

**Release time** IMMEDIATE

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**Date** 27 July 2021

## Polymetal International plc

### Q2 2021 production results

**Polymetal reports solid production results for the second quarter and the six months ended June 30, 2021.**

“In Q2, Polymetal delivered steady results. All producing mines made budget targets while mechanical completion and start of commissioning at Nezhda represented a key development milestone”, said Vitaly Nesis, Group CEO of Polymetal.

#### HIGHLIGHTS

- There were no fatal accidents during the first half of the year (consistent with H1 2020) among Polymetal’s workforce and the Company’s contractors. Unfortunately, on July 18 a drilling contractor lost his life at the Saum open-pit mine, part of Voro operations. We send our condolences to the family and friends of our colleague.
- The Company’s Q2 gold equivalent (“GE”) production decreased by 6% y-o-y to 339 Koz due to the planned grade declines at Kyzyl and Albazino. GE output for H1 was 714 Koz, a 1% decrease y-o-y.
- Russia and Kazakhstan have entered the third wave of the COVID pandemic with record numbers of infections and deaths from the virus. At Polymetal, the epidemiological situation remains well controlled with less than fifty presently active cases, none at operating sites. COVID-related transportation restrictions have led to a material increase of Kyzyl concentrate in storage and transit to China and prompted the management to accelerate seasonal summer purchasing campaign across the portfolio. These factors drove a significant increase in working capital levels, which should normalise by the year-end.
- Revenue for the quarter was up 6% y-o-y and reached US\$ 681 million on the back of higher metal prices. H1 revenue increased by 12% y-o-y to US\$ 1,274 million. Net debt increased by US\$ 0.5 billion for the quarter to US\$ 1.83 billion due to record final dividend payment of US\$ 0.4 billion and working capital build-up.
- Construction and development activities at Nezhda and POX-2 projects progressed on schedule amid continued tightness in the construction contractor market and COVID-related cross-border travel restrictions. Nezhda achieved mechanical completion of the key equipment. The project is on track to produce first concentrate in early November in line with the schedule.
- Following the latest review by Vigeo Eris, a global leader in ESG assessments, data, research and analytics, Polymetal’s ESG overall score improved to 69 (out of 100), corresponding to the Advanced level of performance and placing Polymetal on the 2<sup>nd</sup> place among 43 industry peers<sup>1</sup>.
- Polymetal confirms its 2021 production guidance of 1.5 Moz of GE and maintains the full-year cost guidance of US\$ 700-750/GE oz for TCC and US\$ 925-975/GE oz for AISC. The cost guidance remains contingent on the Russian rouble and Kazakh tenge exchange rate dynamics. The Company notes the continuous macro and COVID-related pressures affecting its capital expenditures. The Company continues to prioritize timely project execution and to incur additional costs to avoid project schedule slippage.

<sup>1</sup> For more information visit [vigeo-eiris.com](http://vigeo-eiris.com).

## OPERATING HIGHLIGHTS

	3 months ended June 30,		% change <sup>1</sup>	6 months ended June 30,		% change <sup>1</sup>
	2021	2020		2021	2020	
Waste mined, Mt	52.5	39.2	+34%	98.0	79.1	+24%
Underground development, km	23.3	23.2	+0%	46.3	46.4	-0%
Ore mined, Mt	3.8	4.1	-8%	7.5	8.0	-6%
Open-pit	2.8	3.0	-7%	5.6	5.9	-6%
Underground	0.9	1.0	-9%	1.9	2.0	-5%
Ore processed, Mt	4.0	4.3	-7%	7.6	7.8	-3%
Average GE grade processed, g/t	3.5	3.8	-9%	3.6	4.0	-9%
Production						
Gold, Koz	299	318	-6%	635	642	-1%
Silver, Moz	4.8	4.9	-1%	9.4	9.8	-4%
Gold equivalent, Koz <sup>2</sup>	339	358	-6%	714	723	-1%
Sales						
Gold, Koz	315	324	-3%	595	595	+0%
Silver, Moz	4.3	5.2	-18%	8.0	9.9	-19%
Revenue, US\$m <sup>3</sup>	681	641	+6%	1,274	1,135	+12%
Net debt, US\$m <sup>4</sup>	1,827	1,321	+38%	1,827	1,351	+35%
LTIFR <sup>5</sup>	0.10	0.08	+25%	0.17	0.07	+143%
Fatalities	0	0	NA	0	0	NA

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 and excluding base metals. Comparative data for 2020 restated accordingly.

