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Polymetal International plc

Q3 2021 production results

Polymetal reports solid production results for the third quarter of 2021.

“Start of production at Nezhda capped a solid Q3 performance. Polymetal’s portfolio of mines delivered results in line with the budget with the company firmly on track to meet its full-year production guidance”, said Vitaly Nesis, Group CEO of Polymetal.

HIGHLIGHTS

- There have been no fatal accidents during the first nine months of 2021 among Polymetal’s workforce (similar to 9M 2020). As reported previously, on July 18 a drilling contractor lost his life at the Saum open-pit mine. Accident response details can be found in the Health & Safety section of this announcement. There were no lost-time injuries in Q3.
- Q3 gold equivalent (“GE”) production decreased by 8% y-o-y to 437 Koz as results reverted to the mean from the all-time quarterly production record set in Q3 2020. GE output for nine months was down by 4% to 1,151 Koz driven by planned grade declines at Kyzyl, Svetloye and Voro.
- Russia is going through the fourth wave of the COVID pandemic with multiple daily highs set recently for both new cases and deaths. At Polymetal, the number of active cases rose to 72 as of the date of this press release. The epidemiological situation remains under control with operations and projects continuing undisrupted despite several localised outbreaks.
- COVID-related transportation restrictions at railway and seaports in China persist. However, the Company successfully shortened concentrate transit times by switching from bulk (boxcar) to container shipping. The lag between sales and production as well as excess working capital decreased significantly and are expected to be eliminated by the year-end.
- Revenue for the quarter declined by 7% y-o-y to US\$ 819 million driven by lower gold and silver prices. 9M revenue reached US\$ 2,093 million, up 4% y-o-y. Net debt marginally increased for the quarter to US\$ 1.90 billion as the Company generated substantial free cash flows and paid an interim dividend of US\$ 0.2 billion (45 cents per share).
- Nezhda produced first concentrate on October 16, two weeks ahead of the previously announced target date (November 1st). The Company expects to reach the plant’s nameplate capacity and full design recovery by April 2022. POX-2 construction is progressing on schedule. All heavy equipment arrived on site and has been installed.
- In October, Polymetal received an ESG Risk Rating of 15.9¹ and was assessed by Sustainalytics to be at low risk of experiencing material financial impact from ESG factors. This is an improvement from the prior year rating of 20.3 (medium risk). Polymetal is now ranked by Sustainalytics within top 3 precious metals companies globally.
- The Company is on track to meet its full-year 2021 production guidance of 1,500 GE Koz. TCC and AISC guidance of US\$ 700-750/GE oz and US\$ 925-975/GE oz respectively is maintained. The cost guidance remains contingent on the RUB/USD and KZT/USD exchange rates.
- Polymetal will host its Analyst & Investor Day on November 8 in the format of a video webcast and conference call. The management will provide updates on mid-term production and CAPEX guidance as well as on the key development projects.

¹ <https://www.sustainalytics.com/esg-ratings>

OPERATING HIGHLIGHTS

	3 months ended Sep 30,		% change ¹	9 months ended Sep 30,		% change ¹
	2021	2020		2021	2020	
Waste mined, Mt	54.1	43.8	+24%	152.0	122.8	+24%
Underground development, km	24.2	21.0	+15%	70.5	67.4	+5%
Ore mined, Mt	4.1	4.0	+1%	11.6	12.0	-3%
Open-pit	3.1	2.9	+5%	8.7	8.9	-2%
Underground	1.0	1.1	-10%	2.9	3.1	-7%
Ore processed, Mt	4.1	4.0	+3%	11.7	11.8	-1%
Average GE grade processed, g/t	3.4	3.8	-11%	3.5	3.9	-10%
Production						
Gold, Koz	399	438	-9%	1,035	1,080	-4%
Silver, Moz	4.5	4.6	-3%	13.9	14.4	-4%
Gold equivalent, Koz ²	437	477	-8%	1,151	1,200	-4%
Sales						
Gold, Koz	406	410	-1%	1,002	1,005	-0%
Silver, Moz	4.6	4.2	+10%	12.6	14.1	-11%
Revenue, US\$m ³	819	884	-7%	2,093	2,019	+4%
Net debt, US\$m ⁴	1,897	1,827	+4%	1,897	1,351	+40%
LTIFR ⁵	0	0.15	-100%	0.11	0.10	+10%
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 June 2021 (for the three months period) and 31 December 2020 (for the nine months period).

