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THIS ANNOUNCEMENT IS THE SUMMARY OF THE PROPOSED TRANSACTION. FOR MORE INFORMATION SHAREHOLDERS ARE URGED TO READ THE SHAREHOLDER CIRCULAR PUBLISHED TODAY (THE "CIRCULAR") AS A WHOLE AND IN ITS ENTIRETY. UNLESS OTHERWISE DEFINED HEREIN, CAPITALISED TERMS WITHIN THIS ANNOUNCEMENT HAVE THE SAME MEANING AS DEFINED IN THE CIRCULAR.

Polymetal International plc

Proposed divestment of Polymetal Group's Russian business and notice of General Meeting

Polymetal International plc ("Polymetal", the "Company" or the "Group") announces today that it has entered into contracts for the divestment of its Russian business for an effective total consideration of approximately US\$3.69 billion (the "Transaction"). Completion of the Transaction is subject to a number of conditions, including shareholder approval.

"The Board, the Special Committee and the management team of the Group are set to deliver on our commitment to restore shareholder value and re-set Polymetal's strategy by selling the Russian business of the Group. A quick, transparent, and sanctions-compliant exit under the terms of the proposed Transaction serves the interests of all stakeholders. The completion of the divestment will allow the Group to de-risk the Company's business, deliver stable cash flows and pursue new investment opportunities. The Board recommends shareholders to vote for the proposed resolution", said Vitaly Nesis, Group CEO.

The Transaction will result in the Company focusing on its operations in Kazakhstan. If approved by Shareholders, it will both enable appropriate valuation of the Company's Kazakhstan assets and ensure de-risking and de-leveraging of the Group's operations in Kazakhstan (the "**Polymetal Retained Group**").

On 16 February 2024, US Department of the Treasury's Office of Foreign Asset Control ("OFAC") confirmed to the Company that it would not impose sanctions on non-US persons, including Polymetal, for participating in or facilitating the Transaction.

Completion is subject to certain conditions precedent, including receipt of required regulatory approvals and shareholder approval. The Company anticipates that Completion will occur by the end of March 2024.

Key terms

The Transaction will be effected through a sale of 100 per cent. of the share capital of JSC Polymetal ("**Polymetal Russia**") to JSC Mangazeya Plus (the "**Purchaser**"). The Transaction values the Russian business at approximately US\$3.69 billion¹ including third-party debt and intra-group arrangements detailed in the Circular. In particular, the effective total consideration will comprise:

- (a) total gross cash proceeds of approximately US\$1,479 million (before tax), represented by:

¹ The effective total consideration is set out in US dollars for presentational purposes. Amounts comprised within the valuation are based on currency exchange rates and outstanding loan and cash balances of Polymetal Russia as of 31 December 2023. Actual amounts will be determined as of the actual settlement date, prior to Completion and depend on, among other factors, currency exchange rates as of that date.

- (i) an aggregate dividend of approximately US\$1,429 million (before tax) paid by Polymetal Russia to the Company prior to Completion, of which US\$278 million² (before tax) will be retained by the Company for its general corporate purposes and approximately US\$1,151 million³ (before tax) will be used by the Company to repay, and fully discharge, the Intra-group Debt and related interest owed to Polymetal Russia; and
 - (ii) US\$50 million⁴ in cash paid by the Purchaser to the Company upon Completion, and
- (b) approximately US\$2,210 million of net debt⁵ retained by Polymetal Russia with a corresponding de-consolidation from the Company's consolidated balance sheet.

All payments under the Transaction will be in Russian roubles through non-sanctioned financial institutions.

Based on the above, the net after-tax cash proceeds from the Transaction receivable by the Polymetal Retained Group are expected to be US\$300 million. It is the Board's intention to use the proceeds to finance the Ertis POX development project and to improve the Company's liquidity profile.

The Transaction with the Purchaser includes several important provisions that go a long way to meet the Company's goals of achieving a quick, clean and sanctions-compliant exit from its Russian operations in a manner which assures the commercial efficiency of processing Kyzyl concentrate into gold dore bars. In particular:

- The agreement includes provisions for the continued use of the Amursk POX processing facility (a subsidiary of Polymetal Russia) to treat Kyzyl refractory concentrate (the "**Tolling Agreement**") until the Ertis POX in Kazakhstan is on-line.
- The Special Committee continues to engage with the U.S. Department of State and OFAC to seek assurance that the continuing Tolling Agreement does not create a risk of US secondary sanctions for the Polymetal Retained Group.
- The Company has provided the Purchaser with title and capacity warranties only, thus minimizing any exposure to potential warranty claims.
- The Transaction Agreements comply, and performance thereof will comply, with all Sanctions Laws and Russian Sanctions, and the Purchaser is not subject to any sanctions.

