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Polymetal International plc

Prognoz fast-track development approval

Polymetal announces that the Board of Directors has approved an accelerated development of the open-pit mine at Prognoz with ore processing at the Nezhda concentrator. First payable concentrate production is expected in Q3 2023.

"The decision to process ore from Prognoz at Nezhda ensures optimal allocation of human and financial capital within Polymetal. Fast-track development significantly reduces CAPEX requirements and project execution risks, while bringing cash flows forward and lowering environmental footprint", said Vitaly Nesis, Group CEO of Polymetal.

PROJECT HIGHLIGHTS

- Conventional open-pit mining will commence with pre-stripping in Q3 2022, with first ore mined in Q1 2023. The annual mine capacity will amount to 250 Kt of ore with average grade of approximately 600 g/t silver (Ag).
- Ore will be processed through the 2.2 Nezhda concentrator. Ag recovery to high-grade clean silver-lead concentrate is expected to average 89%. Ore will be trucked by winter road from Prognoz to Nezhda production site (675 km) using contractors.
- LOM payable Ag equivalent (AgEq) in concentrate is expected to comprise 120 Moz. Average annual payable AgEq production in 2023-2041 is estimated at roughly 6.5 Moz with an average AISC of US\$ 13.8/AgEq oz.
- The project's upfront CAPEX to be incurred is estimated at US\$ 105 million comprising US\$ 20 million spending in 2021 for engineering and mine preparation and US\$ 85 million in 2022-2024, which includes investment in mining fleet, remote site infrastructure, roads, and pre-stripping.
- Project NPV¹ and IRR stand at US\$ 154 million and 35% respectively at US\$ 20/oz silver price rising to US\$ 323 million and 60% at US\$ 25/oz price.

RATIONALE BEHIND PROCESSING AT NEZHDA RATHER THAN BUILDING PROCESSING FACILITY ON SITE

- Moving first payable production at least three years earlier enabling Polymetal to benefit from the favorable silver market.
- Reducing project execution risks given remote location, harsh climate conditions, and likely acute deficit of personnel and contractors during the construction stage.
- Lowering initial CAPEX while maintaining attractive unit cash costs and thus driving higher returns and faster free cash flows.
- Materially reducing environmental footprint: 20% lower GHG intensity due to grid connection at Nezhda, 50% lower fresh water intensity.

¹ At 10% WACC.

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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