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Polymetal International plc

Ore reserve increase at Komar

Polymetal International plc (LSE, MOEX: POLY; ADR: AUCOY) (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) is pleased to report a significant increase in Ore Reserves at the Komar gold deposit in Kazakhstan.

The updated reserve estimate was prepared under 2012 JORC standards and incorporates data from 387 diamond drill holes completed after Polymetal had agreed to acquire the asset in Q2 2016. In total, the exploration campaign comprised of 68,016 m of diamond drilling.

As a result, reserves have grown by 535 Koz of gold while the grade remained stable at 1.8 g/t. Most of the additional ounces represent an upgrade and conversion of inferred resources in the southern part of the property, as well as new mineralised material discovered along strike in the extreme northern part of the 5km-long deposit. The re-designed open pit has a stripping ratio of 13 mt/mt, roughly at the same level as the previously designed open pit. The maximum mining depth remained unchanged at 190 m below the surface level. Mineralisation is open along strike in the northerly direction and down-dip in the southern part of the deposit.

Polymetal now plans to mine, transport by rail and process approximately 2 Mt of Komar ore per year at the Varvara processing plant. This compares with the 1 Mt per annum ore production rate envisaged at the time of the acquisition. During the first 9 months of 2017, 1.4 Mt of Komar ore was processed at Varvara. The additional Komar ore will displace the lower-grade material from the Varvara deposit and consequently, increase production and result in lower costs at the Varvara processing hub. Mine-to-mill transportation costs for Komar ore are low and comprise approximately US\$4.5 per tonne. This makes processing Komar ore at the existing plant at Varvara a superior option compared to the construction of a new on-site processing facility in terms of return on invested capital (ROIC).

Total upgraded Ore Reserves are estimated as at 1 June 2017 at 24 Mt of ore with a grade of 1.8 g/t for 1.4 Moz of gold contained. This represents a significant increase over the previous estimate with a 60% increase in tonnage and a 57% increase in gold content, further extending the Varvara hub mine life by 3 years, until 2032.

Komar Ore Reserves

Ore Reserves	Category	01.01.2017	01.06.2017	Change, %
Proved	Tonnage, Kt	2,030	4,660	+130%
	Au grade, g/t	1.1	1.6	+45%
	Au content, Koz	74	236	+218%
Probable	Tonnage, Kt	12,970	19,390	+49%
	Au grade, g/t	1.9	1.8	-5%
	Au content, Koz	799	1,138	+42%
Proved + Probable	Tonnage, Kt	15,000	24,050	+60%
	Au grade, g/t	1.8	1.8	0%
	Au content, Koz	873	1,374	+57%

Notes: Ore Reserve estimate using Au= US\$1,200/ozprice. Ore Reserves are reported in accordance with the JORC Code (2012). Discrepancies in calculations are due to rounding.

Ore Reserve reconciliation, Koz of gold

Ore Reserves, 01.01.2017	Depletion	Revaluation	Ore Reserves, 01.06.2017
873	-35	535	1,374

“We are very happy about the positive exploration results at Komar. The reserve expansion, increased processing capacity and associated economies of scale have far outstripped our expectations at the time of the acquisition. Polymetal plans to continue exploration at Komar with the goal to further extend the life-of-mine of the Varvara hub”, said Vitaly Nesis, Group CEO of Polymetal.

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