The Transaction values Polymetal Russia at 5.3x EV/EBITDA based on Adjusted EBITDA of Polymetal Russia for the 12 months ended 30 June 2023 (US\$694 million) and at 3.6x based on estimated FY 2023 Adjusted EBITDA (approximately US\$1.0 billion⁶).

Rationale for the Transaction

The Board considers that the Transaction presents the most viable opportunity for the Group to restore shareholder value by removing or substantially mitigating critical political, legal, financial and operational risks to the Polymetal Retained Group.

The announcement of the Transaction is the result of a review initiated by the Board following the commencement of the Russia-Ukraine conflict in February 2022. The Board promptly and firmly committed to divest Polymetal's Russian operations. This commitment became urgent following the Designation of Polymetal Russia in May 2023.

The Board, together with the Special Committee (which was established to ensure full and comprehensive compliance with US sanctions and to develop appropriate responses) and external legal counsel, undertook a strategic process to review all possible options in respect of Polymetal Russia in order to restore value for Polymetal shareholders and de-risk its ongoing operations.

The Board believes the current structure of the Group continues to expose the Company to unacceptable levels of risk associated with its Russian operations and risks full destruction of value of Polymetal Russia to Shareholders. The main considerations on which the Board has focused include:

² The dividend expressed in is payable in RUB based on the RUB equivalent of US\$278 million.

³ The intra-group indebtedness is set out in US dollars for presentational purposes using the exchange rate and outstanding intra-group loan balance as of 31 December 2023. The actual intra-group loan balance including accrued interest, which comprises currencies other than US dollars, will be determined as of the actual settlement date, prior to Completion and payable in Russian roubles at the then applicable exchange rate with the dividend paid at the corresponding amount on an after-tax basis.

⁴ The cash consideration is payable in Russian roubles based on the Russian roubles equivalent of US\$50 million.

⁵ The net debt of Polymetal Russia is presented in USD for indicative purposes based on currency exchange rates and the net debt of Polymetal Russia as of 31 December 2023. Actual amounts will be determined as at Completion and depend on, among other factors, the currency exchange rates as of that date.

⁶ Unaudited management accounts.

- material risk of nationalization or other form of property expropriation of Polymetal Russia by the Russian Government;
- material risk of disruption of the Tolling Agreement given the loss of managerial control and operational oversight over Polymetal Russia;
- material risk of claims by Polymetal Russia against the Group for full settlement of the Intra-group Debt;
- the restricted ability of the Company to access international finance markets and to maintain relationships with service providers and customers; and
- the restricted ability to pursue corporate actions for the benefit of Shareholders.

Furthermore, for so long as the Designation is in force and the Company has material exposure to Russia, the Polymetal Group will continue to be closely associated with a US-sanctioned entity and be exposed to continuing sanctions risk. This prevents the appropriate valuation of the Company's Kazakhstani assets by the market, while depressing liquidity and causing regulatory obstacles for Shareholders.

Therefore, the expedited divestment, as contemplated by the Transaction, is essential for:

- de-risking the ongoing operations and restoring the Company's access to international financial markets;
- restoring and preserving shareholder value, including the elimination of discounts that are applied in the international capital markets to 'Russia-related businesses' and resuming dividends payments, if the Board considers it appropriate in the future; and
- freeing the funds to pursue further growth opportunities and unlocking Western counterparty engagements necessary to procure for, engineer and finance the construction of the Ertis POX project in Kazakhstan.

Due to the extreme difficulty and related uncertainty of executing any alternative transaction, and the very material risk that the current structure poses to the Group, the Board, with the support of the Special Committee, considers that the Company's divestment of Polymetal Russia, as proposed by the terms of the Transaction, presents Shareholders with the preferred outcome to preserve value within the Polymetal Retained Group.

The Board and the Special Committee each considers that the Transaction and the passing of the Resolution are in the best interests of the Company and the Shareholders taken as a whole. Accordingly, the Board recommends that Shareholders, to the extent they are able to do so, vote in favour of the Resolution to be proposed at the General Meeting.

The Purchaser

The Purchaser is JSC Mangazeya Plus, an entity established for the purpose of the Transaction by Mangazeya Mining. Mangazeya Mining LLC is a Russian precious metals miner operating in the Zabaikalye territory since 2011, and is a subsidiary of Mangazeya Group owned by Sergey Yanchukov. Mangazeya Mining owns a portfolio of development projects with a total resource base of over 12.9 Moz of gold.

As at the date of this announcement, and so far as the Company is aware based on due diligence, neither the Purchaser nor the founder and owner have been designated under EU, UK, US Sanctions Laws or Russian Sanctions.

Polymetal Retained Group post-completion

If Completion occurs, the Polymetal Retained Group will remain the second largest gold producer in Kazakhstan with a headcount of over 3,000, a main listing on the Astana International Exchange (AIX) and a secondary listing on Moscow Exchange (MOEX).

