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Polymetal International plc

Ore Reserves increase at Kyzyl

Polymetal is pleased to announce an 18% increase in Ore Reserves at Kyzyl gold deposit to 8.5 Moz of gold in accordance with the JORC Code (2012).

“We have concluded the first stage of extending open-pit life-of-mine at our flagship operation. The next step is to estimate Ore Reserves at East Bakyrchik in Q4 2020”, said Vitaly Nesis, Group CEO of Polymetal.

- The updated JORC-compliant Ore Reserve estimate as of 1 July 2019 comprises 41.7 Mt of ore with an average grade of 6.3 g/t containing 8.5 Moz of gold. This represents an 18% increase in gold contained in comparison with the reserves as at the end of 2018¹.
- Open-pit reserves increased by 37% to 4.2 Moz of gold contained at an average grade of 5.7 g/t, while underground reserves were up 4% to 4.3 Moz of gold contained at an average grade of 7.1 g/t.
- Total life of mine extended by 8 years (to 2047), while life of mine for the open pit added 5 years (to 2031) in comparison with the previous Feasibility Study estimate conducted in 2015 (“FS”).
- The updated Ore Reserve estimate incorporates data from the drilling campaign (additional 239 diamond drill holes, 41.5 km of drilling) which resulted in extension of mineralization zones within the existing ore bodies and update of the resource model.
- Cut-off grades decreased from 2.0 g/t to 1.0 g/t for the open pit and from 3.7 g/t to 3.0 g/t for the underground compared to the previous FS. The decline was driven by lower mining and processing costs based on actual operational and economic data and lower concentrate processing and transportation expenses which now take into account concentrate processing at the Amursk POX.
- The new mining schedule assumes increased capacity of the Kyzyl processing plant which grew from the originally designed 1.8 Mtpa to 2.0 Mtpa in 2019.

Ore Reserves (Proved + Probable) changes

Ore Reserves	Category	01.01.2019 ¹	01.07.2019	Change, %
Open pit	Tonnage, Mt	13.6	22.9	+68%
	Au grade, g/t	7.0	5.7	-19%
	Au content, Moz	3.1	4.2	+37%
Underground	Tonnage, Mt	15.1	18.8	+25%
	Au grade, g/t	8.5	7.1	-16%
	Au content, Moz	4.1	4.3	+4%
Total	Tonnage, Mt	28.7	41.7	+45%
	Au grade, g/t	7.8	6.3	-19%
	Au content, Moz	7.2	8.5	+18%

Ore Reserves reconciliation, Moz

Ore Reserves, 01.01.2019	Depletion	Revaluation	Ore Reserves, 01.07.2019
7.2	-0.2	+1.5	8.5

Notes: Discrepancies in calculations are due to rounding. This note applies to all tables in this release.

¹ Previous JORC-compliant estimate was prepared by RPA Inc. as at 01.01.2015. Price: Au = US\$1,200/oz. Revised estimate prepared by Polymetal as at 01.01.2019 accounts only for depletion.

ORE RESERVES

The Ore Reserve estimate is reported in accordance with the JORC Code (2012) as at 1 July 2019 using a gold price of US\$ 1,200/oz and was prepared by Polymetal. A cut-off grade of 1.0 g/t of gold was applied for the open pit and 3.0 g/t for the underground. Ore Reserves were estimated solely for Zone 1 of the Bakyrchik deposit, Zone 2 (East Bakyrchik) reserves were not estimated.

