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# **Polymetal International plc**

(a public no par value limited liability company incorporated under the laws of Jersey with registered number 106196)

**Offer of 53,350,000 Shares with no par value at an Offer Price of 920 pence per Share and admission to the premium listing segment of the Official List and to trading on the London Stock Exchange Price per Share (the “Offer Price”)**

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*Joint Sponsors*

**HSBC**

**Morgan Stanley**

*Joint Global Co-ordinators*

**Deutsche Bank**

**HSBC**

**Morgan Stanley**

*Joint Bookrunners*

**Deutsche Bank HSBC Morgan Stanley VTB Capital**

*Co-Lead Manager*

**Collins Stewart**

## **Information regarding forward-looking statements**

This document includes forward-looking statements that involve known and unknown risks and uncertainties, many of which are beyond the Group’s control and all of which are based on the Directors’ current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risks”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Company concerning, among other things, the results of operations, financial condition, prospects, growth and strategies of the Group and the industry in which it operates.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this document speak only as at the date of this document. The Company, the Directors and the Underwriters expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by any applicable law, the Listing Rules, the Prospectus Rules or the Disclosure and Transparency Rules of the FSA (the “**Disclosure and Transparency Rules**”).

## Definitions

Save as otherwise defined herein, capitalised terms used in this Pricing Notification shall have the meanings attributed to them in the Preliminary Prospectus dated 14 October 2011.

## PRICING INFORMATION

This pricing notification dated 28 October 2011 relates only to the Offer described above and should only be read together with the Preliminary Prospectus, relating to the Offer and the Shares. The disclosures below supplement and amend the Preliminary Prospectus. Before you invest in the Shares, you should read the Preliminary Prospectus for more complete information about the Company and the Offer.

### 1. EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Event	Time and Date
Latest time and date for receipt of indications of interest under the Offer .....	5:00 pm on 27 October 2011
Commencement of conditional dealings on the London Stock Exchange .....	8:00 am on 28 October 2011
Admission and commencement of unconditional dealings on the London Stock Exchange ...	8:00 am on 2 November 2011
Issue of new Shares and CREST accounts credited .....	2 November 2011
Latest time for payment for Shares under the Offer .....	2 November 2011
Announcement of the results of the Offer by way of RIS .....	2 November 2011

**It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.**

All times are London times. Each of the times and dates in the above timetable is subject to change, which will be announced in a press release on the Company’s website.

### Offer Statistics

Offer price (per Share) <sup>(1)</sup> .....	920 pence
Number of Shares in the Offer <sup>(2)</sup> to be issued by the Company .....	53,350,000
Percentage of the enlarged issued Share capital in the Offer <sup>(2)</sup> .....	13.8 per cent.
Maximum number of Shares subject to the Repurchase Option .....	4,850,000
Number of Shares in issue following the Offer <sup>(2)(3)</sup> .....	385,991,770
Estimated net proceeds of the Offer receivable by the Company <sup>(2)(4)(5)</sup> .....	£473 million
Expected market capitalisation of the Company following the Offer <sup>(6)</sup> .....	£3,551 million

#### Notes:

- (1) No expenses incurred by the Company in relation to the Offer or taxes payable by the Company in relation to the Offer will be specially charged to subscribers of Shares.
- (2) Assuming no exercise of the Repurchase Option, pursuant to which the Company has agreed to purchase up to 4,850,000 Shares held by the Stabilising Manager as a result of stabilisation transactions at the Offer Price. The Company will cancel any Repurchase Shares it acquires pursuant to the Repurchase Option.
- (3) If the Repurchase Option is fully exercised, the number of Shares in issue following the Offer may be reduced by up to 4,850,000 Shares.
- (4) After estimated fees and expenses of approximately £18.3 million.
- (5) If the Repurchase Option is fully exercised, the net proceeds of the Offer may be reduced by up to £44.6 million.

- (6) The expected market capitalisation of the Company following the Offer has been calculated based on the number of Shares in issue following Admission assuming no exercise of the Repurchase Option. If the Repurchase Option is fully exercised, the market capitalisation may be reduced by up to £44.6 million.

