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POLYMETAL INTERNATIONAL PLC

CREATION OF A NEW UK LISTED HOLDING COMPANY FOR JSC POLYMETAL

30 SEPTEMBER 2011

Polymetal International plc ("Polymetal International" or "the Company"), together with certain major shareholders of JSC Polymetal (MICEX, RTS, LSE: PMTL) ("Polymetal"), today announce their intention to change the corporate structure of Polymetal. Under these proposals (the "Transaction"), Polymetal International, a Jersey-incorporated company, will become the new holding company for Polymetal. Polymetal International will seek application for admission of its ordinary shares (the "Shares") to the premium listing segment of the Official List of the UK Financial Services Authority and to trading on the main market for listed securities of the London Stock Exchange (together, "Admission"). Concurrently with Admission, Polymetal International intends to proceed with an offering of its Shares to institutional investors in the United Kingdom and elsewhere (the "Offer").

Highlights

- Today, PMTL Holding Limited ("PMTL"), a wholly owned subsidiary of Polymetal International has announced an offer (the "Institutional Share Swap Facility" or the "ISSF") to certain eligible existing shareholders of Polymetal to acquire their ordinary shares and/or global depository receipts ("GDRs") in Polymetal. The ISSF terms provide for the issue of shares in Polymetal International in exchange for Polymetal shares or GDRs on a one for one basis. The ISSF is conditional upon the satisfaction or waiver of a number of conditions including receipt of acceptances from shareholders representing an aggregate of 85 per cent. of Polymetal's shares (or such other percentage as PMTL may determine), regulatory approvals, the occurrence of Admission and certain other matters.
- Following the closing of the acceptance period for the ISSF, Polymetal International intends to proceed with the Offer, which is expected to raise aggregate gross proceeds to Polymetal International of approximately US\$ 500 million. Proceeds from the Offer will be used to provide funding to PMTL to pay the consideration due under the mandatory tender offer (as defined below) which PMTL will be required to make when it closes the ISSF. Any remaining proceeds will be used to repay existing indebtedness.

- Following completion of the Offer and ISSF, on Admission PMTL will be the owner of more than 50 per cent. of the entire share capital of Polymetal and will, in accordance with Russian law, and subject to satisfaction of certain conditions, launch a mandatory tender offer (“MTO”) for all of the Polymetal shares (including shares represented by GDRs) not held by it. Cash consideration is payable under the MTO as provided for by Russian law. The MTO is expected to be launched around the end of November 2011 and close approximately four months later.
- Under Russian law, if PMTL acquires in the MTO at least 10 per cent. of the Polymetal shares from shareholders unaffiliated with PMTL and, as a result, holds more than 95 per cent. of the entire share capital of Polymetal, PMTL will have the right to require remaining holders of Polymetal shares (including shares represented by GDRs) to tender their shares to PMTL. PMTL intends to execute this right.
- Following completion of the ISSF, PMTL intends to procure that Polymetal applies to the UKLA and the London Stock Exchange for delisting of the GDRs. In addition, PMTL intends to procure that Polymetal will seek delisting of its shares from MICEX and RTS.
- Five Polymetal shareholders have irrevocably undertaken to PMTL to accept the ISSF in respect of in aggregate 204,078,979 Polymetal shares (including shares represented by GDRs), representing approximately 51.1 per cent. of the entire share capital of Polymetal and comprising all of their Polymetal shares and GDRs. In addition, Vitaly Nesis, CEO of Polymetal, and all other members of the Management Board of Polymetal, have irrevocably undertaken to PMTL to accept the ISSF in respect of in aggregate 3,367,000 shares, representing approximately 0.8 per cent. of the entire share capital of Polymetal, and comprising all of their Polymetal shares. In aggregate, a total of 51.9 per cent. of current Polymetal shareholders have irrevocably undertaken to PMTL to accept the ISSF.

HSBC and Morgan Stanley are acting as joint sponsors to Polymetal International in connection with Admission. Deutsche Bank, HSBC and Morgan Stanley are acting as joint global co-ordinators and together with VTB Capital, as joint bookrunners in relation to the Offer. Collins Stewart is co-lead manager in connection with the Offer.

HSBC is acting as financial adviser to Polymetal International.

Rationale for the Transaction and the Offer

The Directors of Polymetal International (the “Directors”) believe that the Transaction will provide the following benefits:

- Stronger capital markets profile and access to funding
- Improved trading and liquidity
- Potential inclusion into the FTSE 100 index
- Access to a wider investor base
- Stronger potential acquisition currency
- Strengthened balance sheet

Board and Governance

Upon Admission, Polymetal International will comply with the UK Corporate Governance Code. Polymetal International is pleased to announce that Bobby Godsell will be its independent non-executive Chairman. Mr. Godsell has over 30 years of experience in the mining sector, previously serving as Director and Chief Executive Officer of AngloGold Ashanti Ltd.

Listed below are the names and positions of the full Board of Directors of Polymetal International:

- Bobby Godsell (Independent Non-Executive Chairman)
- Vitaly Nesis (Chief Executive Officer)
- Konstantin Yanakov (Non-Executive Director, ICT Group representative)
- Marina Grönberg (Non-Executive Director, A&NN Group representative)
- Jean-Pascal Duvieusart (Non-Executive Director, PPF Group representative)
- Hon. Charles Balfour (Senior Independent Non-Executive Director)
- Jonathan Best (Independent Non-Executive Director)
- Russell Skirrow (Independent Non-Executive Director)
- Leonard Homeniuk (Independent Non-Executive Director)

The Company expects the senior management team of Polymetal to remain in place after the completion of the Transaction.

