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Polymetal International plc

Business update and impact of sanctions

Polymetal provides a further update on the impact of sanctions and other recent developments in Russia on its business.

At the time of writing, the Group states that:

Sale of bullion/concentrate

- Sales of bullion and concentrate from Kazakhstan continue as usual.
- In Russia, sales of gold and silver concentrates continue normally to East Asia and Kazakhstan. Shipments have been temporarily impacted by the change of freight and logistics service providers, which is likely to result in higher costs.
- Sales of gold bullion in Russia have been restored to new counterparties on terms consistent with those received earlier. Domestic demand for gold is boosted by local retail investment.
- The recent Central Bank of Russia statement that the bank will buy gold from commercial banks at a fixed price of RUB 5,000/g (approx. US\$ 1,800/oz at the time of the writing) is not expected to affect Group's sales price materially as gold continues to be sold at global market price, both for exports and to satisfy physical retail demand.

Liquidity & net debt

- Net debt increased to US\$ 1.94 billion as of 29 March (31 December 2021: US\$ 1.65 billion) mainly driven by seasonal working capital increase and accelerated procurement. 94% of the total debt is denominated in US dollars.
- The Group has approx. US\$ 0.4 bn in cash and cash equivalents deposited with non-sanctioned financial institutions. In addition, the Company maintains US\$ 0.5 billion of undrawn credit lines from non-sanctioned Russian financial institutions, while additional liquidity is expected to become available in Q2 2022 as banks gradually re-open lending.
- Lending from Russian banks is available in RUB only. RUB interest rates are 23-25% on average following Central Bank's base rate increase to 20%. The Group is utilising these facilities occasionally for short-term working capital financing.

Board

- New five independent directors and a new Chair were appointed. The Board now consists of eight members, of which six are independent non-executive directors, and is fully compliant with the UK Corporate Governance Code requirements. New Board appointments are out for shareholder approval at the forthcoming AGM on 25 April. Please see the Board and Committees' composition at the [link](#).

"It is my opinion that investors, private and institutional, that collectively control over 75% of this company deserve a Board that will lead the company through this turbulent time, preserving and hopefully rebuilding the value of their investment as well as protecting the livelihood of thousands of employees, contractors, suppliers and other stakeholders", said Riccardo Orcel, Chair of the Board.

Operations and development projects

- Polymetal operations in Russia and Kazakhstan continue uninterrupted. Production guidance for 2022 of 1.7 Moz of GE remains in place.
- Group's scope of operational activities is stable. Operating cash costs (TCC) guidance is under review given significant changes in prices for certain key materials and equipment as well as exchange rate volatility.
- The Company has completed the review of non-sustaining development project schedules and budgets. The primary objective of this review was risk assessment against the backdrop of current sanctions, including those self-imposed

by Polymetal's commercial counterparties. The key decisions taken are listed below with the updated CAPEX and AISC guidance to be provided at Capital Markets Day on April 25.

- Projects in advanced stages of development or nearing completion (Kutyn, Urals flotation, Prognoz) are on track to be commissioned on schedule (Q3 2022, Q4 2022, and Q1 2024 respectively).
- POX-2 is expected to experience 3-6 month slippage from the original schedule mostly due to logistical challenges.
- Early-stage projects (Veduga, Mayskoye backfill, Maminskoye) are delayed by one year. Pacific POX project has been suspended indefinitely with studies under way to potentially re-site the facility in Kazakhstan.
- Brownfield exploration schedule and volumes remain unchanged. Greenfield exploration budgets were reduced by 50% (mostly affecting junior JVs).

Inventories & supplies

- No material changes since the last update. Please see the [link](#). Procurement processes continue to be adapted for the current environment. Increases in safety stock levels for critical consumables and spares are in progress.

Dividends

- The Board and the management continue to re-evaluate the stability, liquidity and solvency of the business, including its dividend recommendation, in light of significant funding and regulatory uncertainty.
- The Board also carefully monitors the MOEX trade re-opening and the developments related to National Settlement Depository – Euroclear operations which are critical to delivering dividends to Polymetal shareholders trading through MOEX (approx. 22% of issued share capital as of 1 March). The ability to distribute dividends to all shareholders in an equitable way will be one of the factors in finalising the dividend decision.

Listing

- POLY shares continue to be listed on three exchanges: LSE, MOEX, and AIX. Trading of shares on MOEX (for Russian residents only) was re-opened on 29 March. Trading on LSE and AIX continues.

Sanctions compliance

- Sanctions announced in the period between 9 March and 30 March did not have a material impact on the business of the Group. The Group complies rigorously with all relevant legislation and is implementing comprehensive measures to observe all applicable international sanctions. The scope and impact of any new potential sanctions (and any countersanctions) are yet unknown. However, they might further affect key Russian financial institutions as well as mining companies. Polymetal believes that targeted sanctions on the company remain unlikely, but are not impossible. Contingency planning has been initiated proactively to maintain business continuity.

Capital controls

- No material changes since the last update. Please see the [link](#).

Further updates will be provided in due course.

Enquiries

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Forward-looking statements

DUE TO THE RECENT MASSIVE DDOS ATTACKS, OUR WEBSITE MAY BE TEMPORARILY UNAVAILABLE, THOUGH WE WILL CONTINUE DISTRIBUTION AND PUBLISHING ALL OUR ANNOUNCEMENTS THERE. THEY WILL BE FULLY AVAILABLE WHEN THE SITE RETURNS TO NORMAL OPERATION.

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.