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Polymetal International plc

Q2 2023 production results

Polymetal International plc reports production results for the second quarter ended June 30, 2023.

“Q2 saw a set of solid production results supporting our full-year production guidance of 1.7 Moz of GE. The company continued to experience logistical disruptions of concentrate shipments. Management is working on establishing new transportation routes to resolve this issue by Q4 2023”, said Vitaly Nesis, Group CEO of Polymetal International plc.

HIGHLIGHTS

- No fatal accidents occurred among the Group’s workforce and contractors in H1 2023 (consistent with H1 2022). Lost time injury frequency rate (LTIFR) among the Group’s employees stood at 0.11 (0.08 in H1 2022), as there were seven lost-time accidents mostly related to falling or being hit by an object, with none of them within Kazakhstan operations.
- Q2 gold equivalent production (“GE”) grew by 22% year-on-year (y-o-y) to 423 Koz driven by increases within Russian operations (Nezhda and Albazino).
- GE output for H1 was up by 3% y-o-y to 764 Koz, including 213 Koz in Kazakhstan and 551 Koz in Russia, due to the same factors as above. Polymetal reiterates its full-year production guidance of 1.7 Moz of GE (1.2 Moz in Russia and 500 Koz in Kazakhstan).
- The Company recorded a sales-production gap in Q2, notably for Kyzyl, which was a result of the persistent railway issues at the eastward direction. It is expected to be closed by the year end as the Company is gradually switching to alternative transportation routes.
- Revenue for the reporting quarter and six months increased by 34% and 25% y-o-y to US\$ 581 and US\$ 1,315 million respectively on the back of sales volumes recovery in Russia and higher metal prices.
- Net Debt reached US\$ 2.59 billion (US\$ 0.2 billion in Kazakhstan and US\$2.39 billion in Russia) on the back of sanctions-related sales disruptions in the Russian business.

HIGHLIGHTS

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2023	2022		2023	2022	
<u>PRODUCTION (Koz of GE) ¹</u>						
Kazakhstan	98	105	-7%	213	244	-13%
Kyzyl	56	53	+6%	128	135	-5%
Varvara	42	52	-20%	86	109	-22%
Russia	325	243	+34%	551	500	+10%
TOTAL	423	348	+22%	764	744	+3%
<u>SALES (Koz of GE)</u>						
Kazakhstan	78	106	-26%	200	238	-16%
Russia ²	220	131	+68%	490 ²	321	+53%
TOTAL	299	237	+26%	690	560	+23%
<u>REVENUE³ (US\$m)</u>						
Kazakhstan	159	193	-17%	393	443	-11%
Russia	422	240	+76%	921	605	+52%
TOTAL	581	433	+34%	1,315	1,048	+25%
<u>NET DEBT⁴ (US\$m)</u>						
Kazakhstan	201	441	-54%	201	277	-27%
Russia	2,389	1,987	+20%	2,389	2,117	+13%
TOTAL	2,590	2,428	+7%	2,590	2,393	+8%
<u>SAFETY</u>						
LTIFR ⁵ (Employees)	0.12	0.06	+94%	0.11	0.08	+36%
Fatalities	0	0	NA	0	0	NA

Notes:

(1) Based on 80:1 Au/Ag conversion ratio and excluding base metals. Discrepancies in calculations are due to rounding. Mayskoye production reporting approach was amended to record production as soon as the ownership title for gold is transferred to a buyer at the mine site's concentrate storage facility. Previous periods were restated accordingly.

(2) Excluding ounces at Mayskoye, which ownership title has already been transferred to a buyer, but not shipped.

(3) Calculated based on the unaudited consolidated management accounts.

(4) Non-IFRS measure based on unaudited consolidated management accounts. Comparative information is presented for 31 March 2023 (for the three months period) and 31 December 2022 (for the six months period).

(5) LTIFR = lost time injury frequency rate per 200,000 hours worked. Company employees only are taken into account.

CONFERENCE CALL AND WEBCAST

The Company will hold a webcast on Wednesday, 9 August 2023, at 12:00 London time (17:00 Astana time).

To participate in the webcast, please register using the following link:

<https://event.on24.com/wcc/r/4276845/D7DCF26439D90AF0B6F48DDDDFF435AC>.

