POLYMETAL
INTERNATIONAL PLC

1H 2017 Financial Results

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Kyzyl processing plant construction

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1H 2017 highlights

- Production remains in line with our FY2017 guidance - on track to deliver **1.40 Moz** of GE.
- Revenue increased by 15% to **US$ 683 million** y-o-y driven by production growth and tighter management of the seasonal gap between production and sales at Dukat, Omolon and Albazino
- The increase in costs was largely driven by the appreciation of the Russian Rouble against the US Dollar (by 21%, from an average rate of 70.2 RUB/USD in 1H 2016 to 58.1 RUB/USD in 1H 2017) on the back of stabilizing macroeconomic conditions in Russia and Kazakhstan:
  - TCC of **US$ 656/GE oz**, up 28% y-o-y
  - AISC of **US$ 906/GE oz**, up 20% y-o-y

  Both cost measures are expected to decline in 2H on the back of seasonally higher production and sales, particularly at Mayskoye and Okhotsk.
- Adjusted EBITDA at **US$ 257 million**, down 12% y-o-y. Adjusted EBITDA margin at **38%** compared to 49% in 1H 2016.
- Stable dividend payments
  - A regular dividend of **US$ 0.18** per share was paid for 2016 in May 2017.
  - Interim dividend increased by 55% y-o-y to **US$ 0.14** per share (1H 2016: US$ 0.09) representing 50% of the Group's underlying net earnings for 1H 2017
- Net debt increased **to US$ 1,582 million** during the period (31 December 2016: US$ 1,330 million), driven by a seasonal working capital increase and intensive construction activities at Kyzyl.
- As in prior years, free cash flow generation will be skewed towards the second half of the year with higher production and an expected seasonal working capital drawdown.

Financial highlights

	1H 2017	1H 2016	Change, % (1)	FY 2016
Revenue, US$M	683	593	+15%	1,583
Adjusted EBITDA, US$M	257	293	-12%	759
Adjusted EBITDA margin	38%	49%	-11%	48%
Total cash cost (TCC), US$/GE oz	656	514	+28%	570
All-in sustaining cash cost (AISC), US$/GE oz	906	754	+20%	776
Net earnings/ (loss) for the period, US$M	120	165	-27%	395
Underlying net earnings, US$M	117	125	-6%	382
Underlying EPS, US$/share	0.27	0.29	-7%	0.90
Dividend declared during the period, US$/share (2)	0.18	0.13	+38%	0.37
Dividend proposed for the period, US$/share	0.14	0.09	+56%	0.37
Net operating cash flow, US$M	35	65	-46%	530
Capital expenditure, US$M	193	117	+65%	271
Free cash flow (pre M&A), US$M (3)	(163)	(53)	+208%	257
	30-June-17	**31-Dec-16**		
Net debt, US$M	1,582	1,330 (4)	+19%	
Net debt/Adjusted EBITDA (5)	2.19	1.75	+25%	

Notes:
(1) % changes can be different from zero even when absolute amounts are unchanged because of rounding. Likewise, % changes can be equal to zero when absolute amounts differ due to the same reason.
(2) 1H 2017: final dividend for FY 2016 paid in May 2017. 1H 2016: final dividend for FY 2015 paid in May 2016.
(3) Net cash generated by operating activities less capital expenditures.
(4) As at 31 Dec 2016.
(5) On a last 12 months basis