(5) 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
	2021	2020		2021	2020	
<u>GOLD EQ. (KOZ)</u> ¹						
Kyzyl	91	102	-10%	274	314	-13%
Albazino	67	65	+3%	190	204	-7%
Varvara	47	46	+2%	157	130	+21%
Omolon	60	65	-8%	157	153	+2%
Dukat	44	48	-8%	142	152	-6%
Mayskoye	75	77	-3%	85	78	+9%
Svetloye	31	39	-22%	84	91	-8%
Voro	22	35	-36%	62	77	-19%
TOTAL	437	477	-8%	1,151	1,200	-4%

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, 26 October 2021 at 10:00 London time (12:00 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 2 November 2021.

About Polymetal

Polymetal International plc (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) is a top-10 global gold and 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 Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
MINING						
Waste mined, Mt	21.2	20.0	+6%	62.0	58.0	+7%
Ore mined (open-pit), Kt	574	513	+12%	1,672	1,555	+8%
PROCESSING						
Ore processed, Kt	550	509	+8%	1,683	1,515	+11%
Gold grade, g/t	6.1	7.4	-18%	6.2	8.0	-23%
Gold recovery	88.4%	89.0%	-1%	89.1%	87.8%	+1%
Concentrate produced, Kt	28.9	37.2	-22%	98.1	110.2	-11%
Concentrate gold grade, g/t	102.3	90.6	+13%	94.3	96.4	-2%
Gold in concentrate, Koz ¹	95	108	-12%	297	341	-13%
Concentrate shipped, Kt	9.7	21.1	-54%	58.1	68.3	-15%
Payable gold shipped, Koz	18	40	-55%	104	132	-21%
Amursk POX						
Concentrate processed, Kt	19	15	+28%	44	44	+1%
Gold grade, g/t	133.8	147.8	-9%	133.9	143.8	-7%
Gold recovery	93.1%	92.6%	+1%	92.1%	92.1%	+0%
Gold produced, Koz	74	62	+19%	170	183	-7%
TOTAL PRODUCTION						
Gold, Koz	91	102	-10%	274	314	-13%

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 Q3, gold production at Kyzyl continued to be impacted by the planned grade decline towards the reserve average. The impact was partially compensated by increase in throughput with the concentrator currently running at the upper limit of tailings disposal license. As a result, quarterly output decreased by 10% y-o-y to 91 Koz.

Concentrate shipments to China experienced disruptions related to acute rail car and ship deficit due to Chinese anti-COVID precautionary measures at seaports and railway crossings. The Company expects the sales/production gap to close fully by year-end.

ALBAZINO

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
MINING						
Waste mined, Mt	5.7	5.2	+8%	16.3	15.1	+8%
incl. Kutyn	0.5	-	NA	0.5	NA	-
Underground development, km	4.5	2.5	+79%	11.7	8.7	+34%
Ore mined, Kt	581	421	+38%	1,530	1,401	+9%
Open-pit	382	249	+53%	958	905	+6%
Underground	199	172	+16%	572	497	+15%
PROCESSING						
Albazino concentrator						
Ore processed, Kt	458	429	+7%	1,329	1,320	+1%
Gold grade, g/t	4.3	4.7	-8%	4.2	4.6	-10%
Gold recovery ¹	89.4%	88.4%	+1%	88.8%	86.8%	+2%
Concentrate produced, Kt	37.6	34.9	+8%	104.1	107.6	-3%
Concentrate gold grade, g/t	46.7	50.3	-7%	47.6	49.5	-4%
Gold in concentrate, Koz ²	56.6	56.5	+0%	159.3	171.2	-7%
Amursk POX						
Concentrate processed, Kt	42.1	40.8	+3%	124.5	126.5	-2%
Gold grade, g/t	50.1	49.2	+2%	50.3	51.5	-2%
Gold recovery	96.4%	96.5%	-0%	96.4%	96.5%	-0%
Gold produced, Koz	67	65	+3%	189	204	-7%
TOTAL PRODUCTION						
Gold, Koz	67	65	+3%	189	204	-7%

