polymetal20210129>.

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.

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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 Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
MINING						
Waste mined, Mt	19.7	17.6	+12%	77.7	67.5	+15%
Ore mined (open-pit), Kt	486	440	+10%	2,041	2,000	+2%
Gold grade, g/t				7.2	7.4	-2%
PROCESSING						
Ore processed, Kt	488	510	-4%	2,004	2,000	+0%
Gold grade, g/t	7.8	7.6	+3%	7.9	7.1	+11%
Gold recovery	88.6%	88.0%	+1%	88.0%	87.8%	+0%
Concentrate produced, Kt	40	35	+16%	151	125	+21%
Concentrate gold grade, g/t	83.4	98.6	-15%	92.9	100.8	-8%
Gold in concentrate, Koz ¹	108	110	-2%	450	404	+11%
Concentrate shipped, Kt	16	14	+18%	84	68	+25%
Payable gold shipped, Koz	28	28	-1%	160	155	+3%
Veduga ore toll processed, Kt ²	61	-	NA	92	-	NA
Amursk POX						
Concentrate processed, Kt	10	16	-42%	53	52	+3%
Gold grade, g/t	136.8	134.1	+2%	142.6	128.1	+11%
Gold recovery	91.7%	91.4%	+0%	92.0%	92.4%	-0%
Gold produced, Koz	39	62	-37%	222	188	+18%
TOTAL PRODUCTION						
Gold, Koz	67	90	-25%	382	343	+11%

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.

(2) To be further processed at Amursk POX.

Kyzyl Q4 production was down 25% y-o-y to 67 Koz as the planned shutdown at the Amursk POX delayed some of the ounces to 2021. The Company expects continued grade normalization towards the reserve average in 2021 as mining progresses to lower levels. Veduga ore processing will be discontinued in Q1 2021.

Full-year production increased by 11% y-o-y to 382 Koz and exceeded the budget on the back of higher grades, particularly in 1H 2020.

In 2021, the Company plans to implement a debottlenecking project at the concentrator's thickening and drying sections by installing an additional belt filter, drying drum and second thickener, which will allow it to achieve 2.2 Mtpa throughput and partially compensate for the expected grade decline.

Kyzyl Ore Reserves added 2.2 Moz to reach 10.3 Moz of gold following an initial reserve estimate at East Bakyrchik in November. Mining at East Bakyrchik is expected to commence in 2031.

ALBAZINO

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
MINING						
Waste mined, Mt	4.8	4.5	+7%	19.9	21.2	-6%
Underground development, km	3.4	3.1	+11%	12.1	10.8	+12%
Ore mined, Kt	592	536	+10%	1,993	2,133	-7%
Open-pit	403	370	+9%	1,308	1,555	-16%
Underground	189	166	+14%	686	578	+19%
Gold grade, g/t				4.2	4.0	+5%
Open-pit				4.2	3.9	+7%
Underground				4.4	4.4	-1%
PROCESSING						
Albazino concentrator						
Ore processed, Kt	451	433	+4%	1,771	1,736	+2%
Gold grade, g/t	4.6	5.1	-9%	4.6	4.6	+1%
Gold recovery ¹	88.5%	88.4%	+0%	87.2%	86.6%	+1%
Concentrate produced, Kt	35	38	-7%	143	144	-1%
Concentrate gold grade, g/t	51.2	50.8	+1%	49.9	47.7	+5%
Gold in concentrate, Koz ²	58	62	-6%	229	221	+4%
Amursk POX						
Concentrate processed, Kt	32	24	+34%	159	159	-0%
Gold grade, g/t	53.9	55.5	-3%	52.0	51.2	+1%
Gold recovery	96.2%	96.5%	-0%	96.4%	95.4%	+1%
Gold produced, Koz	56	30	+88%	261	241	+8%
TOTAL PRODUCTION						
Gold, Koz	56	30	+88%	261	241	+8%

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, quarterly gold production jumped by 88% y-o-y to 56 Koz thanks to the low-base effect (concentrate processed at the Amursk POX in Q4 2019). On the back of a strong Q4 performance, full-year production was up 8% y-o-y to 261 Koz.

Open-pit mining was up for the quarter due to the start of mining at the Farida open pit which is expected to last until 2023.

Underground development and ore mined increased as stoping commenced at Ekaterina, and decline development started at Anfisa.