Revenue

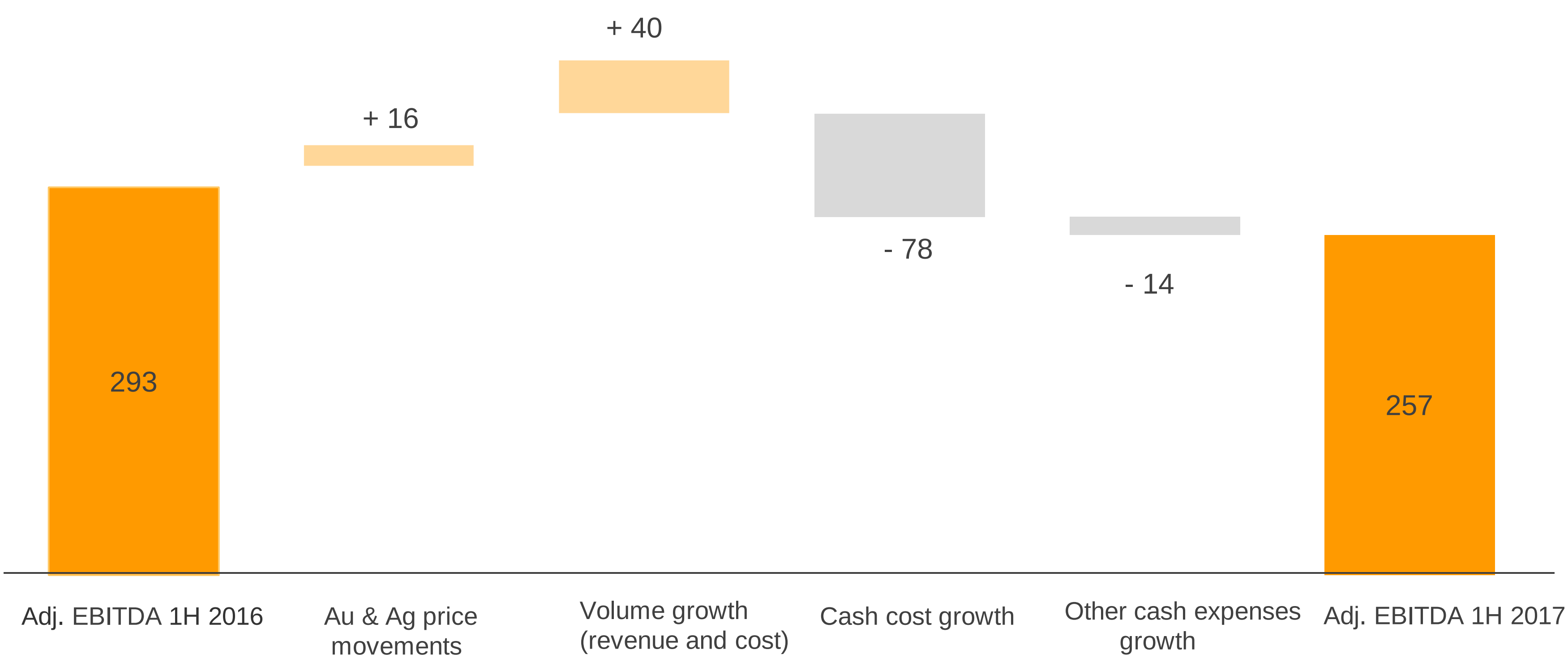
Sales by metal		1H 2017	1H 2016	Change,%	Volume variance, US$M	Price variance, US$M	FY 2016
Gold revenue	**US$M**	**471**	**391**	**+20%**	**74**	**6**	**1,070**
Sales	Koz	380	319	+19%			880
Average realised price	US$/oz	1,240	1,224	+1%			1,216
Share of revenues	%	69%	66%				68%
Silver revenue	**US$M**	**202**	**201**	**+0%**	**-9**	**10**	**500**
Sales	Moz	12.4	13.0	-5%			30.7
Average realised price	US$/oz	16.3	15.5	+5%			16.3
Share of revenues	%	30%	34%				32%
Copper revenue	**US$M**	**10**	**1**	**NM**			**13**
Share of revenues	%	1%	0%	NM			1%
TOTAL REVENUE	**US$M**	**683**	**593**	**+15%**	**81**	**9**	**1,583**
GOLD EQ. SOLD	**Koz**	**551**	**484**	**+14%**			**1,307**

- In 1H 2017, revenue grew by 15% y-o-y to US$ 683 million driven by a 14% increase of gold equivalent sold, while the average realised gold and silver prices were largely unchanged compared to the prior period.
- The average realised price for gold was US$ 1,240/oz in 1H 2017, up 1% in line with the average market price.
- The average realised silver price was US$ 16.3/oz, up 5% year-on-year, and 5% below the average market price of US$ 17.2/oz due to a larger volume of sales being recorded in the end of second quarter when the silver market prices were lower.