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, grade eroded y-o-y as the high-grade Anfisa pit approaches full depletion. Persistently challenging geotechnical conditions in the underground mine led to increased dilution and losses. The action plan to shift to sublevel caving has been developed with the goal to achieve transition at deep levels by the end of 2022. The management believes unit mining costs and productivity can be improved with the new mining method while mining losses and grades can be maintained at current levels.

Waste and mining volumes were higher y-o-y on the back of Farida open pit development. Underground development almost doubled due to ramping-up Ekaterina and Anfisa underground mines.

Grade decline has been fully compensated by increasing throughput to record levels and improving recoveries. Overall quarterly gold production at the Albazino-Amursk hub increased by 3% to 67 Koz due to processing of higher-grade third-party concentrate at the Amursk POX.

At Kutyn heap leach project, pre-stripping has started following the receipt of final development permits.

AMURSK POX

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
Concentrate processed, Kt	61	56	+10%	171	170	+1%
Albazino	39	40	-2%	116	119	-2%
Kyzyl	19	15	+28%	44	44	+1%
Mayskoye	-	-	NA	3	-	NA
Veduga	-	-	NA	4	3	+38%
Other ¹	3	1	+232%	4	4	-6%
Gold recovery	94.6%	94.5%	+0%	94.2%	94.3%	-0%
Average gold grade, g/t	76.3	75.5	+1%	72.0	75.3	-4%
Average sulphur grade	13.8%	14.4%	-4%	13.8%	14.1%	-2%
Total gold produced ² , Koz	140	129	+9%	364	390	-7%
Kyzyl	74	62	+19%	170	183	-7%
Albazino	59	65	-9%	171	176	-3%
Veduga	1	-	NA	11	19	-43%
Mayskoye	0	-	NA	5	0	NM
Other ¹	7	0	NA	8	10	-25%

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 up y-o-y due to higher volumes of Kyzyl and third-party high-grade concentrate in the feedstock.

A planned two-week autoclave maintenance shutdown in October went smoothly and has not identified any material issues.

VARVARA

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
MINING						
Waste mined, Mt	11.2	10.1	+11%	30.7	30.3	+1%
Ore mined, Kt	908	725	+25%	2,815	2,209	+27%
PROCESSING						
Leaching						
Ore processed, Kt	830	773	+7%	2,387	2,303	+4%
Gold grade, g/t	1.6	1.4	+14%	1.6	1.4	+13%
Gold recovery ¹	89.9%	88.1%	+2%	88.8%	88.1%	+1%
Gold production (in dore), Koz	38	32	+19%	122	99	+24%
Flotation						
Ore processed, Kt	133	176	-24%	508	523	-3%
Gold grade, g/t	2.9	3.2	-9%	2.8	3.0	-7%
Recovery ¹	88.4%	88.7%	-0%	85.4%	87.4%	-2%
Gold in concentrate, Koz	9	14	-35%	35	32	+10%
Total ore processed, Kt	963	949	+1%	2,896	2,825	+2%
TOTAL PRODUCTION						
Gold, Koz	47	46	+2%	157	130	+21%

Note: (1) Technological recovery, includes gold and copper within work-in-progress inventory. Does not include toll-treated ore.