Construction at Kutyn heap leach project started following the receipt of statutory environmental permits (project approved by the Board in October). Kutyn will be developed as a part of the Albazino hub with first gold pour expected in Q2 2023. Incremental production from Kutyn will compensate for the Company's decision not to double the capacity of the underground mine at Olga given challenging geotechnical conditions.

In order to decarbonize electricity and reduce cash costs Polymetal has launched a Feasibility Study and is evaluating financing options for the construction of a grid power line to the Albazino production site. The conceptual schedule assumes the link to the power grid in 2H 2023.

MAYSKOYE

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
MINING						
Waste mined, Mt	0.5	1.4	-61%	2.9	5.4	-46%
Underground development, km	5.3	5.0	+5%	21.1	20.5	+3%
Ore mined, Kt	184	175	+5%	1,039	813	+28%
Open-pit	-	3	-100%	278	178	+56%
Underground	184	172	+7%	761	635	+20%
Gold grade, g/t				6.6	6.1	+7%
Open-pit				8.0	7.0	+14%
Underground				6.1	5.9	+3%
PROCESSING						
Ore processed, Kt	229	220	+4%	912	878	+4%
Gold grade, g/t	6.1	5.8	+6%	6.6	6.1	+8%
Gold recovery	91.6%	90.3%	+2%	83.6%	82.1%	+2%
Gold in concentrate, Koz ²	41	37	+12%	145	132	+10%
Payable gold in concentrate shipped to off-takers, Koz	49	44	+10%	123	114	+8%
Amursk POX						
Concentrate processed, Kt	3	-	NA	3	-	NA
Gold grade, g/t	57.3	-	NA	57.3	-	NA
Gold recovery	96.5%	-	NA	96.5%	-	NA
Gold produced in dore from concentrate	4	-	NA	4	-	NA
Gold produced in dore from carbon, Koz ³	8	8	+2%	11	14	-22%
TOTAL PRODUCTION						
Gold, Koz	61	52	+16%	139	129	+8%

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.

At Mayskoye, gold production for the quarter grew by 16% y-o-y to reach 61 Koz. The increase was driven by higher grade attributable to lower dilution and increased recoveries.

The Company continued stripping at Zone 1 where the next pushback was approved. First oxide ore is expected in Q1 2021 with processing to commence in Q2 2021.

In 2020, Polymetal started development of two projects at Mayskoye aimed at operating cost and carbon footprint reduction. In August, the Company and SMT Scharf AG signed a Memorandum of Understanding to cooperate in underground electric vehicle (EV) development. During the 2021 navigation period, two electric underground LHDs and two electric trucks are planned to be delivered to the site. In Q4, underground development for electric ore conveyor commenced, the start-up of the project is scheduled for 2022.

In order to reduce surface disposal of waste the Company will use waste as backfill at the Mayskoye underground. In 2020, basic engineering was completed. The project is expected to commence in 2023.

AMURSK POX

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
Concentrate processed, Kt	45	41	+10%	215	211	+2%
Albazino	28	20	+42%	147	142	+4%
Kyzyl	10	16	-42%	53	52	+3%
Veduga	4	4	-2%	7	13	-46%
Mayskoye	3	0	NA	3	0	NA
Other ¹	-	-	NA	4	4	+17%
Gold recovery	94.3%	93.3%	+1%	94.3%	94.1%	+0%
Average gold grade, g/t	71.8	87.2	-18%	74.6	70.1	+6%
Average sulphur grade	15.6%	17.0%	-8%	14.4%	13.4%	+7%
Total gold produced ² , Koz	100	92	+8%	487	430	+13%
Albazino	46	30	+57%	222	208	+7%
Kyzyl	39	62	-37%	222	188	+18%
Veduga	10	-	NA	29	28	+1%
Mayskoye	4	-	NA	4	-	NA
Other ¹	-	-	NA	10	5	+112%

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

(2) For information only. Already accounted for in production at operating mines. Excluding gold produced from Mayskoye loaded carbon.

Amursk POX Q4 gold output increased by 4% y-o-y to 127 Koz due to higher production from Albazino concentrate and better recoveries stemming from lower volumes of Kyzyl concentrate with higher carbon content, and the application of certain adjustments to the flowsheet (slurry conditioning).

The facility successfully underwent a regular 2-week maintenance shutdown in early October.