Adjusted EBITDA

- In 1H 2017, Adjusted EBITDA was US$ 257 million, 12% lower year-on-year as a result of a weaker cost performance due to a stronger Rouble. This was partially offset by an increase in production.
- Adjusted EBITDA margin was 38% compared to 49% in 1H 2016.

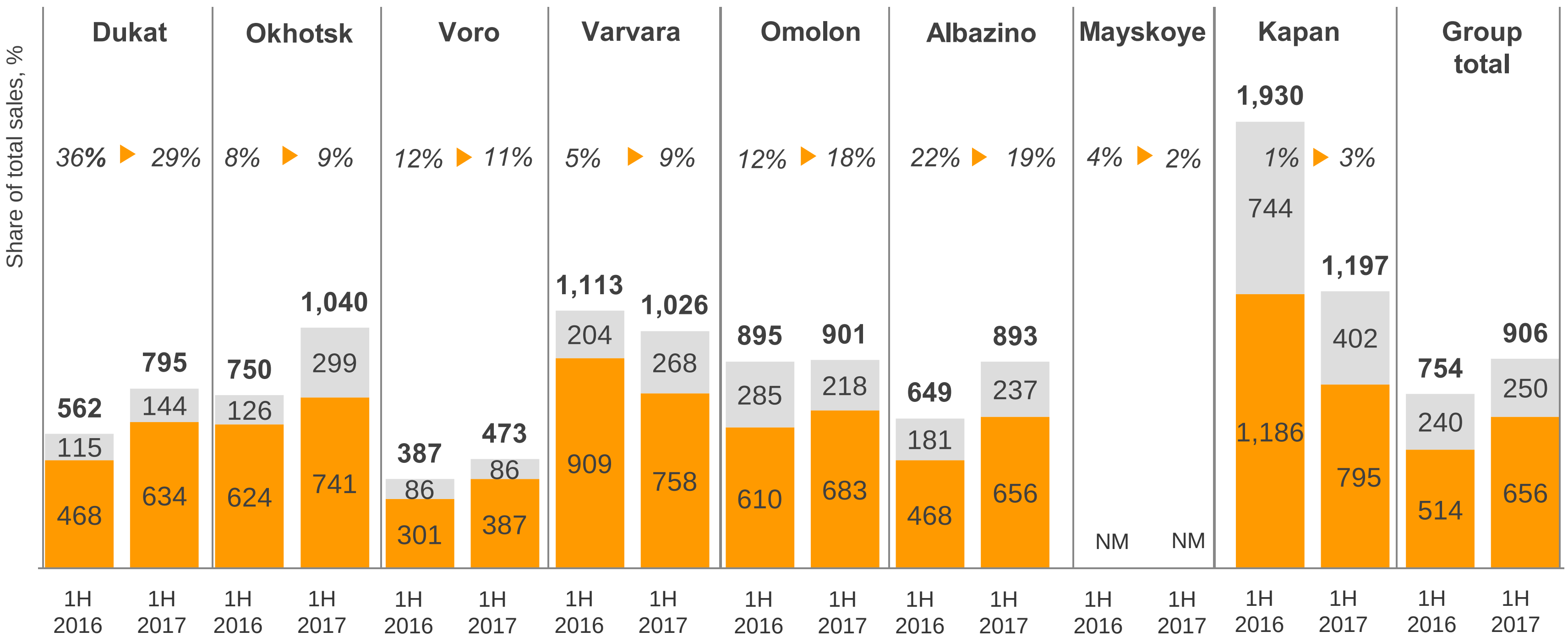
EBITDA dynamics, US$M



Cash cost dynamics

- AISC followed TCC dynamics and increased year-on-year across all operating mines. This was driven mainly by the exchange rate, except for Varvara and Kapan where AISC decreased on the back of a strong operating performance.
- Mayskoye half-yearly AISC are not representative of the expected full year performance as most production and sales occur in the 2H of the year