In Q3, flotation circuit at Varvara was undergoing maintenance and ore tonnage was redirected to the leaching circuit. On a like for like basis, leaching circuit production increased due to higher grade in the Komar ore and improvements to the flow sheet (increased residence time and cyanide consumption rate). As a result, total quarterly production at Varvara was up by 2% y-o-y to 47 Koz of gold.

OMOLON OPERATIONS

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
MINING						
Waste mined, Mt	1.7	0.7	+142%	3.3	2.8	+20%
Underground development, Km	3.0	3.1	-3%	8.6	10.0	-14%
Ore mined, Kt	297	607	-51%	482	2,171	-78%
Open-pit	208	497	-58%	242	1,828	-87%
Underground	89	110	-20%	240	344	-30%
PROCESSING						
Kubaka Mill						
Ore processed, Kt	222	214	+4%	651	648	+1%
Grade						
Gold, g/t	6.7	7.1	-6%	6.7	6.9	-3%
Silver, g/t	88	28	+216%	59	22	+163%
Recovery ¹						
Gold	95.8%	95.0%	+1%	94.6%	93.8%	+1%
Silver	84.0%	73.0%	+15%	81.6%	73.8%	+11%
Gold production, Koz	43	49	-13%	131	132	-1%
Silver production, Moz	0.6	0.1	+285%	1.0	0.3	+205%
Birkachan Heap Leach						
Ore stacked, Kt	348	411	-15%	701	1,118	-37%
Gold grade, g/t	2.4	1.6	+51%	1.8	2.0	-9%
Gold production, Koz	13	15	-14%	17	18	-7%
TOTAL PRODUCTION						
Gold, Koz	55	64	-13%	148	150	-1%
Silver, Moz	0.6	0.2	+237%	1.1	0.4	+187%

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

At Omolon, gold output for the quarter contracted by 13% y-o-y while silver production more than doubled as sufficient volumes of high silver grade material became available and Merrill-Crowe circuit at the Kubaka mill was re-launched in Q2 after a shut-down in 2020.

Quarterly gold production at the Birkachan heap leach decreased due to accumulation of work-in-progress inventories. Stacking was lower with the crusher focused on re-handling of the higher-grade stockpiles.

Ore mining was down y-o-y as Olcha open pit and underground mines as well as Birkachan open pit were fully depleted. However, relative to the previous quarter the volumes jumped almost threefold as mining at the new open pit at Burgali gained momentum.

DUKAT OPERATIONS

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
MINING						
Waste mined, Mt	0.9	-	NA	1.9	-	NA
Underground development, km	10.9	10.6	+3%	33.7	32.8	+3%
Ore mined, Kt	631	614	+3%	1,913	1,698	+13%
Open-pit	92	-	NA	316	-	NA
Underground	538	614	-12%	1,598	1,698	-6%
PROCESSING						
Omsukchan concentrator						
Ore processed, Kt	516	493	+5%	1 537	1 502	+2%
Grade						
Gold, g/t	0.4	0.5	-15%	0.5	0.5	-7%
Silver, g/t	219	258	-15%	243	273	-11%
Recovery ¹						
Gold	83.9%	84.7%	-1%	84.9%	84.8%	+0%
Silver	84.0%	86.6%	-3%	86.2%	86.6%	-0%
Production						
Gold, Koz	6	7	-13%	20	21	-5%
Silver, Moz	3.0	3.5	-15%	10.1	11.2	-10%
Lunnoye plant						
Ore processed, Kt	121	116	+4%	358	348	+3%
Grade						
Gold, g/t	1.8	1.3	+32%	1.6	1.4	+15%
Silver, g/t	239	265	-10%	236	271	-13%
Recovery ¹						
Gold	90.0%	88.3%	+2%	90.5%	90.3%	+0%
Silver	94.4%	93.1%	+1%	93.2%	92.4%	+1%
Production						
Gold, Koz	6	4	+40%	17	14	+19%
Silver, Moz	0.9	0.9	-4%	2.5	2.8	-9%
TOTAL PRODUCTION						
Gold, Koz	12	11	+8%	37	35	+5%
Silver, Moz	3.8	4.4	-13%	12.6	13.9	-9%