In 2021, Polymetal plans to build a hot cure section at the POX resulting in expected recovery increase of approximately 1 percentage point.

OMOLON OPERATIONS

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
MINING						
Waste mined, Mt	0.6	1.8	-67%	3.4	7.0	-52%
Underground development, Km	3.1	3.0	+1%	13.1	12.9	+2%
Ore mined, Kt	353	790	-55%	2,525	2,973	-15%
Open-pit	206	673	-69%	2,034	2,522	-19%
Underground	147	117	+26%	491	451	+9%
Grade						
Gold, g/t				3.4	3.0	+11%
Silver, g/t				13.2	17.7	-25%
PROCESSING						
Kubaka Mill						
Ore processed, Kt	215	222	-3%	863	834	+3%
Grade						
Gold, g/t	7.6	6.5	+17%	7.1	6.4	+10%
Silver, g/t	29	108	-73%	24	95	-75%
Recovery ¹						
Gold	96.2%	95.2%	+1%	94.5%	95.5%	-1%
Silver	67.1%	77.3%	-13%	71.8%	79.0%	-9%
Gold production, Koz	49	45	+8%	181	164	+10%
Silver production, Moz	0.1	0.7	-81%	0.5	2.1	-78%
Birkachan Heap Leach						
Ore stacked, Kt	199	-	NA	1,318	897	+47%
Gold grade, g/t	1.6	-	NA	2.0	1.2	+66%
Gold production, Koz	7	3	+132%	25	14	+81%
TOTAL PRODUCTION						
Gold, Koz	56	48	+16%	206	178	+16%
Silver, Moz	0.1	0.7	-79%	0.5	2.1	-75%

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

At Omolon, Q4 as well as the full year, saw y-o-y increases in gold production and a decrease in silver production as Kubaka mill processed gold-rich ore from Birkachan underground and Yolochka through the CIP circuit as opposed to Sopka ore with higher silver content through the Merrill-Crowe circuit in 2019. Heap leach output also positively contributed to the total production as the stacking season was extended into Q4.

Open-pit mining declined as Olcha and Birkachan pits were completed in Q4, and the mining fleet has been moved to Burgali where mining is expected to start in Q1 2021. Underground mining increased on the back of Birkachan underground planned capacity extension. Ore from Olcha, with higher grades yet higher per unit costs, will be trucked by winter road to Kubaka and will make a significant share of processing in 2021.

In line with its climate strategy Polymetal started construction of a solar plant at Omolon. In 2020, the Company completed and approved project design documentation and prepared a construction site. Engineering documentation is completed. The start-up is planned for 2021.

The construction of a dry tailings storage facility at Omolon is in progress. In 2020, the Company completed construction of the filtration building. The launch of the DSF is expected by the end of 2021.

DUKAT OPERATIONS

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
MINING						
Underground development, km	10.9	14.5	-25%	43.6	59.5	-27%
Ore mined, Kt	530	620	-15%	2,228	2,515	-11%
Grade						
Gold, g/t				0.2	0.6	-71%
Silver, g/t				242	278	-13%
PROCESSING						
Omsukchan concentrator						
Ore processed, Kt	499	523	-5%	2,001	2,058	-3%
Grade						
Gold, g/t	0.6	0.4	+33%	0.5	0.5	+7%
Silver, g/t	245	266	-8%	266	285	-7%
Recovery ¹						
Gold	85.3%	83.8%	+2%	84.9%	85.6%	-1%
Silver	85.6%	84.6%	+1%	86.4%	86.3%	+0%
Production						
Gold, Koz	8	6	+32%	29	27	+5%
Silver, Moz	3.2	3.7	-12%	14.4	15.8	-9%
Lunnoye plant						
Ore processed, Kt	118	113	+4%	466	461	+1%
Grade						
Gold, g/t	1.5	1.4	+12%	1.4	1.4	+3%
Silver, g/t	278	251	+11%	273	256	+6%
Recovery ¹						
Gold	90.8%	83.9%	+8%	90.4%	86.7%	+4%
Silver	93.1%	92.9%	+0%	92.6%	91.8%	+1%
Production						
Gold, Koz	5	4	+29%	19	18	+8%
Silver, Moz	1.0	0.8	+20%	3.7	3.5	+7%
TOTAL PRODUCTION						
Gold, Koz	13	10	+30%	48	45	+6%
Silver, Moz	4.2	4.5	-6%	18.2	19.3	-6%

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

At Dukat, the planned decline in silver grade at the Omsukchan concentrator drove the silver production decrease of 6% in both Q4 and full year 2020. Gold production recorded a 30% y-o-y increase in Q4 driven by higher gold grades in ore at Omsukchan and lower dilution achieved at Lunnoye.