Total cash cost and All-in sustaining cash cost dynamics, US$/oz of GE[1]

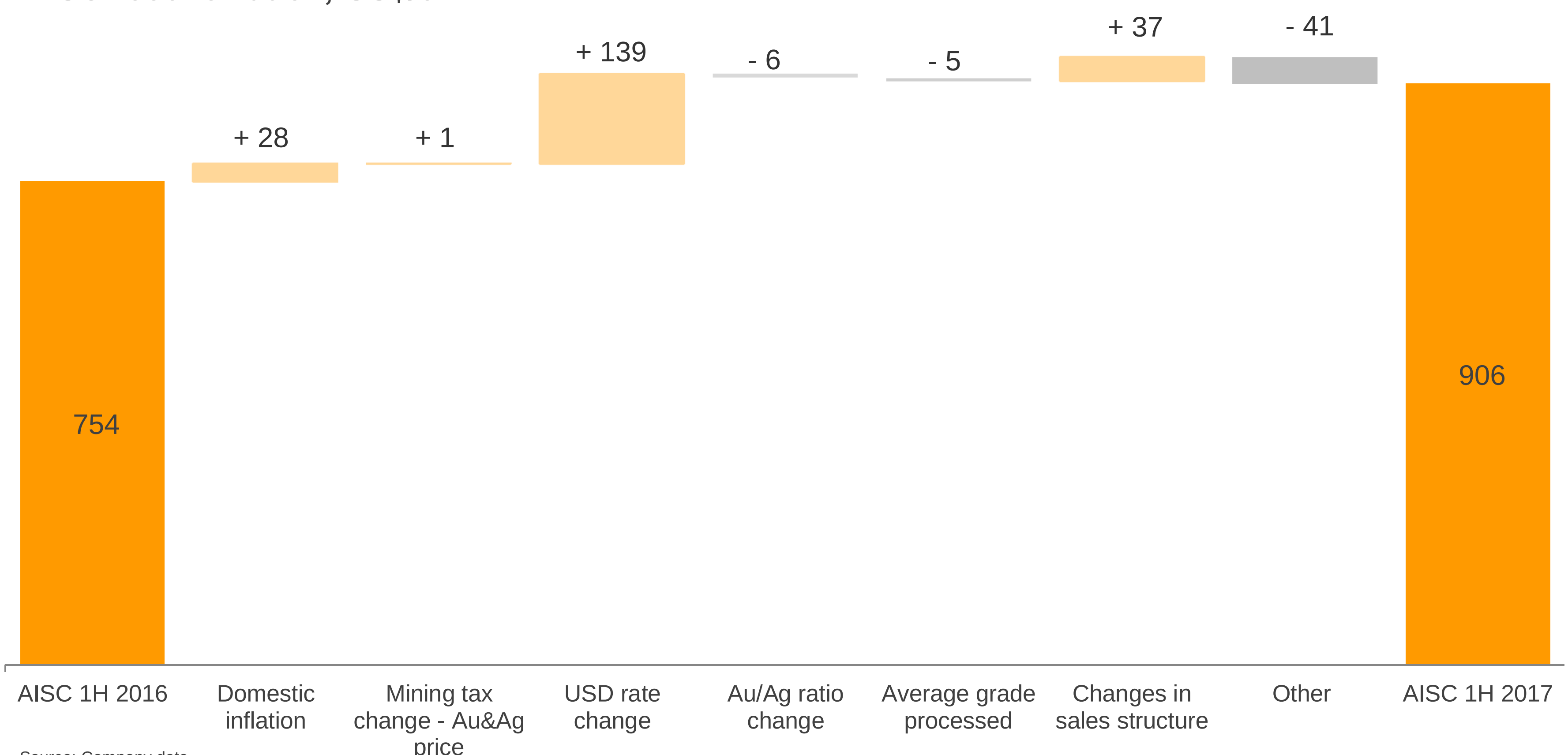


Source: Company data. GE based on actual realised prices
For definition of TCC and AISC please refer to the full half-yearly report.