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

Dukat silver production continued to be driven by the planned grade decline and decreased by 13% y-o-y in Q3 to 3.8 Moz. Gold production was up due to higher share of Lunnoye gold-rich ore and lower share of Arylakh ore in the Lunnoye plant's feed.

Open-pit mine at Dukat which targets the extraction of the crown pillar has ramped up to full capacity and is expected to drive an uptick in grades and production starting from Q4.

First ore from Primorskoye satellite underground was shipped to third-party smelters in October.

MAYSKOYE

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
MINING						
Waste mined, Mt	1.0	0.6	+53%	2.9	2.3	+26%
Underground development, km	5.0	4.9	+3%	14.8	15.9	-7%
Ore mined, Kt	195	289	-33%	582	855	-32%
Open-pit	33	91	-64%	84	278	-70%
Underground	161	197	-18%	498	578	-14%
PROCESSING						
Ore processed, Kt	234	225	+4%	669	683	-2%
Gold grade, g/t	5.7	7.9	-28%	5.9	6.8	-14%
Gold recovery	71.6%	70.9%	+1%	85.3%	81.1%	+5%
Gold in concentrate, Koz ²	26	29	-11%	102	104	-2%
Payable gold in concentrate shipped to off-takers, Koz	74	75	-0%	75	75	-0%
Amursk POX						
Gold produced in dore from concentrate (POX), Koz	0	-	NM	5	-	NM
Gold produced in dore from carbon, Koz ³	-	2	NM	5	3	NM
TOTAL PRODUCTION						
Gold, Koz	75	77	-3%	85	78	+9%

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 started processing oxidised ore from the open pit which was recommenced in Q1. The new material has lower grades and is highly carbonaceous, which resulted in a y-o-y decrease in gold in concentrate.

The installation of underground material handling system comprising crushers, conveyors and transfer points has commenced with all equipment and materials arrived on site despite significant logistical challenges. The commissioning of the system is expected in Q3 2022.

SVETLOYE

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
MINING						
Waste mined, Mt	1.2	0.7	+70%	3.0	2.3	+28%
Ore mined (open pit), Kt	473	547	-14%	1,399	1,454	-4%
PROCESSING						
Ore stacked, Kt	451	395	+14%	1,100	1,021	+8%
Gold grade, g/t	2.3	4.0	-41%	3.1	4.0	-22%
Gold production, Koz	30	39	-22%	83	91	-8%
TOTAL PRODUCTION						
Gold, Koz	30	39	-22%	83	91	-8%

Quarterly gold production at Svetloye contracted y-o-y on the back of the planned decline in grade.

Q3 stacking volumes increased y-o-y due to favorable weather conditions (less rainfall) and certain improvements implemented during maintenance in May.

Waste mined substantial growth is attributable to the start of mining at the new Lyudmila pit (launched earlier in 2021) and the commencement of the new pushback (Stage 3) at the Emmy pit.

VORO

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
MINING						
Waste mined, Mt	2.8	-	NA	6.4	-	NA
Ore mined, Kt	178	-	NA	239	-	NA
PROCESSING						
CIP						
Ore processed, Kt	262	257	+2%	784	786	-0%
Gold grade, g/t	1.8	2.0	-10%	2.0	2.1	-8%
Gold recovery ¹	84.4%	83.2%	+1%	84.3%	82.6%	+2%
Gold production, Koz	20	27	-24%	56	63	-10%
Heap Leach						
Ore stacked, Kt	-	-	NA	-	22	-100%
Gold grade, g/t	-	-	NA	-	0.9	-100%
Gold production, Koz	1	8	-82%	5	14	-63%
TOTAL PRODUCTION						
Gold, Koz	22	35	-37%	61	77	-20%

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

At Voro, gold production remains focused on processing low-grade historical stockpiles – the key source of feedstock for the CIP plant. Recoveries were higher y-o-y both in Q3 and 9M as the plant started processing high-grade third-party material, as well as oxide ores from Peschernoye and Saum. The Company expects average gold grade to improve in Q4 as more material from these sources will be introduced into the feed.