(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 2021 (for the three months period) and 31 December 2020 (for the six months period).

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

## PRODUCTION BY MINE

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b><u>GOLD EQ. (KOZ)</u><sup>1</sup></b>						
Kyzyl	93	104	-10%	182	213	-14%
Varvara	51	41	+23%	110	84	+31%
Dukat	50	52	-3%	98	104	-5%
Omolon	50	46	+9%	96	88	+10%
Albazino	46	62	-26%	123	140	-12%
Svetloye	26	31	-15%	53	52	+2%
Voro	18	22	-17%	40	42	-5%
Mayskoye	4	1	NM	10	1	NM
<b>TOTAL</b>	<b>339</b>	<b>358</b>	<b>-6%</b>	<b>714</b>	<b>723</b>	<b>-1%</b>

Notes: (1) Based on 120:1 Au/Ag conversion ratio and excluding base metals. Comparative data for 2020 restated accordingly.

## CONFERENCE CALL AND WEBCAST

The Company will hold a conference call and webcast on Tuesday, 27 July 2021 at 12:00 London time (14:00 Moscow time).

To participate in the call, please dial:

**From the UK:**

+44 203 984 9844 (local access)

+44 800 011 9129 (toll free)

**From the US:**

+1 718 866 4614 (local access)

+1 888 686 3653 (toll free)

**From Russia:**

+7 495 283 9858 (local access)

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

**Conference code:** 785872

To participate in the webcast follow the link: <https://mm.closir.com/slides?id=785872>.

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

A recording of the call will be available at the same numbers and webcast link listed above within an hour after the call and until 3 August 2021.

### 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 June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b>MINING</b>						
Waste mined, Mt	20.6	18.8	+10%	40.9	38.0	+7%
Ore mined (open-pit), Kt	542	518	+5%	1,098	1,041	+5%
<b>PROCESSING</b>						
Ore processed, Kt	569	481	+18%	1,133	1,006	+13%
Gold grade, g/t	6.5	8.5	-24%	6.2	8.3	-25%
Gold recovery	89.9%	87.2%	+3%	89.4%	87.2%	+2%
Concentrate produced, Kt	34.2	37.3	-8%	69.3	73.0	-5%
Concentrate gold grade, g/t	97.0	97.4	-0%	90.9	99.3	-8%
Gold in concentrate, Koz <sup>1</sup>	107	117	-9%	202	233	-13%
Concentrate shipped, Kt	21.4	26.4	-19%	48.4	47.3	+2%
Payable gold shipped, Koz	40	51	-21%	86	92	-6%
<b>Amursk POX</b>						
Concentrate processed, Kt	13	13	+1%	25	29	-13%
Gold grade, g/t	130.8	149.2	-12%	133.9	141.8	-6%
Gold recovery	90.2%	91.8%	-2%	91.3%	91.8%	-1%
Gold produced, Koz	53	54	-0%	96	121	-20%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	93	104	-10%	182	213	-14%

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.

In Q2, the Kyzyl concentrator set a quarterly throughput record (second in a row) and also achieved the record recovery following full commissioning of the expanded dewatering section. Grade processed, as expected, declined y-o-y towards the open-pit reserve average. The planned grade decline will continue to impact production at Kyzyl throughout 2021 and will be only partially offset by higher throughput and improved recoveries.

A 10% increase in open-pit rock moved was achieved without new equipment thanks to productivity improvements driven by reduction in truck and excavator downtime.