## 2. REPURCHASE OPTION AND STABILISATION

In connection with the Offer, Deutsche Bank AG, London Branch, as stabilising manager (the “**Stabilising Manager**”), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, purchase Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares or any options, warrants or rights with respect to, or other interest in, the Shares or other securities of the Company, in each case at a higher level than that which might otherwise prevail in the open market. Such transactions, if entered into, may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. Stabilising transactions may result in a market price for the Shares that is higher than would otherwise prevail. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken and stabilising transactions may be stopped at any time. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any purchases made and/or stabilisation transactions conducted in relation to the Offer.

The Company has granted the Stabilising Manager, on behalf of the Joint Bookrunners, an option (the “**Repurchase Option**”) which is exercisable in whole or in part, upon notice by the Stabilising Manager, from the commencement of conditional dealings of the Shares on the London Stock Exchange and for 30 calendar days thereafter. Pursuant to the Repurchase Option, the Stabilising Manager may require the Company to purchase up to 4,850,000 Shares held by the Stabilising Manager as a result of stabilisation transactions, at the Offer Price. The Company will cancel any Shares it acquires pursuant to the Repurchase Option.

There is no assurance from the Company or the Stabilising Manager that the Repurchase Option will or will not be exercised or as to the extent that it will be used if it is exercised. The Repurchase Option may result in a market price that is higher than would otherwise prevail.

## 3. RISKS RELATING TO THE GROUP'S STRUCTURE

*The major shareholders of the Company will exercise significant control over the Group after the Offer and, as a result, investors may not be able to influence the outcome of important decisions in the future.*

Immediately following the Offer and Admission, the following shareholders will each hold over 10 per cent. of the issued Shares in the Company (assuming the Repurchase Option is not exercised): Powerboom Investments Limited (a Cypriot entity that is ultimately beneficially owned by Mr. Alexander Nesis) which currently owns 17.15 per cent. of JSC Polymetal's share capital; Pearlmoon Limited (a Cypriot entity that is owned by PPF Group N.V. and ultimately beneficially owned by Mr. Petr Kellner) which currently owns 19.99 per cent. of JSC Polymetal's share capital; and Vitalbond Limited and A&NNCapital Management Fund Limited (both of which are ultimately beneficially owned by Mr. Alexander Mamut), which currently own 8.11 and 1.59 per cent. (respectively) of JSC Polymetal's share capital and have the right to repurchase 1.9 per cent. (7,595,257 Polymetal Shares) of JSC Polymetal's share capital under a repo agreement. As a result, should these major shareholders decide that their interests coincide and act in collaboration with each other, they will be able to exercise significant influence over all matters requiring shareholder approval, including the election of Directors, the approval of significant corporate transactions, the issuance of Shares or other equity securities and the payment of any dividends on the Shares.

## 4. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Definitions of the “Over-allotment Shares” and “Over-allotment Options” are removed from the Prospectus.

**“Completion”** means the later of: (a) the Stabilisation End Date; and (b) the date of the Repurchase Option, if exercised;

**“Repurchase Option”** means the option which has been granted to the Stabilising Manager by the Company, whereby the Company agrees to purchase up to 4,850,000 Shares as more particularly described in Part 14 “*The Offer*”.

## 5. MAJOR SHAREHOLDERS

Shareholders	Number of Shares held immediately following Admission, assuming no exercise of the Repurchase Option	Percentage of issued ordinary Share capital immediately following Admission, assuming no exercise of the Repurchase Option (per cent.)	Number of Shares held immediately following Admission assuming full exercise of the Repurchase Option	Percentage of issued ordinary Share capital immediately following Admission assuming full exercise of the Repurchase Option (per cent.)
Powerboom Investments Limited <sup>(1)</sup>	68,497,758	17.7%	68,497,758	18.0%
Pearlmoon Limited <sup>(2)</sup>	79,840,437	20.7%	79,840,437	20.9%
Vitalbond Limited and A&NN Capital Management Fund Limited <sup>(3)(4)</sup>	38,740,784	10.0%	38,740,784	10.2%

Notes:

- (1) Powerboom Investments Limited is beneficiary owned by Mr. Alexander Nesis.
- (2) Pearlmoon Limited is owned by PPF Group N.V.
- (3) Vitalbond Limited and A&NN Capital Management Fund Limited are beneficially owned by Mr. Alexander Mamut.
- (4) Vitalbond Limited has the right to purchase approximately 1.9 per cent. of the issued Polymetal Shares (or 7,595,257 Polymetal Shares) pursuant to a repo agreement which will convert to a right to acquire the same number of Shares on Admission in addition to the Shares it will hold at Admission

Following the Offer, Pearlmoon Limited, Powerboom Investments Limited, Vitalbond Limited and A&NN Capital Management Fund Limited will own approximately 48.5 per cent. of the Shares and Vitalbond Limited will have the right to acquire under a repurchase agreement a further approximately 1.9 per cent. of the Shares.