Underground development volumes declined following the decommissioning of the Goltsovoye underground mine.

Start of development at Primorskoye is expected to partially offset the decrease in grade and provide a meaningful new source of high-grade silver ore for the operation.

VARVARA

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
MINING						
Waste mined, Mt	10.3	11.2	-8%	40.6	45.4	-10%
Ore mined, Kt	603	991	-39%	2,812	3,943	-29%
Gold grade, g/t				1.4	1.3	+8%
PROCESSING						
Leaching						
Ore processed, Kt	753	723	+4%	3,056	2,991	+2%
Gold grade, g/t	1.4	1.4	+1%	1.4	1.5	-2%
Gold recovery ¹	87.4%	86.6%	+1%	87.9%	86.8%	+1%
Gold production (in dore), Koz	22	27	-17%	121	123	-2%
Flotation						
Ore processed, Kt	167	148	+13%	660	559	+18%
Gold grade, g/t	2.6	2.3	+15%	2.9	1.5	+95%
Recovery ¹	83.5%	77.8%	+7%	86.6%	69.5%	+25%
Gold in concentrate, Koz	6	6	+1%	38	13	+184%
Veduga ore toll processed, Kt ²	-	14	-100%	30	113	-73%
Total ore processed, Kt	920	885	+4%	3,745	3,663	+2%
TOTAL PRODUCTION						
Gold, Koz	28	33	-14%	159	137	+16%

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 Q4, Varvara recorded a 14% y-o-y decline in production as material work-in-progress was accumulated at both circuits to be released in 2021.

Grades at the flotation plant were up y-o-y throughout the entire reporting year driven by larger volumes of high-grade third-party ore through the flotation circuit. Recoveries were also better due to flow sheet improvements.

SVETLOYE

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
MINING						
Waste mined, Mt	0.7	0.3	+126%	3.0	1.4	+111%
Ore mined, Kt	434	300	+44%	1,888	1,573	+20%
Gold grade, g/t				2.7	3.8	-30%
PROCESSING						
Ore stacked, Kt	282	333	-15%	1,303	1,301	+0%
Gold grade, g/t	3.7	3.2	+18%	3.9	3.8	+4%
Gold production, Koz	28	27	+7%	119	134	-11%
TOTAL PRODUCTION						
Gold, Koz	28	27	+7%	119	134	-11%

At Svetloye, quarterly gold production increased by 7% y-o-y to 28 Koz on the back of higher grade in ore stacked in the period, albeit stacking was down due to the planned maintenance shutdown. Waste and ore mined were higher throughout the year driven by Emmy pit development.

VORO

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
MINING						
Waste mined, Mt	-	163	-100%	-	1,343	-100%
Ore mined, Kt	136	285	-52%	375	946	-60%
Gold grade						
Primary, g/t				2.2	3.2	-33%
Oxidised, g/t				-	1.6	NA
PROCESSING						
Voro CIP						
Ore processed, Kt	257	267	-4%	1,043	1,050	-1%
Gold grade, g/t	2.3	2.9	-20%	2.2	3.5	-37%
Gold recovery ¹	82.9%	85.4%	-3%	82.7%	86.3%	-4%
Gold production, Koz	11	20	-46%	74	91	-19%
Voro Heap Leach						
Ore stacked, Kt	-	29	-100%	22	87	-75%
Gold grade, g/t	-	1.1	-100%	0.9	1.3	-30%
Gold production, Koz	1	2	-44%	15	15	+3%
TOTAL PRODUCTION						
Gold, Koz	12	22	-46%	89	106	-16%

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

At Voro, open-pit mining was completed in January 2020 and the CIP plant turned to processing lower-grade stockpiles, which resulted in production decline for Q4 and the full year. In November, processing of high-grade ore from Saum, a satellite deposit, commenced at the plant. Heap leach facility processed the remaining part of the oxidised ore earlier in the year.