Webcast details will be sent to you via email after registration.

Enquiries

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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.

KYZYL

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2023	2022		2023	2022	
MINING						
Waste mined, Mt	18.7	21.0	-11%	38.7	41.7	-7%
Ore mined (open pit), Kt	647	547	+18%	1,165	1,131	+3%
PROCESSING						
Ore processed, Kt	633	535	+18%	1,193	1,086	+10%
Gold grade, g/t	4.9	4.8	+3%	5.1	4.8	+6%
Gold recovery	89.0%	89.0%	-0%	88.8%	88.3%	+0%
Concentrate produced, Kt	32.5	24.5	+29%	61.5	49.3	+25%
Concentrate gold grade, g/t	88.5	94.5	-6%	87.6	93.0	-6%
Gold in concentrate, Koz ¹	90	75	+20%	173	148	+17%
Concentrate shipped, Kt	10	16	-38%	18	26	-30%
Payable gold shipped, Koz	18	28	-37%	34	48	-29%
Amursk POX						
Concentrate processed, Kt	13	7	+89%	28	21	+35%
Gold grade, g/t	108.9	131.2	-17%	117.5	132.1	-11%
Gold recovery	91.9%	94.0%	-2%	92.8%	94.4%	-2%
Gold produced, Koz	38	25	+56%	94	87	+8%
TOTAL PRODUCTION						
Gold, Koz	56	53	+6%	128	135	-5%

Note:

(1) For information only; not considered as gold produced and therefore not reflected in the table representing total production. It will be included in total production upon shipment to off-taker or dore production at Amursk POX.

(2) To be further processed at Amursk POX.

In Q2, gold production at Kyzyl was up by 6% y-o-y to 56 Koz on the back of higher output from the lower carbon concentrate at Amursk POX.

The concentrator capacity has reached 2.4 Mtpa level resulting in a 17% y-o-y increase in the volume of gold in concentrate in H1. Ore mining also intensified to align with the processing volumes. Eastward transportation routes are being readjusted to eliminate the production/sales gap, and a notable decline in unsold concentrate volumes is expected in Q3 2023.

VARVARA

	3 months ended June 30,		% change	6 months ended June 30,		% change
	2023	2022		2023	2022	
<u>MINING</u>						
Waste mined, Mt	10.9	10.3	+6%	21.5	21.3	+1%
Ore mined (open pit), Kt	742	1,113	-33%	1,524	2,070	-26%
<u>PROCESSING</u>						
Leaching						
Ore processed, Kt	777	829	-6%	1,546	1,598	-3%
Gold grade, g/t	1.4	1.6	-14%	1.4	1.7	-14%
Gold recovery ¹	89.0%	91.1%	-2%	89.0%	90.3%	-1%
Gold production (in dore), Koz	32	41	-22%	66	87	-23%
Flotation						
Ore processed, Kt	187	192	-3%	376	371	+2%
Gold grade, g/t	2.3	2.8	-18%	2.2	2.8	-20%
Recovery ¹	88.2%	88.4%	-0%	86.6%	89.0%	-3%
Gold in concentrate, Koz	10	11	-10%	19	22	-14%
<u>TOTAL PRODUCTION</u>						
Gold, Koz	42	52	-20%	86	109	-21%

Note:

(1) Technological recovery, includes gold and copper within work-in-progress inventory. Does not include toll-treated ore.

Varvara recorded planned decline in production driven by a decrease in Komar ore grade at the leaching circuit and lower share of high-grade third-party feed at the flotation circuit.

SUSTAINABILITY, HEALTH AND SAFETY

There were no fatal accidents among Polymetal's employees and contractors during the first half of the year (consistent with H1 2022). Lost time injury frequency rate (LTIFR) among the Group's employees increased by 94% y-o-y to 0.12 in Q2 (0.06 in Q2 2022) and by 36% to 0.11 in H1 (0.08 in H1 2022). During the reporting quarter, five lost-time injuries were recorded at Polymetal's sites (all in Russia): four among employees and one among contractors' workers. Within the Company, two injuries were classified as minor (hit by an object and combustion), while the other two were severe (fall and hit by falling rock). The incident with a contractor worker was classified as minor (tripping). The incidents were followed by proper investigations aimed at improving the safety of workplaces.