## 6. THE OFFER

Certain investors have indicated they each will subscribe for more than 5 per cent. of the Shares to be issued in the Offer.

## 7. CURRENT TRADING

Since 30 June 2011, the Group's financial position and results of operations have been affected by (i) the appreciation of the US dollar against the Russian rouble, which the Group expects will result in a non-cash foreign exchange loss for the three months ended 30 September 2011 and (ii) declining gold prices, which offset increases in gold production for the three months ended 30 September 2011. For further information regarding the impact of changes in currency exchange rates on the Group's financial position and results of operations, see “—*Principal Factors Affecting Results of Operations—Currency translation*”.

## 8. UNAUDITED PRO FORMA NET ASSETS STATEMENT

The unaudited pro forma statement of net assets has been prepared to illustrate the effect of the Offer on the net assets of the Company as if the ISSF, the MTO, the Squeeze Out and the Offer had taken place on 30 June 2011 (assuming no exercise of the Repurchase Option). The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not reflect the Polymetal International plc Group's actual financial position or results.

The unaudited pro forma statement of net assets is based on the consolidated audited historical balance sheets of the Polymetal International plc Group and JSC Polymetal Limited Group at 30 June 2011 contained in Appendix 1 “*Financial Information*” of the Prospectus and has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such information. The unaudited pro forma statement of net assets is compiled on the basis set out in the notes below and in accordance with the requirements of item 20.2 of Annex I and items 1 to 6 of Annex II to the Prospectus Rules. No adjustment has been made to reflect the results or any other activity of the Polymetal International plc Group since 30 June 2011.

	Notes	Adjustments			
		Polymetal International plc audited net assets as at 30 June 2011	JSC Polymetal Group audited net assets as at 30 June 2011	Offer proceeds net of MTO and Squeeze Out payments	Polymetal International plc Group Pro forma net assets as at 30 June 2011
		US\$'000	US\$'000	US\$'000	US\$'000
	(1)	(2)	(3)	(4)	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	-	1,981,129	-	-	1,981,129
Goodwill	-	124,523	-	-	124,523
Investments in associates and joint ventures	-	28,582	-	-	28,582
Deferred tax assets	-	66,401	-	-	66,401
Non-current loans to related parties	-	8,695	-	-	8,695
Non-current VAT receivable	-	-	-	-	-
Inventories	-	41,012	-	-	41,012
<b>Total non-current assets</b>	<b>-</b>	<b>2,250,342</b>	<b>-</b>	<b>-</b>	<b>2,250,342</b>
<b>Current assets</b>					
Inventories	-	559,972	-	-	559,972
Short-term VAT receivable	-	107,503	-	-	107,503
Trade and other receivables	10	48,787	-	-	48,797
Prepayments to suppliers	14	45,418	-	-	45,432
Income tax prepaid	-	4,385	-	-	4,385
Cash and cash equivalents	4	33,243	199,957	-	233,204
<b>Total current assets</b>	<b>28</b>	<b>799,308</b>	<b>199,957</b>	<b>-</b>	<b>997,614</b>
<b>Total assets</b>	<b>28</b>	<b>3,049,650</b>	<b>199,957</b>	<b>-</b>	<b>3,249,085</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	(416)	(113,041)	-	-	(113,457)
Short-term borrowings	(160)	(216,759)	-	-	(216,919)
Accrued liabilities	-	(32,301)	-	-	(32,301)
Income tax payable	-	(20,569)	-	-	(20,569)
Other taxes payable	-	(21,227)	-	-	(21,227)
Current portion of finance lease liabilities	-	-	-	-	-
<b>Total current liabilities</b>	<b>(576)</b>	<b>(403,897)</b>	<b>-</b>	<b>-</b>	<b>(404,473)</b>
<b>Non-current liabilities</b>					
Non-current borrowings	-	(736,896)	-	-	(736,896)
Derivatives	-	-	-	-	-
Contingent consideration liability	-	(28,886)	-	-	(28,886)
Long-term portion of finance lease liabilities	-	-	-	-	-
Deferred tax liabilities	-	(92,509)	-	-	(92,509)
Environmental obligations	-	(58,428)	-	-	(58,428)
Other non-current liabilities	-	(2,675)	-	-	(2,675)
<b>Total non-current liabilities</b>	<b>-</b>	<b>(916,394)</b>	<b>-</b>	<b>-</b>	<b>(916,394)</b>
<b>Total liabilities</b>	<b>(576)</b>	<b>(1,323,291)</b>	<b>-</b>	<b>-</b>	<b>(1,323,867)</b>
<b>NET ASSETS</b>	<b>(548)</b>	<b>1,726,359</b>	<b>199,957</b>	<b>-</b>	<b>1,925,215</b>