At Voro flotation plant, major processing equipment has been installed and the concentrator building is expected to be fully winterized in Q4.

NEZHDA

	3 months ended Sep 30,		% change	9 months ended Sep 30,		% change
	2021	2020		2021	2020	
MINING						
Waste mined, Mt	5.8	4.7	+24%	16.7	4.7	+259%
Ore mined, Kt	226	200	+13%	937	200	+367%

Following the completion of all construction and commissioning activities, Nezhda successfully produced first gold and silver concentrate on October 16th. This is two weeks ahead of the previously announced target date of November 1st. The concentrator now enters ramp-up period and is expected to reach its nameplate capacity and full design recovery by April 2022.

Nezhda is expected to produce on average 180 Koz per year in 2022-2024 at estimated AISC of US\$ 850-900/oz.

POX-2

Construction continues on schedule. All equipment in the high-bay section of the plant has been successfully installed. This includes pressure letdown and cooling tanks. All heavy equipment items are now in place. Construction is currently focused on installing stainless steel tankage in hot cure, slurry cooling, and neutralization sections of the facility. CIP tanks installation has commenced. Maintenance shop and production warehouse metal frameworks have been finalised. Power substation equipment installation has started.

SUSTAINABILITY, HEALTH AND SAFETY

There were no work-related accidents resulting in lost time in Q3, with zero Polymetal employees fatalities during the first nine months of 2021. Following the fatal accident with our drilling contractor employee at Saum reported in July, Polymetal completed a comprehensive review of safety risks management among contractors and introduced a set of preventive and contractor screening measures at the mine (which will be spread at other operations where applicable). This includes regular (at least twice a month) inspections, designating employees responsible for safety control at different kinds of contractor works, arranging individual safety measures. Polymetal will also train contractors on the principles of hazards identification, risk assessment and procedure of ongoing production control and workplace monitoring. The requirement to regularly identify and assess hazards and risks is now set in all agreements with contractors. The Company remains committed to its strategic objective of zero fatalities both among employees and contractors.

LTIFR among the Group's employees for 9M period stood at 0.11, an increase of 10% year-on-year. There were 10 incidents in total in comparison with eight incidents during 9M 2020.

In October 2021, Polymetal received an ESG Risk Rating of 15.9² and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. This is an improvement from an ESG Risk Rating of 20.3 (medium risk) in 2020.

In August 2021, Polymetal's MSCI ESG Rating has been upgraded to AA from A. This places Polymetal among the companies with the highest ESG Rating in the Precious Metals sector. MSCI has highlighted Polymetal's safety initiatives and improvements, robust governance structure and business ethics practices, active engagement with local communities and robust approach to mitigating the risk of dam-related incidents.

COVID-19 UPDATE

Epidemiological situation in the Company remains under control. Operations and development projects continue undisrupted. There were 2 disease outbreaks at Kubaka and Svetloye which have been successfully contained and have not affected production.

The Company recorded q-o-q growth of active cases as Russia has entered the so-called "fourth wave" dominated by the Delta variation of the C-19 virus. As of the date of this press release, there are 72 active cases of the disease in Polymetal.

Polymetal continues to facilitate non-obligatory vaccination among employees by organizing vaccination at local hospitals or establishing vaccination points on site. 45% of Polymetal employees are already vaccinated.

² <https://www.sustainalytics.com/esg-ratings>