Impact of Rouble appreciation on AISC

- Continued Russian Rouble strengthening was partially offset by the robust operating performance at Varvara and Kapan
- We remain on track to meet the FY2017 AISC guidance of US$ 775-825/GE oz

AISC reconciliation, US$/oz

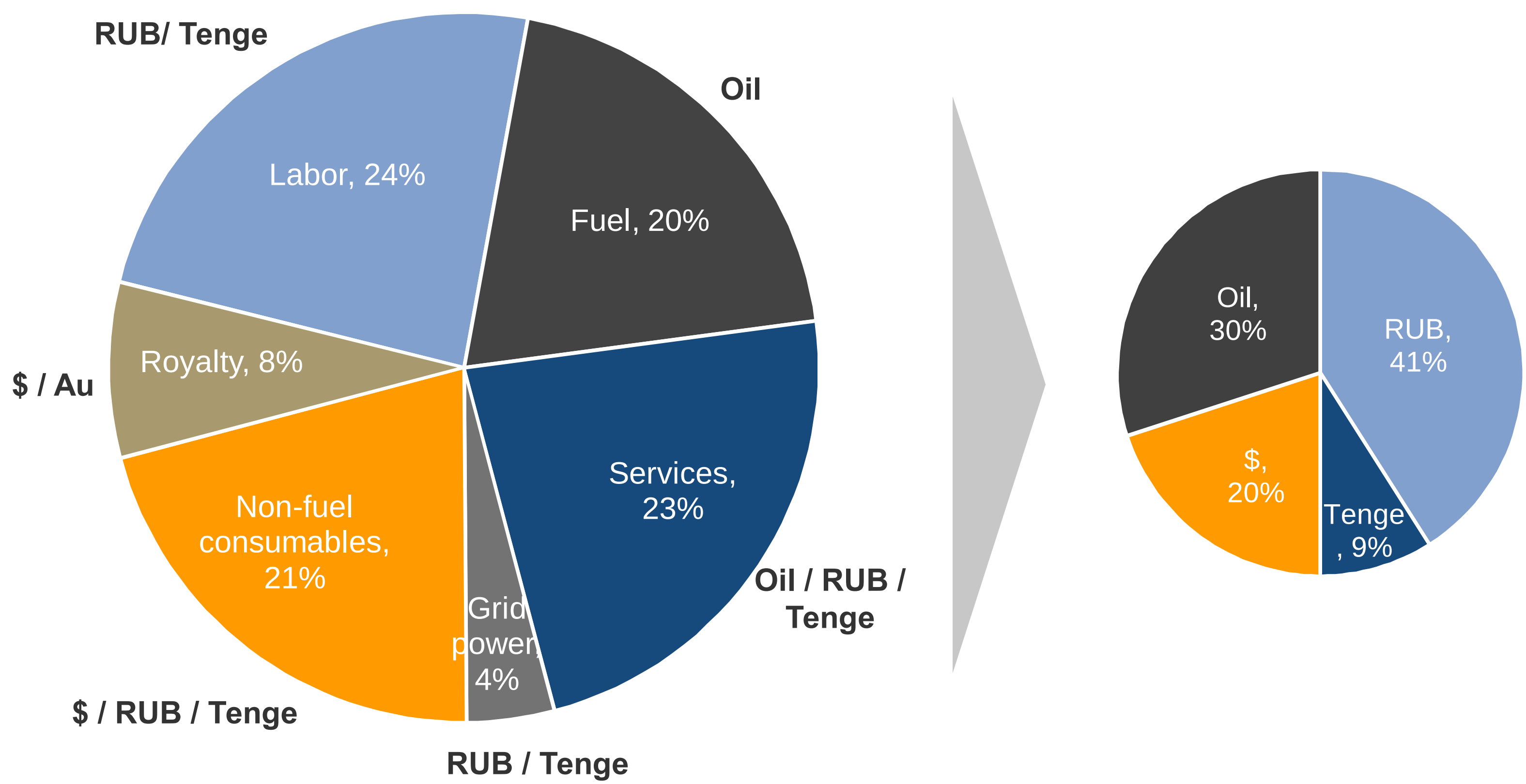


Source: Company data
GE based on actual realised prices

Financial performance is heavily dependent on the RUB/USD exchange rate and oil price dynamics