Notes:

- (1) Polymetal International plc was incorporated on 29 July 2010 and will be the new holding company for the Polymetal International Group at Admission. As at 30 June 2011, the Polymetal International plc held one 100 per cent. owned subsidiary, PMTL Holding Limited, which was incorporated in Cyprus on 31 August 2010. Subsequent to 30 June 2011, a further two subsidiaries, Polymetal London Limited and PFSC Ltd were incorporated. The consolidated net assets of the Polymetal International plc Group as at 30 June 2011 have been extracted without material adjustment from the audited historical financial information of the Polymetal International plc Group, as set out in Appendix 1: "Financial Information".

- (2) Prior to the Offer, conditional on Admission, Polymetal International plc became the ultimate parent of Open Joint Stock Polymetal Limited. The financial information of Open Joint Stock Company Polymetal Limited as at 30 June 2011 have been extracted without material adjustment from the audited historical financial information of Open Joint Stock Company Polymetal Limited Group, as set out in Appendix 1: “Financial Information”.
- (3) The adjustment is based on estimated net proceeds of the Offer (assuming no exercise of the Repurchase Option) of US\$760.710 million and is calculated based on an assumed Offer Price of US\$14.81, after the deduction of underwriting fees and other related costs and expenses of US\$29.404 million. Part of the net proceeds of the Offer will be used to fund the payments of the MTO and Squeeze Out. Following the 83.3 per cent. share swap take-up under the ISSF, the MTO payment of US\$213.896 million is calculated as 12,314,123 shares (excluding Treasury shares of 8.6%), being 3.1 per cent. of share capital, at an assumed purchase price of US\$17.37. The Squeeze Out payment of US\$346.857 million is calculated as 19,968,750 shares, being 5.0 per cent. of share capital, at an assumed purchase price of US\$17.37. The assumed purchase price is calculated as the weighted average price of a JSC Polymetal ordinary share (on the RTS and MICEX exchanges in Russia) during the six months to 27 October 2011, which is one day prior to the commencement of conditional dealings on the London Stock Exchange. The USD to GBP exchange rate used for the purposes of this footnote is 1.61.
- (4) Save for the adjustments in Notes 2 to 3 above, no adjustment has been made to reflect the trading results or any other transaction of the Polymetal International plc Group since 30 June 2011.

## 9. INDEBTEDNESS

The following table sets out the Group’s net financial indebtedness as at 30 September 2011 on an actual basis (on the basis of the unaudited balance sheet of the Group as at 30 September 2011).

	<b>As at 30 September 2011 (US\$000)</b>
Cash .....	21,850
Cash equivalents .....	-
Trading securities .....	-
<b>Liquidity</b> .....	<b>21,850</b>
Current bank debt .....	-
Current portion of non-current debt .....	(343,499)
Other current financial debt .....	-
<b>Current financial debt</b> .....	<b>(343,499)</b>
<b>Net current financial indebtedness</b> .....	<b>(321,649)</b>
Non-current bank loans .....	(704,443)
Other non-current loans .....	(24,416)
<b>Non-current financial indebtedness</b> .....	<b>(728,859)</b>
<b>Net financial indebtedness</b> .....	<b>(1,050,508)</b>

Since 30 June 2011 there has been no significant change in the capitalisation of the Group. Since 30 September 2011 there has been no significant change in the outstanding indebtedness of the Group.