Kyzyl Ore Reserves estimate as at 1 July 2019

Ore Reserves	Tonnage, Mt	Gold grade, g/t	Gold content, Moz
Proved			
Open pit	1.2	6.3	0.3
Stockpiles	0.5	5.9	0.1
Total Proved	1.7	6.2	0.3
Probable			
Open pit	21.2	5.7	3.9
Underground	18.8	7.1	4.3
Total Probable	40.0	6.3	8.1
Proved+Probable			
Open pit	22.5	5.7	4.1
Underground	18.8	7.1	4.3
Stockpiles	0.5	5.9	0.1
Total Proved+Probable	41.7	6.3	8.5

MINERAL RESOURCES

The Mineral Resources estimate for Zone 1 is reported in accordance with the JORC Code (2012) as at 1 July 2019 using a gold price of US\$ 1,200/oz and was prepared by Polymetal. A cut-off grade of 1.0 g/t of gold was applied for the open pit and 3.0 g/t for the underground. The Mineral Resources estimate for Zone 2 was prepared by RPA Inc. in accordance with the JORC Code (2012) as at 1 January 2015. Cut-off grades for the open pit and the underground are 2.0 g/t and 3.7 g/t of gold, respectively. Revised estimate for Zone 2 was not conducted due to the lack of material changes.

Kyzyl Mineral Resources estimate

Mineral Resources	Tonnage, Mt	Gold grade, g/t	Gold content, Moz
Indicated			
Underground (Zone 1)	2.3	5.0	0.4
Total Indicated	2.3	5.0	0.4
Inferred			
Open-pit	0.5	3.8	0.1
Zone 1	0.2	2.3	0.01
Zone 2	0.3	4.8	0.05
Underground	10.8	6.7	2.3
Zone 1	2.4	6.4	0.5
Zone 2	8.4	6.8	1.8
Total Inferred	11.4	6.6	2.4
Indicated + Inferred			
Open-pit	0.5	3.8	0.1
Zone 1	0.2	2.3	0.01
Zone 2	0.3	4.8	0.05
Underground	13.1	6.4	2.7
Zone 1	4.7	5.7	0.9
Zone 2	8.4	6.8	1.8
Total Indicated + Inferred	13.6	6.3	2.8

Notes: Mineral Resources are additional to Ore Reserves.

ABOUT KYZYL

Kyzyl is a world-class asset located in north-eastern Kazakhstan in a traditional mining region with good infrastructure and easy access to grid power and the railway. In 2014, the asset was acquired by Polymetal. The initial Feasibility Study and the updated Ore Reserve and Mineral Resource estimates was completed by the Company in 2015.

The operation comprises the Bakyrchik refractory gold deposit and a state-of-the-art 2.0 Mtpa processing plant employing conventional flotation technology. The ultimate product of the production facility is flotation concentrate. Low carbon concentrate is sent for processing to the Company's POX facility in Amursk, while the high carbon concentrate currently goes to third party off-takers. With the launch of POX-2, Polymetal intends to process 100% of Kyzyl concentrate in-house.

COMPETENT PERSONS

This estimate was prepared by employees of JSC Polymetal Management Company and JSC Polymetal Engineering, subsidiaries of the Company, led by Mr. Valery Tsyplakov.

Mr. Tsyplakov is employed full-time as the Managing Director of JSC Polymetal Engineering and has more than 18 years' experience in gold, silver and polymetallic mining. Being a Member of the Institute of Materials, Minerals & Mining (MIMMM), London, he is a Competent Person under the JORC Code.

Listed below are other Competent Persons employed by the Company that are responsible for relevant research on which the Mineral Resources and Ore Reserves estimate is based:

- Geology and Mineral Resources – Victor Pchelka, Head of Production and Geology Department, Polymetal Eurasia, PONEN, MIMMM, with 33 years' relevant experience;*
- Mining and Ore Reserves: Open Pit - Dmitriy Teterin, Head of Mineral Resources and Ore Reserves Audit Department, Polymetal Engineering, MIMMM, with 10 years' relevant experience; Underground - Andrei Somov, Head of underground mining Department, Polymetal Engineering, MIMMM, with 31 years' relevant experience*
- Concentration and Metals – Igor Agapov, Deputy Director of Science and Technology, Polymetal Engineering, MIMMM, with 21 years' relevant experience.*

All the above-mentioned Competent Persons have sufficient experience that is relevant to the style of mineralisation and types of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code).

All Competent Persons have given their consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

About Polymetal

Polymetal International (LSE, MOEX: POLY, ADR: AUCOY) (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) is the top-20 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.