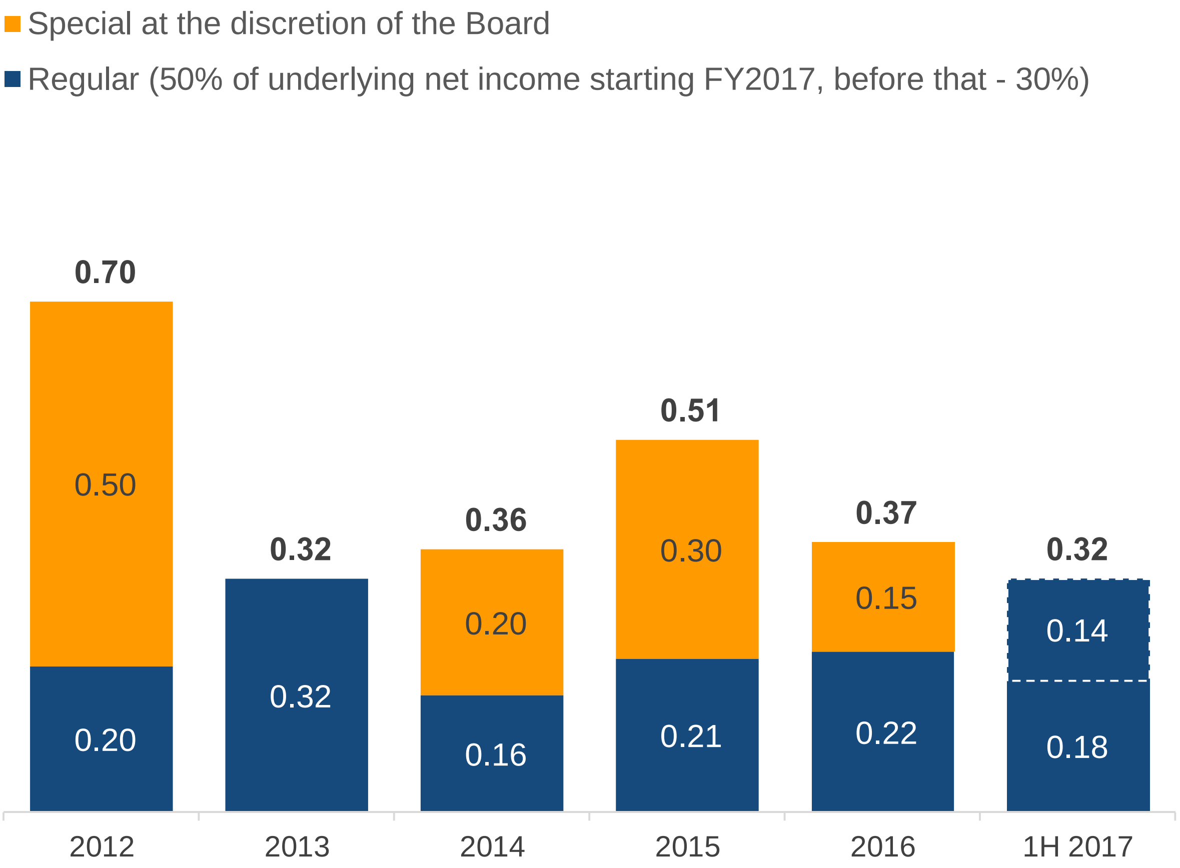
> A 1 RUB movement in domestic currency will have an US$8/oz effect on TCC