Delivery of Kyzyl concentrate to China was disrupted given the anti-COVID precautionary measures at seaports and railway crossings which have resulted in substantial rail car and ship deficit as well as lengthening round-trip times. Polymetal is switching from bulk (boxcar) to container shipping to accelerate cycle times and expects the sales/production gap to close by year-end.

## ALBAZINO

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b>MINING</b>						
Waste mined, Mt	5.6	5.1	+10%	10.7	9.9	+8%
Underground development, km	3.9	3.1	+24%	7.1	6.2	+15%
Ore mined, Kt	455	464	-2%	949	981	-3%
Open-pit	268	295	-9%	576	655	-12%
Underground	187	169	+11%	373	325	+15%
<b>PROCESSING</b>						
<b>Albazino concentrator</b>						
Ore processed, Kt	444	446	-0%	871	891	-2%
Gold grade, g/t	4.0	4.8	-16%	4.1	4.6	-11%
Gold recovery <sup>1</sup>	88.4%	86.5%	+2%	88.6%	86.0%	+3%
Concentrate produced, Kt	33.7	36.8	-8%	66.5	72.7	-9%
Concentrate gold grade, g/t	46.7	50.0	-7%	48.1	49.1	-2%
Gold in concentrate, Koz <sup>2</sup>	51	59	-14%	103	115	-10%
<b>Amursk POX</b>						
Concentrate processed, Kt	34	40	-15%	82	86	-4%
Gold grade, g/t	47.1	51.6	-9%	50.4	52.6	-4%
Gold recovery	96.3%	96.5%	-0%	96.4%	96.5%	-0%
Gold produced, Koz	46	62	-26%	123	139	-12%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	46	62	-26%	123	139	-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.

In H1, Albazino recorded a 12% decrease in production as the Anfisa high-grade open pit is nearing full depletion. The ramp-up of stoping at the Ekaterina-2 underground mine only partially compensates for this development. The new open pit, Farida, with lower grades, drove a 10% increase in waste volumes.

Recovery at the concentrator improved by 2 p.p. and 3 p.p. in Q2 and H1 2021 respectively as feedstock mix shifted to ores from deeper underground levels.

Construction at the Kutyn heap leach project is in full swing with final construction permits in place and contractors fully mobilized on site.

## MAYSKOYE

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b>MINING</b>						
Waste mined, Mt	1.0	0.6	+63%	2.0	1.7	+16%
Underground development, km	4.7	5.5	-14%	9.8	11.0	-11%
Ore mined, Kt	197	306	-36%	388	567	-32%
Open-pit	38	108	-64%	51	186	-73%
Underground	158	197	-20%	336	380	-12%
<b>PROCESSING</b>						
Ore processed, Kt	218	230	-5%	435	458	-5%
Gold grade, g/t	5.7	6.7	-15%	6.0	6.2	-4%
Gold recovery	92.0%	84.4%	+9%	92.3%	87.5%	+5%
Gold in concentrate, Koz <sup>2</sup>	37	37	-1%	77	76	+2%
Gold produced in dore from concentrate (POX), Koz	4	-	NM	5	-	NM
Gold produced in dore from carbon, Koz <sup>3</sup>	-	1	NM	5	1	NM
<b>TOTAL PRODUCTION</b>						
Gold, Koz	4	1	NM	10	1	NM

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, in Q2 2021 the plant only processed sulphide ore while in Q2 2020 oxidised material from the open pit was also part of the feed. Thus, the grades and recoveries are not comparable y-o-y. The Company started processing oxidised ore in July 2021.

Underground mine electrification project is running on schedule. Conveyor installation has commenced with first ore deliveries to the surface expected in Q2 2022.