In November, the Company completed the initial Ore Reserve estimate for the Pesherny deposit of 0.4 Moz of gold at 6.0 g/t. First oxide ore will be mined in 2021 for processing at Voro CIP plant. Refractory material representing 90% of the reserves will be processed at the Voro flotation plant (under construction) to produce 55 Koz of gold on average in 2023-2027.

Construction of the Voro flotation proceeds on schedule, and concentrator and administrative building foundation works have been completed. Metal frameworks construction for the concentrator building is in progress.

DEVELOPMENT UPDATE

At Nezhda, mining and construction activities progressed on schedule, with the start-up targeted for October 2021. As of the end of the year, the plant's building was completed, SAG, ball mills, flotation and gravity equipment installed. The new boiler house was commissioned with permanent heating established in all buildings including the concentrator. ROM ore crusher and crushed ore reclaim feeders installed.

The construction of the power line linking the site to the grid is in full swing.

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2020	2019		2020	2019	
MINING						
Waste mined, Mt	5.3	-	NA	10.0	-	NA
Ore mined, Kt	211	-	NA	411	-	NA
Gold grade, g/t				3.0	-	NA

POX-2 development proceeds on schedule. POX building metal framework have been completed, and the heating circuit is being finalised. Foundations for desorption/electrolysis circuits as well as the oxygen station have been completed; metal structures construction is underway. Detailed engineering is 95% finalised by Hatch and 50% by Polymetal. Design and engineering documentation on the key infrastructure facilities is completed. Concentrate storage facility construction is finalised. Administrative building construction is nearing completion. Construction of repair shops and storage depots is in progress.

SUSTAINABILITY, HEALTH AND SAFETY

In 2020, there were no fatal accidents within Polymetal and the Company's contractors in comparison with two employee fatalities and one contractor fatality in 2019. LTIFR for employees decreased by 37%, with 11 out of 13 injuries classified as minor. There were four cases where an employee was hit by an object (one of which resulted in a severe injury for the truck loader), five cases of tripping and falling, two involving transportation vehicles, one caused by jamming by a rotating mechanism and one caused by a falling rock.

Despite a decrease over 2019, road accidents remained among the dominant risks. To address road safety Polymetal applied a driver-vehicle-environment approach to develop a detailed road safety programme consisting of 37 control and mitigation measures. These included training, health and fatigue monitoring, upgrading safety equipment, route optimisation, regular road safety inspections and improving work and rest conditions. The Company improved controls over other risks as well, applying smart technologies where possible, such as a mine and plant worker positioning system, devices warning about electric voltage and collision avoidance systems. In 2020, we piloted a project to digitalise our shift-by-shift risk assessment model at Dukat mine, enabling employees to report concerns via a mobile app.

In 2021, Polymetal plans to enhance its safety risk management systems at our development and exploration projects, where additional risks are related to staff transportation and accommodation at remote sites.

In line with the Company's constant efforts to increase disclosure transparency and efficiency, starting in 2021, we are going to introduce "Scope 3" approach in our safety reporting. This means that we will report accidents among our contractors outside of the Company's production sites but related to our activities. Safety KPIs will continue to include only accidents occurred at our sites.

Polymetal remains committed to its climate change targets:

- 7% of total electricity generation from renewable sources by 2025.
- Decrease in GHG emission intensity by at least 5% by 2023 (vs 2018).
- Develop climate change scenarios in 2021 (on 2030 time horizon).

In order to achieve these goals the Company implements a portfolio of projects in the following areas:

- Decarbonizing electricity (replacing diesel with renewable energy or electric grid, i.e. solar plants at Omolon and Svetloye, wind power plant at Svetloye, grid connection at Nezhda and Albazino).
- Decarbonizing transport (use of battery-electric vehicles and low carbon transport technologies, i.e. EVs at Varvara, Mayskoye, electric ore conveyer at Mayskoye).

- Upgrading to energy-efficient technologies (LEDs, energy storage, etc).

In 2020, as a part of our carbon transition strategy we have adopted Green Financing Framework and raised a US\$ 125 million Green Loan with Societe Generale to finance the transition. Our total green and sustainability-linked loan portfolio now reaches US\$ 270 million or 16% of the total outstanding debt.

In Q4, following the 2020 Corporate Sustainability Assessment by S&P, Polymetal was added to the Dow Jones Sustainability Index World for the first time and retained its place in DJSI Emerging Markets.