## 10. LOANS AND CREDIT FACILITIES

On 26 October 2011, the Group entered into a new US\$250 million dollar denominated credit facility with Alfa Bank. As at the date of this Prospectus, this facility was undrawn.

## 11. UNDERWRITING ARRANGEMENTS

The Company, the Directors, JSC Okhotskaya Mining and Exploration Company and CJSC Magadan Silver entered into the Underwriting Agreement with the Underwriters on 28 October 2011. The Underwriters agreed in the Underwriting Agreement, subject to certain conditions, to procure subscribers for the Shares to be issued by the Company in the Offer or, failing which, to subscribe for such Shares themselves at the Offer Price.

The Company has agreed to issue, at the Offer Price, to the Underwriters, the following number of Shares for such purpose:

<u>Underwriters</u>	<u>Number of Shares</u>
HSBC Bank plc .....	13,520,482
Morgan Stanley & Co. International plc .....	13,520,482
Deutsche Bank AG, London Branch .....	13,520,482

VTB Capital plc.....	11,286,282
Collins Stewart Europe Limited .....	1,502,272

The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any moneys received in respect of the Offer will be returned to applicants without interest. The Underwriting Agreement provides for the Underwriters to be paid commission in respect of the Shares issued. Any commissions received by the Underwriters may be retained, and any Shares acquired by them may be retained or dealt in, by them, for their own benefit. The Company has granted to the Stabilising Manager, on behalf of the Joint Bookrunners, the Repurchase Option under the Underwriting Agreement.

On 28 October 2011 the Company, the Directors, JSC Okhotskaya Mining and Exploration Company and CJSC Magadan Silver entered into the Underwriting Agreement with the Underwriters. Pursuant to the Underwriting Agreement:

- (a) the Company has agreed, subject to certain conditions, to allot and issue, at the Offer Price, new Shares to be issued in connection with the Offer;
- (b) the Joint Bookrunners have severally agreed, subject to certain conditions, to procure subscribers or, failing which, for the Underwriters to subscribe for new Shares (in such proportions as will be set out in the Underwriting Agreement) pursuant to the Offer;
- (c) the Joint Bookrunners will deduct from the proceeds of the Offer to the Company a commission of 1.5 per cent. of the product of the Offer Price and the number of new Shares issued pursuant to the Offer and a commission of 1.5 per cent. of the product of the Offer Price;
- (d) in addition, the Company may, at its absolute discretion, pay the Joint Bookrunners an additional commission of up to 1 per cent. of the product of the Offer Price and the number of new Shares issued in the Offer, which will be determined within 45 days of Admission;
- (e) the Co-Lead Manager will receive from the Company a commission of 0.05 per cent. of the product of the Offer Price and the aggregate number of new Shares subscribed for pursuant to the Offer and may receive a discretionary fee of a further 0.1 per cent. of the product of the Offer Price and the aggregate number of new Shares subscribed for pursuant to the Offer, such discretionary fee to be determined within 45 days of Admission;
- (f) the obligations of the Joint Bookrunners to procure subscribers for or, failing which, for the Underwriters to subscribe for or purchase Shares (as the case may be) on the terms of the Underwriting Agreement are subject to certain conditions that are customary for an agreement of this nature. These conditions include the Admission occurring on or before 2 November 2011 (or such later time and/or date as the Underwriters and the Company may agree in writing (being not later than 3 November 2011)). In addition, the Underwriters have, in certain circumstances, the right to terminate the Underwriting Agreement, prior to Admission;
- (g) The Company has granted the Stabilising Manager, on behalf of the Joint Bookrunners, the Repurchase Option which is exercisable in whole or in part, upon notice by the Stabilising Manager, from the commencement of conditional dealings in the Shares and for 30 days thereafter. Pursuant to the Repurchase Option, the Stabilising Manager may require the Company to purchase up to 4,850,000 Shares held by the Stabilising Manager as a result of stabilisation transactions at the Offer Price. The Company will cancel any Shares it acquires pursuant to the Repurchase Option. If any Shares are sold to the Company for repurchase pursuant to the Repurchase Option, the Company has committed to pay to the Stabilising Manager, on behalf of the Joint Bookrunners, an amount equal to the Offer Price multiplied by the number of Shares being repurchased, less the amount of any commission initially paid by the Company in respect of such Shares. Except as required by any law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any purchase and/or stabilisation transactions under the Offer;