## AMURSK POX

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
Concentrate processed, Kt	50	53	-7%	110	115	-4%
Albazino	33	38	-14%	77	79	-2%
Kyzyl	13	13	+1%	25	29	-13%
Mayskoye	2	-	NA	3	-	NA
Veduga	-	1	-100%	4	3	+38%
Other <sup>1</sup>	1	0	NA	1	3	-73%
Gold recovery	93.0%	94.2%	-1%	94.0%	94.2%	-0%
Average gold grade, g/t	69.8	75.6	-8%	69.7	75.2	-7%
Average sulphur grade	14.1%	13.5%	+4%	13.8%	13.9%	-1%
Total gold produced <sup>2</sup> , Koz	103	116	-11%	224	261	-14%
Albazino	45	51	-13%	112	111	+1%
Kyzyl	53	54	-0%	96	121	-20%
Mayskoye	4	-	NA	5	0	NA
Veduga	-	4	-100%	9	19	-49%
Other <sup>1</sup>	1	6	-86%	1	10	-91%

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.

POX quarterly output was down due to lower production from Albazino concentrate and a 1 p.p. decrease in POX recovery on the back of the increased share of more metallurgically challenging material from Kyzyl.

A planned three-week autoclave maintenance shutdown in April went smoothly and identified no material issues.



## VARVARA

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b>MINING</b>						
Waste mined, Mt	10.0	10.1	-1%	19.5	20.3	-4%
Ore mined, Kt	850	702	+21%	1,906	1,484	+28%
<b>PROCESSING</b>						
<b>Leaching</b>						
Ore processed, Kt	794	796	-0%	1,558	1,530	+2%
Gold grade, g/t	1.7	1.5	+11%	1.7	1.5	+12%
Gold recovery <sup>1</sup>	89.9%	89.1%	+1%	88.2%	88.1%	+0%
Gold production (in dore), Koz	38	32	+19%	84.4	66.8	+26%
<b>Flotation</b>						
Ore processed, Kt	185	188	-1%	375	317	+19%
Gold grade, g/t	2.8	2.6	+9%	2.7	2.8	-4%
Recovery <sup>1</sup>	83.9%	87.2%	-4%	84.3%	86.5%	-3%
Gold in concentrate, Koz	12	9	+41%	26	18	+47%
Total ore processed, Kt	979	984	-0%	1,933	1,876	+3%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	51	41	+23%	110	84	+31%

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.

Q2 gold production at Varvara was up 23% y-o-y driven by higher grade leach ore from Komar and grade increase in third-party material at flotation circuit. Gold recovery from low copper grade ore improved to 89.9% after leaching circuit expansion increased residence time.

## DUKAT OPERATIONS

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b>MINING</b>						
Waste mined, Mt	0.7	-	NA	1.1	-	NA
Underground development, km	11.1	10.9	+1%	22.8	22.2	+3%
Ore mined, Kt	638	545	+17%	1,283	1,084	+18%
Open-pit	119	-	NA	223	-	NA
Underground	518	545	-5%	1,060	1,084	-2%
<b>PROCESSING</b>						
<b>Omsukchan concentrator</b>						
Ore processed, Kt	508	496	+3%	1,021	1,009	+1%
Grade						
Gold, g/t	0.6	0.6	-6%	0.5	0.5	-3%
Silver, g/t	257	273	-6%	255	280	-9%
Recovery <sup>1</sup>						
Gold	87.1%	85.1%	+2%	85.3%	84.8%	+1%
Silver	87.6%	87.4%	+0%	87.2%	86.6%	+1%
Production						
Gold, Koz	8	8	-1%	14	14	-0%
Silver, Moz	3.6	3.7	-4%	7.1	7.7	-7%
<b>Lunnoye plant</b>						
Ore processed, Kt	122	116	+5%	237	232	+2%
Grade						
Gold, g/t	1.6	1.4	+15%	1.6	1.5	+7%
Silver, g/t	219	278	-21%	235	273	-14%
Recovery <sup>1</sup>						
Gold	90.0%	91.8%	-2%	90.8%	91.2%	-0%
Silver	93.2%	92.8%	+0%	92.6%	92.1%	+1%
Production						
Gold, Koz	6	5	+17%	11	10	+9%
Silver, Moz	0.8	1.0	-17%	1.6	1.9	-12%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	13	13	+6%	25	24	+3%
Silver, Moz	4.4	4.7	-6%	8.8	9.5	-8%

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

Dukat continues to experience planned grade decline, which resulted in a y-o-y production decrease. Ore mined was higher y-o-y as open-pit mining recommenced in Q1.