Dividend Policy

Following completion of the ISSF, Polymetal International dividend policy will target distribution of annual dividends equal to 20 per cent of net income for the previous financial year provided that net debt to adjusted EBITDA ratio is no more than 1.75x (net debt will be as at the end of the previous financial year and adjusted EBITDA will be an annualized amount based on the financial results under IFRS for the last 6 months of the previous financial year), and, in the absence of unforeseen circumstances and subject to availability of sufficient distributable profits, the Company intends to declare a total dividend of US\$0.20 per Polymetal International share for the financial year ending 31 December 2011.

Expected Timing of Principal Events

ISSF documentation published	30 September 2011
ISSF offer period commences	
Polymetal announces Q3 production update	13 October 2011
ISSF offer period closes	21 October 2011 (Noon)
Final acceptances announced	On or about 24 October 2011
Commencement of conditional dealings in Polymetal International Shares	28 October 2011 (8am)
Admission and commencement of unconditional dealings in Polymetal International Shares	2 November 2011 (8am)
Expected launch of the MTO	on or about 23 November 2011

All times set above 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.

Bobby Godsell, Chairman of Polymetal International said:

"We view the proposed Transaction and premium listing on the London Stock Exchange as a logical step in the development of Polymetal. We believe Polymetal is a company with a strong operational track record and great momentum. The Transaction will help create more shareholder value and allow us to be well positioned to deliver further growth"

Conference Call

Polymetal International will hold a conference call and webcast on Friday, September 30, 2011 at 12:30pm London time / 3:30pm Moscow time. Qualified investors can find details for this call on the Company's website - www.polymetalinternational.com

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Forward-looking statements

This announcement contains “forward-looking” statements, beliefs or opinions, including statements with respect to the business, financial condition, results of operations and plans of Polymetal International. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond Polymetal International’s control and all of which are based on the current beliefs and expectations of the directors of Polymetal International (the “Directors”) 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”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative thereof, other variations thereon or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. Forward-looking statements may and often do differ materially from actual results. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors or Polymetal International with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Polymetal International’s business, concerning, amongst other things, the results of operations, financial condition, prospects, growth and strategies of Polymetal International and the industry in which it operates.

These forward-looking statements and other statements contained in this announcement 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 Polymetal International. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this announcement speak only as of the date of this document. Polymetal International disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules of the Financial Services Authority.

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This announcement is not for release, publication or distribution in whole or in part in the Russian Federation except as permitted by Russian law. This announcement and information contained herein do not contain or constitute an offer, or an invitation to make offers, sell, purchase, exchange or transfer any securities in the Russian Federation or to or for the benefit of any Russian person or any person in the Russian Federation, and do not constitute an advertisement of any securities in the Russian Federation and must not be passed on to third parties or otherwise be made publicly available in the Russian Federation. It and information contained in it are not intended to be and must not be publicly distributed in the Russian Federation. The securities referred to herein (other than JSC Polymetal's shares) have not been and will not be admitted to "placement" and/or "public circulation" in the Russian Federation and may not be offered to any person in the Russian Federation except as permitted by Russian law.

The contents of this announcement, which have been prepared by and are the sole responsibility of Polymetal International, have been approved solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 (as amended) by HSBC Bank plc ("HSBC"), and Morgan Stanley & Co. International plc ("Morgan Stanley").

This announcement does not constitute a recommendation concerning the Transaction or the Offer. There is no guarantee that Admission will occur and you should not base your financial decisions on Polymetal International's intentions in relation to completion of the Transaction or Admission at this stage. Acquiring securities to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. Information in this announcement or any of the documents relating to the Offer cannot be relied upon as a guide to future performance. Potential investors should consult a professional advisor as to the suitability of the Transaction and Offer.

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In connection with the Offer, Deutsche Bank, HSBC, Morgan Stanley, VTB Capital and Collins Stewart or any of their respective affiliates, acting as investors for their own accounts, may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of Polymetal International or related investments in connection with the Offer or otherwise. Accordingly, references in the prospectus, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, Deutsche Bank, HSBC, Morgan Stanley, VTB Capital and Collins Stewart or any of their respective affiliates acting as investors for their own accounts. Deutsche Bank, HSBC, Morgan Stanley, VTB Capital and Collins Stewart do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so. None of Deutsche Bank, HSBC, Morgan Stanley, VTB Capital and Collins Stewart or any of their respective subsidiary undertakings, affiliates or any of their respective directors, officers, employees, advisers, agents or any other person accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to the truth, accuracy, completeness or fairness of the information or opinions in this announcement (or whether any information has been omitted from the announcement) or any other information relating to Polymetal International, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offer, it is anticipated that Deutsche Bank will be appointed to act as stabilising manager (the "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, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any stock, 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. 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. Such stabilising measures, 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. Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

Notice for US Investors regarding the ISSF

The ISSF is being made for the securities of a foreign company. The ISSF is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements, if any, included in the documents relating to the ISSF have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the Company and PMTL are located in foreign countries, and some or all of their officers and directors may be residents of foreign countries. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the Company and PMTL may purchase securities otherwise than under the ISSF, such as in open market or privately negotiated purchases.