- (h) to the extent permitted by law, the Company agreed to pay its costs, charges, fees and expenses of the Offer (together with any related value added tax);
- (i) each of the Company, the Directors, OJSC Okhotskaya Mining and Exploration Company and CJSC Magadan Silver has given certain representations and warranties and made certain undertakings to the Underwriters;
- (j) the Company and, prior to Admission, OJSC Okhotskaya Mining and Exploration Company and CSJC Magadan Silver, have agreed to indemnify the Underwriters on customary terms; and
- (k) the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions.

## **12. THE INSTITUTIONAL SHARE SWAP FACILITY AND THE MANDATORY TENDER OFFER**

The ISSF is conditional upon Admission. PMTL received acceptances of the ISSF in respect of 83.3 per cent. of the issued share capital of JSC Polymetal when the ISSF closed on 26 October 2011.

Five Polymetal Shareholders have irrevocably undertaken to PMTL to accept the ISSF in respect of in aggregate 197,461,590 Polymetal Shares and 6,617,389 Polymetal GDRs (representing approximately 51.1 per cent. of the undiluted share capital of Polymetal and comprising all of their Polymetal Shares and Polymetal GDRs). In addition Mr Vitaly Nesis, the CEO of JSC Polymetal, and other members of the management board of JSC Polymetal have irrevocably undertaken to PMTL to accept the ISSF in respect of in aggregate 3,367,000 Polymetal Shares (representing approximately 0.8 per cent. of the undiluted share capital of Polymetal and comprising all of their Polymetal Shares). As a result, 51.9 per cent. of the undiluted share capital of Polymetal has been irrevocably assented to the ISSF.

The period during which the ISSF was open for acceptances closed on 26 October 2011 at which time 296,486,484 Polymetal Shares and 36,155,286 Polymetal GDRs (representing 83.3 per cent. of the issued share capital of JSC Polymetal) had been assented to the ISSF.

PMTL is required to have a bank guarantee in place for the full amount of the MTO consideration. Accordingly, PMTL will make arrangements to provide a guarantee for up to RUB 35,439 million in respect of the consideration which it may have to pay under the MTO.

## **13. USE OF PROCEEDS**

The Company's net proceeds from the Offer (assuming no exercise of the Repurchase Option) are estimated to be £473 million (after deducting underwriting fees and other estimated related costs and expenses of £18.3 million). The Company intends to use the net proceeds from the sale of the Shares pursuant to the Offer to fund the MTO and (if applicable) the Squeeze Out and/or the purchase of Shares pursuant to the Repurchase Option. The maximum consideration payable for the Repurchase Option would be £45 million. The consideration payable under the MTO and the Squeeze Out is calculated as set out in Part 15 "*The Institutional Share Swap Facility and the Mandatory Tender Offer*".

The Company cannot at the date of this Prospectus confirm the amount payable under the MTO and Squeeze Out. If the MTO and Squeeze Out were triggered today and the consideration in each case were determined on the Market Test, assuming 16.7 per cent. of the Polymetal Shares are acquired in the MTO and Squeeze Out, RUB 35,439 million would be payable under the MTO and Squeeze Out.

Any proceeds of the Offer remaining after funding the MTO and Squeeze Out will be used to repay existing indebtedness of the Group.

## **14. DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS**

The Directors and members of Senior Management, their functions within the Group and brief biographies are set out in Part 7 "*Directors, Senior Management and Corporate Governance*".

Currently the members of the Board of Directors and Senior Management (all of whom, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a member of Senior Management) have

no interests in the Shares but their interests following closing of the ISSF (assuming no acquisition of Shares by them prior to such date) are presented below.