Primorskoye satellite underground mine produced first ore from development with first deliveries of high-grade direct shipment material to third-party smelters expected in Q3.

## OMOLON OPERATIONS

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b>MINING</b>						
Waste mined, Mt	1.3	1.1	+13%	1.6	2.0	-23%
Underground development, Km	3.0	3.7	-19%	5.7	7.0	-19%
Ore mined, Kt	113	763	-85%	186	1,564	-88%
Open-pit	34	642	-95%	34	1,331	-97%
Underground	78	121	-35%	151	234	-35%
<b>PROCESSING</b>						
<b>Kubaka Mill</b>						
Ore processed, Kt	217	220	-1%	429	433	-1%
Grade						
Gold, g/t	6.5	6.6	-1%	6.7	6.7	-1%
Silver, g/t	64	26	+150%	44	20	+122%
Recovery <sup>1</sup>						
Gold	95.0%	94.3%	+1%	93.9%	93.2%	+1%
Silver	81.0%	69.5%	+17%	79.5%	74.3%	+7%
Gold production, Koz	43	41	+6%	88	83	+7%
Silver production, Moz	0.3	0.1	+177%	0.5	0.2	+144%
<b>Birkachan Heap Leach</b>						
Ore stacked, Kt	308	707	-56%	353	707	-50%
Gold grade, g/t	1.3	2.3	-44%	1.2	2.3	-45%
Gold production, Koz	4	3	+7%	4	3	+24%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	47	45	+6%	93	86	+8%
Silver, Moz	0.3	0.1	+171%	0.5	0.2	+141%

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

In Q2, the Merrill-Crowe circuit at Kubaka plant was re-launched after a shut-down in 2020 as sufficient volumes of high silver grade material became available.

Grade at Birkachan heap leach decreased due to the higher base in 2020 when higher-grade stockpiled ore was processed. Stacking was lower with the crusher focused on re-handling of previously stacked ore.

Ore mining was down as Olcha open pit and underground mines as well as Birkachan open pit have been depleted. A new open pit mine at Burgali, 110 km from the processing plant, produced first ore.

The commissioning of the 2.5 MWh solar power plant commenced in July. The dry tailings storage facility achieved mechanical completion and is on track to enter production by the end of 2021.

## SVETLOYE

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b>MINING</b>						
Waste mined, Mt	1.1	0.9	+22%	1.8	1.6	+9%
Ore mined (open pit), Kt	536	561	-4%	926	907	+2%
<b>PROCESSING</b>						
Ore stacked, Kt	366	317	+16%	648	626	+4%
Gold grade, g/t	2.8	3.7	-24%	3.7	4.0	-9%
Gold production, Koz	26	31	-15%	53	52	+2%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	26	31	-15%	53	52	+2%

Quarterly gold production at Svetloye contracted y-o-y on the back of the planned decline in grade. Stacking increase is attributable to the low base of Q2 2020 when stacking volumes were impacted by maintenance shutdown of the ore crushing complex.

Waste mined jumped as mining started at the new Lyudmila pit.

## VORO

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b>MINING</b>						
Waste mined, Mt	3.0	-	NA	3.6	-	NA
Ore mined, Kt	57	-	NA	68	-	NA
<b>PROCESSING</b>						
<b>CIP</b>						
Ore processed, Kt	262	260	+1%	522	529	-1%
Gold grade, g/t	1.9	2.2	-17%	2.0	2.2	-8%
Gold recovery <sup>1</sup>	84.6%	82.5%	+3%	84.2%	82.3%	+2%
Gold production, Koz	16	18	-11%	36	36	-0%
<b>Heap Leach</b>						
Ore stacked, Kt	-	22	-100%	-	22	-100%
Gold grade, g/t	-	0.9	-100%	-	0.9	-100%
Gold production, Koz	2	4	-53%	4	6	-38%
<b>TOTAL PRODUCTION</b>						
Gold, Koz	18	22	-18%	40	42	-6%

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

Gold production at Voro continued to drift lower as the plant processed predominantly low-grade historical stockpiles. Recovery for the reporting quarter and H1 improved by 3 p.p. and 2 p.p. y-o-y respectively as oxidized ore from Saum was introduced to the feed.