OpEx Structure, US$/oz



Track record of substantial dividend payments

Dividends, US$ per share

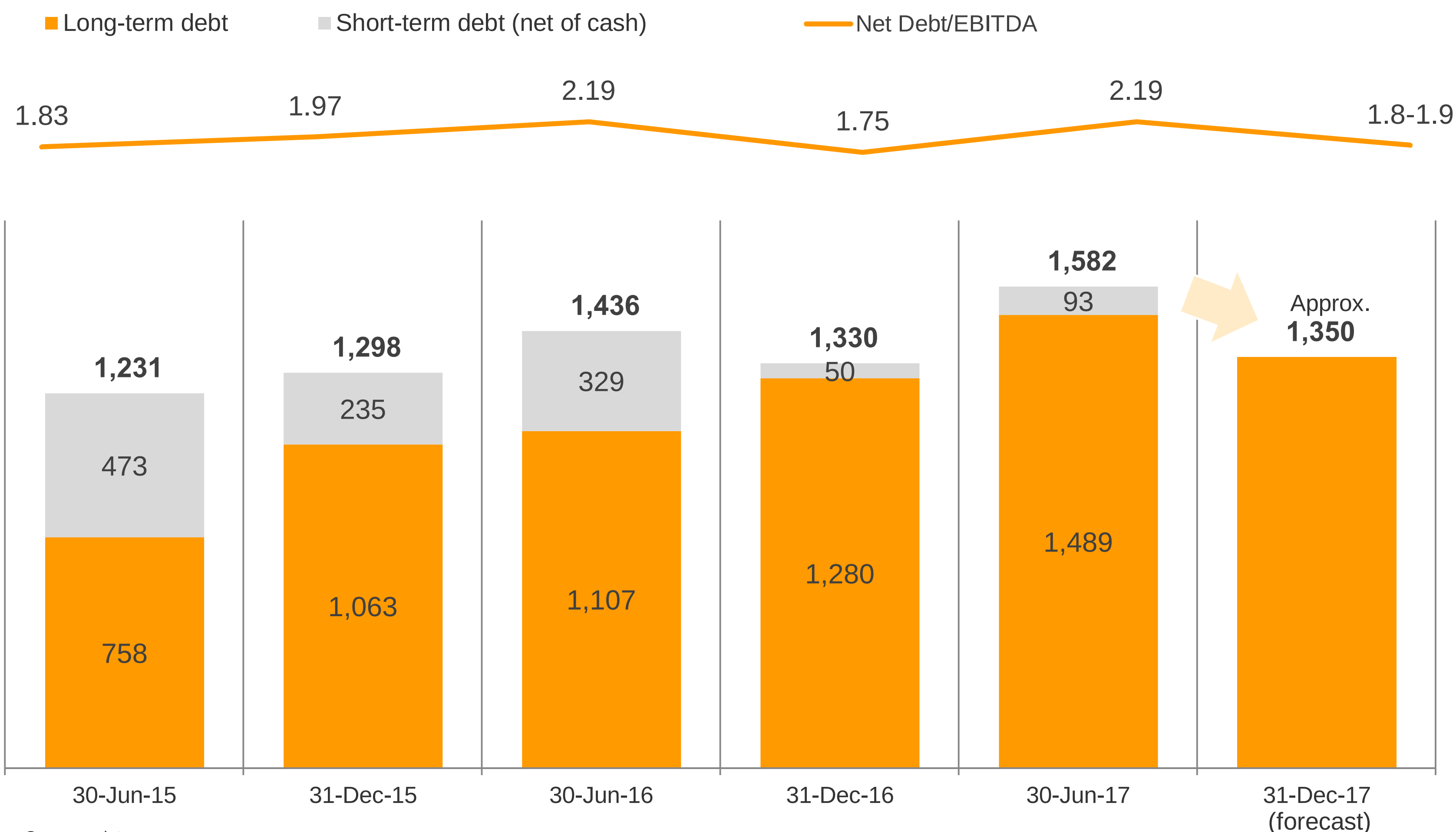


- US$ 1,048 million paid out since IPO
- LTM yield of 4.7%(1)
- Average 5-year yield of 4.4%(1)

Notes:
Source: Bloomberg, Company data
1) As at market close 23 August 2017 (includes interim dividend proposed by the Board on 29 August 2017)