<b>Director</b>	<b>Number of Shares immediately upon Admission</b>	<b>Percentage of issued share capital on Admission (per cent.)</b>	<b>Percentage of issued share capital assuming full exercise of the Repurchase Option (per cent.)</b>
Bobby Godsell .....	-	0.00%	0.00%
Vitaly Nesis .....	3,000,000 <sup>(1)</sup>	0.78%	0.79%
Konstantin Yanakov .....	-	0.00%	0.00%
Marina Grönberg .....	-	0.00%	0.00%
Jean-Pascal Duveiusart .....	-	0.00%	0.00%
Charles Balfour .....	-	0.00%	0.00%
Jonathan Best .....	-	0.00%	0.00%
Russell Skirrow .....	-	0.00%	0.00%
Leonard Homeniuk .....	-	0.00%	0.00%

Note:

- (1) In addition to the 3,000,000 Shares held by Mr. Nesis, Mr. Nesis has been granted the option to acquire a number of Shares in 2013 or 2014, pursuant to a prescribed formula which is linked to share price performance. The maximum number of Shares that Mr Nesis can acquire is 12,000,000. See paragraph 6 “*Employee share plan*” in the preliminary prospectus for further details.

<b>Member of Senior Management</b>	<b>Number of Shares immediately upon Admission</b>	<b>Percentage of issued share capital on Admission (per cent.)</b>	<b>Percentage of issued share capital assuming full exercise of the Repurchase Option (per cent.)</b>
Vitaly Savchenko .....	2,000 <sup>(1)</sup>	0.00%	0.00%
Sergey Cherkashin .....	165,000 <sup>(2)</sup>	0.04%	0.04%
Sergey Trushin .....	- <sup>(3)</sup>	0.00%	0.00%
Roman Shestakov .....	2,000 <sup>(4)</sup>	0.00%	0.00%
Valery Tsyplakov .....	200,000 <sup>(5)</sup>	0.05%	0.05%
Pavel Danilin .....	10,000 <sup>(6)</sup>	0.00%	0.00%
Igor Kapshuk .....	1 <sup>(7)</sup>	0.00%	0.00%

Notes:

- (1) Mr. Savchenko has been granted the option to acquire a number of Shares in 2013 or 2014, pursuant to a prescribed formula which is linked to Share price performance. The maximum number of Shares that Mr Savchenko can acquire is 300,000. See paragraph 6 “*Employee share plan*” for further details.
- (2) Mr. Cherkashin has been granted the option to acquire a number of Shares in 2013 or 2014, pursuant to a prescribed formula which is linked to Share price performance. The maximum number of Shares that Mr Cherkashin can acquire is 2,400,000. See paragraph 6 “*Employee share plan*” for further details.
- (3) Mr. Trushin has been granted the option to acquire a number of Shares in 2013 or 2014, pursuant to a prescribed formula which is linked to Share price performance. The maximum number of Shares that Mr Trushin can acquire is 300,000. See paragraph 6 “*Employee share plan*” for further details.
- (4) Mr. Shestakov has been granted the option to acquire a number of Shares in 2013 or 2014, pursuant to a prescribed formula which is linked to Share price performance. The maximum number of Shares that Mr Shestakov can acquire is 89,046. See paragraph 6 “*Employee share plan*” for further details.
- (5) Mr. Tsyplakov has been granted the option to acquire a number of Shares in 2013 or 2014, pursuant to a prescribed formula which is linked to Share price performance. The maximum number of Shares that Mr Tsyplakov can acquire is 1,800,000. See paragraph 6 “*Employee share plan*” for further details.
- (6) Mr. Danilin has been granted the option to acquire a number of Shares in 2013 or 2014, pursuant to a prescribed formula which is linked to Share price performance. The maximum number of Shares that Mr Danilin can acquire is 1,200,000. See paragraph 6 “*Employee share plan*” for further details.

- (7) Mr. Kapshuk has been granted the option to acquire a number of Shares in 2013 or 2014, pursuant to a prescribed formula which is linked to Share price performance. The maximum number of Shares that Mr Kapshuk can acquire is 178,092. See paragraph 6 “*Employee share plan*” for further details.

## **15. LICENCES**

The Company expects that Midural Urals Prospecting Bureau LLC will shortly be granted two licences covering two new prospect areas. The Company expects both licences to be exploration and production licences for gold, with each licence having a term of 25 years. The first licence is for the Ayatskaya area (24.2 sq km) and the second licence is for Shilovsky (13.8 sq km).

## **16. DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS**

<b>Co-lead Manager and Underwriter</b>	Collins Stewart Europe Limited 88 Wood Street London EC2V 7QR United Kingdom
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