At the Voro flotation plant, the foundations for equipment and steel framework for the concentrator building were completed. SAG and ball mills have been installed. The project is 50% completed.

## NEZHDA

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2021	2020		2021	2020	
<b>MINING</b>						
Waste mined, Mt	5.6	-	NA	11.0	-	NA
Ore mined, Kt	365	-	NA	710	-	NA

Construction and mining activities proceeded on schedule. Mechanical completion of key equipment, including SAG and ball mills, was achieved. Cold commissioning of individual equipment items is in progress with multiple representatives of international suppliers on site.

Construction of the dry-stack tailings storage facility is nearing completion. The project is on track to produce first concentrate on November 1, 2021.

## POX-2

Construction progressed on schedule. In Q2, the large-sized equipment of oxygen station was installed. Equipment foundation construction at the POX building is being finalized. Downstream circuit metal framework construction was completed.

The Suez straits crisis lead to multiple delays in shipment of key equipment from Europe. The management is evaluating alternative options of ensuring the timely arrival of items on the critical path, including booking single-cargo vessels at increased cost.

## SUSTAINABILITY, HEALTH AND SAFETY

There were no fatal accidents during the first half of the year (consistent with H1 2020) among Polymetal's workforce and the Company's contractors. We regret to report that on July 18 a drilling contractor lost his life at the Saum open-pit mine, part of Voro operations. We send our condolences to the family and friends of our colleague. The incident is currently under investigation to understand the root cause of the accident to prevent any recurrence.

LTIFR among the Group's employees in Q2 2021 stood at 0.10, in comparison with 0.08 in Q2 2020, while for the first half of 2021 LTIFR was 0.17 vs 0.07 a year earlier. There were three incidents among employees during the quarter and no incidents with contractor workers. During H1 2021, there were ten lost-time injuries in total vs four cases during H1 2020.

In Q2, Vigeo Eiris (part of Moody's ESG solutions), a global leader in ESG assessments, data, research and analytics, raised Polymetal's overall ESG score from 48 to 69 (out of 100) which corresponds with the Advanced level, the highest on the company's ranking scale. The new score places Polymetal on the second place out of 43 in the Mining & Metals sector and 22<sup>nd</sup> place in the global ranking universe (4,939 companies). For more information visit [vigeo-eiris.com](http://vigeo-eiris.com).

The reporting quarter was also marked with a couple of other external recognitions, which confirms our success as a responsible company: Polymetal took the 7th place in Russia's 30 most eco-friendly companies rating and the 2<sup>nd</sup> place among metals and mining companies in Russia by Forbes.

## COVID-19 UPDATE

Epidemiological situation in the Company remains under control. Number of active cases increased q-o-q as Russia and Kazakhstan entered the third wave of the pandemic. As of the date of this press release, there are less than 50 active cases of the disease in Polymetal, none of which observed at production sites. Operations and development projects continue uninterrupted. All precautionary measures, including extensive testing and observatory periods, are maintained at all sites.

Multiple regions introduced requirements for mandatory vaccination within certain industries (hospitality, transportation services). Continuously operating industries (including mining) are currently not targeted. Polymetal continues to facilitate non-obligatory vaccination among employees by organizing vaccination at local hospitals or establishing vaccination points on site.

The Company estimates COVID-related cash expenses at approximately US\$ 5 million per month with the majority recorded as operating costs. This translates into roughly US\$ 35 per GE ounce in AISC.