It will comprise the following producing assets with the total Ore Reserve base estimated at 11.3 Moz of GE @ 3.3 g/t average grade, each located in Kazakhstan:

- Kyzyl: this consists of the Bakyrchik open-pit mine and flotation plant. Underground mining is expected to begin from 2030;
- Varvara hub: this consists of the Varvara and Komarovskoye open-pit mine, the Baksy deposit and the Varvara processing plant; and
- Ertis POX project: a new POX facility that will be built in Pavlodar, Kazakhstan, and, if approved by the Board in the second half of 2024, launched in 2028.

In 2023, the Polymetal Retained Group's production was 486 Koz of GE and generated US\$0.9 billion in external revenue. The Company expects a Net Cash position of the Polymetal Retained Group of approximately US\$130 million immediately following Completion, compared to a Net Debt position of US\$171 million and US\$2.4 billion of the Polymetal Retained Group and the Group (including Polymetal Russia), respectively, as of 31 December 2023⁷.

After Completion, the Polymetal Retained Group will focus on strong cash flow generation and a strong balance sheet allowing it to pursue growth opportunities in Kazakhstan and selected Central Asian countries. Polymetal Retained Group is expected to invest over US\$1 billion in projects, infrastructure, and exploration in Kazakhstan over the next five years, including, most notably, the Ertis POX facility. Once finalised, the Ertis POX project will ensure the independence of Polymetal's refractory gold production capabilities from the Amursk POX processing facility of Polymetal Russia, while creating valuable economic opportunities for Kazakhstan.

General Meeting

Despite the Company not being obliged to seek shareholder approval under the AIFC MAR rules or any applicable regulatory requirements applicable to the Polymetal Group, the Company continues to strive to achieve the highest levels of corporate governance and the Board considers that shareholder engagement, including on major transactions, is a key element of that. Therefore, exceptionally, the Company has prepared a circular for Shareholders. The Transaction is conditional upon the resolution being passed by a simple majority of Shareholders who (being entitled to do so) vote in person or by proxy at the General Meeting.

The General Meeting will be held at 11:00 a.m. (Astana Time) on Thursday 7 March 2024 at Turkestan Room, AIFC Center, 55/18 Mangilik EL avenue, block C 3.3, Astana, Kazakhstan.

Voting will commence shortly after publication of this announcement.

Further details of the ways to vote and Notice of General Meeting can be found in the Circular.

The vote of Shareholders is important. If the Resolution is not passed, the Transaction will not go ahead and the current structure of the Polymetal Group will be retained. Shareholders' attention is drawn in particular to the risk factors set out in Part II (*Risk Factors*) of the Circular published by the Company.

Shareholders are advised to consult their own legal advisers on compliance with sanctions to which they may be subject or of which they may be unaware as to the application of such sanctions in connection with the Transaction. In particular, to ensure compliance with US sanctions, Shareholders who are US persons should not exercise their vote in respect of the Resolution.

Shareholder Circular

The Circular describes the background to, and reasons for, the Transaction, and explains why the Board, with the support of the Special Committee, considers the Transaction to be in the best interests of the Company and Shareholders as a whole and recommends that Shareholders, to the extent they are able to do so, vote in favour of the Resolution. Shareholders are urged to read the Circular as a whole and its entirety.

A copy of this announcement and the Circular are available at the Company's website:

<https://www.polymetalinternational.com/en/investors-and-media/shareholder-centre/general-meetings/>.

Transaction timetable

<i>Announcement of the Transaction and publication of this Circular</i>	<i>19 February 2024</i>
<i>Latest time and date for receipt of Voting Instructions for the General Meeting</i>	<i>11 a.m. on 5 March 2024</i>
<i>General Meeting</i>	<i>11 a.m. on 7 March 2024</i>
<i>Announcement of results of General Meeting</i>	<i>7 March 2024</i>
<i>Expected date for Completion</i>	<i>End of March 2024</i>
<i>Longstop Date for Completion</i>	<i>30 April 2024</i>

The above times refer to Astana time.

⁷ Based on unaudited management accounts.

The above times and/or dates may be subject to change by the Company and in the event of any such change, the revised times and/or dates will be notified to Shareholders by an announcement through the Company website or as otherwise may be required under the AIFC Laws and the AIX Business Rules.

Analyst & Investor Briefing

The Company will be hosting an Analyst and Investor Briefing webcast today at 15:00 Astana time (9:00 am London time).

At the event, Vitaly Nesis, Group CEO, and Maxim Nazimok, CFO, will further discuss the proposed divestment of Polymetal Russia.

To join the webcast please follow the link:

<https://streamstudio.world-television.com/CCUIv3/login.aspx?ticket=1451-2739-39090&target=en>

Webcast participants will be able to ask questions via live chat. A recording of the event will be available at the webcast link above and on the Company's website soon after the event.

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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.