Net debt

Net debt, US$M

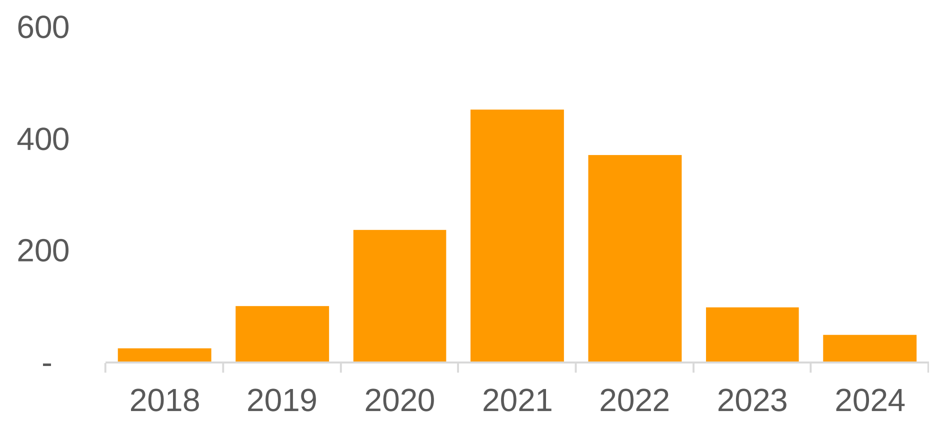


Source: Company data

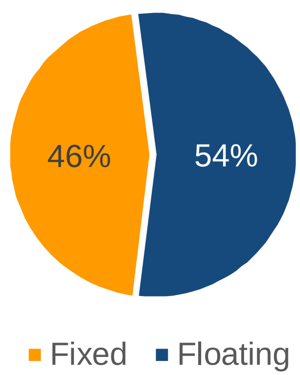
Liquidity profile

- Net debt US$ 1,582 million as of 30 June 2017, representing a Net debt / Adjusted EBITDA ratio of 2.19x.
- The average tenor is > 4 years. The proportion of long-term borrowings comprised 92% as at 30 June 2017 (93% as at 31 December 2016).
- The average cost of debt remained low at 4.16% in 1H 2017 (1H 2016: 4.39%), supported by low base interest rates and the ability to negotiate competitive margins given the solid financial position of the Company and its excellent credit history.
- Loan portfolio is balanced in terms of floating and fixed interest rates.
- US$ 1.2 billion of available undrawn facilities from a wide range of lenders.
- The Company is confident in its ability to repay or refinance its existing borrowings as they fall due.

New maturity profile – long term loans only, US$M



Actual interest rate breakdown – long term loans only



Kyzyl
Completion scorecard

	Permitting	Engineering	Contracting	Construction
Open pit	100 %	100%	100 %	95 %
Processing plant	100%	100 %	100 %	50 %
External Infrastructure	100 %	100 %	100 %	95 %
Internal Infrastructure	100 %	100 %	100 %	80 %
Tailings storage	100 %	100 %	95 %	50 %

FY2017 Outlook

	FY2016	FY2017	
Production, GE Koz	1,269	1,400	On track
Total cash cost, US$/GE oz	570	600-650	On track
All-in sustaining cash cost, US$/GE oz	776	775-825	On track
Capital expenditure, US$M	271	370	On track
Free cash flow, US$M	257	Positive	
Regular dividend	Paid	Definitely	
Special dividend	Paid	Decision in January	Based of FCF post reg. div. and gold price
Gold, US$/oz.	1,250	1,200	
Silver, US$/oz.	17.3	16.0	
RUR/USD rate	67	60	
Brent oil, US$	49	60	

FY2017 Outlook

- We remain on track to meet the FY2017 production guidance of 1.4 Moz of gold equivalent at TCC of US$ **600-650/GE oz** and AISC of **US$ 775-825/GE oz**.

- The cost guidance remains contingent on the Rouble/Dollar exchange rate dynamic that has a significant effect on the Group’s Rouble-denominated operating costs.

- Free cash flow generation will be significantly stronger in the second half of the year driven by higher production and a traditional seasonal working capital drawdown.