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## Polymetal International plc

### Polymetal consolidates 100% interest in Nezhda

**Polymetal International plc completes the acquisition of the remaining 82.3% stake in the Nezhda gold property, paving the way for the start of construction activities in Q1 2019.**

“This transaction enables us to start mining at Nezhda immediately and begin construction in March 2019. We expect to deliver first production in 2021 with a full-ramp up in 2022”, said Vitaly Nesis, Group CEO of Polymetal.

#### TRANSACTION DETAILS

Following the receipt of all necessary Russian regulatory approvals, Polymetal completes the acquisition of the remaining 82.3% stake in Nezhda from entities owned by Ivan Kulakov.

The acquisition comprises two separate transactions:

- 7% are acquired for US\$ 8 million in cash as part of the shareholder agreement announced on 17 July 2017 (consideration was paid out in 2017)
- 75.3% are acquired for US\$ 144 million, of which US\$ 10 million is payable in cash and US\$ 134 million is payable by 13,486,579 newly issued Polymetal shares that represent 2.9% of Polymetal's increased share capital.

The number of issued shares has been determined by dividing US\$ 134 million by US\$ 9.95, the 5-day arithmetic average closing price of ordinary shares of the Company on the Main Market of the London Stock Exchange from 19 to 23 November 2018. The consideration shares will be subject to a lock-up period of six consecutive months following completion of the transaction.

The total consideration paid for the acquisition of a 100% stake in Nezhda is US\$ 185 million, which translates into a consideration of US\$ 42 per GE ounce of reserves or US\$ 15 per GE ounce of Mineral Resources (inclusive of Ore Reserves).

An application was made to the London Stock Exchange and UKLA on the Official List and the Consideration Shares are expected to be admitted to trading on the London Stock Exchange on 3 December 2018. Following admission, the total issued share capital of the Company will comprise 469,368,309 ordinary shares of no par value, each carrying one vote.

The gross assets of Nezhda are US\$ 95 million and a reported pre-tax loss of US\$ 5.3 million has been attributable to these assets in 2017.

#### PROJECT DEVELOPMENT

Polymetal announced the results of the feasibility study for Nezhda along with an updated reserve and resource estimate on 12 November 2018.

Key parameters of the FS:

- US\$ 302 million project NPV at US\$ 1,200/oz gold price and 10% discount rate and a 29% IRR.
- GE Mineral Resources (inclusive of Ore Reserves) of 12.4 Moz with an average GE grade of 4.5 g/t.
- Ore Reserves comprise 38 Mt at an average grade of 3.6 g/t GE for 4.4 Moz of GE contained.
- 25 years of production from 2021 to 2045, which includes 19 years of conventional open-pit mining starting in 2019 followed by 17 years of underground mining from 2029.
- Total cash costs (“TCC”) for the open pit are estimated in the range of US\$ 620-670/oz of GE and all-in sustaining cash costs (“AISC”) in the range of US\$ 700-750/oz of GE. Life of mine TCC is expected in the range of US\$ 700-750/oz of GE, with AISC in the range of US\$ 800-850/oz of GE.

Construction will commence in Q1 2019 with first production expected in Q4 2021 and a full ramp-up by Q2 2022. Initial capital expenditures are estimated at US\$ 234 million.

## ABOUT POLYMETAL

Polymetal International plc (LSE, MOEX: POLY, ADR: AUCOY) (together with its subsidiaries – “Polymetal”, the “Company”, or the “Group”) is a top-20 global gold producer and top-5 global silver producer with assets in Russia, Kazakhstan and Armenia. The Company combines strong growth with a robust dividend yield.

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