



POLYMETAL
INTERNATIONAL PLC

Kyzyl site visit

18-19 October 2018
Kazakhstan



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Kyzyl

Project team

Operational team



YURIY OVCHINNIKOV
GENERAL DIRECTOR



DMITRIY ASTAFYEV
VP CAPITAL
CONSTRUCTION



VIKTOR KOVALEV
CHIEF METALLURGIST



KENBEIYL ISSAYEV
VP PRODUCTION



ALEX KLUSHNIKOV
VP GEOLOGY



ALEX KUTSENKO
VP FINANCE



ZUKHRA SULTANOVA
VP PUBLIC RELATIONS

Project team



ROMAN SHESTAKOV
EVP DEVELOPMENT &
CONSTRUCTION



VITALY RAZINKOV
KYZYL PROJECT DIRECTOR



ANTON BONDARCHUK
TECHNICAL TEAM
LEADER



ALEXANDER MALUGIN
PLANNING AND CONTROL
TEAM LEADER



ANNA SAVINA
PROCUREMENT
LEADER



POLYMETAL ENGINEERING
ALEXANDER OKUNOVICH
CHIEF DESIGN ENGINEER



POLYMETAL EURASIA
KANAT DOSMUKAMETOV
GENERAL DIRECTOR

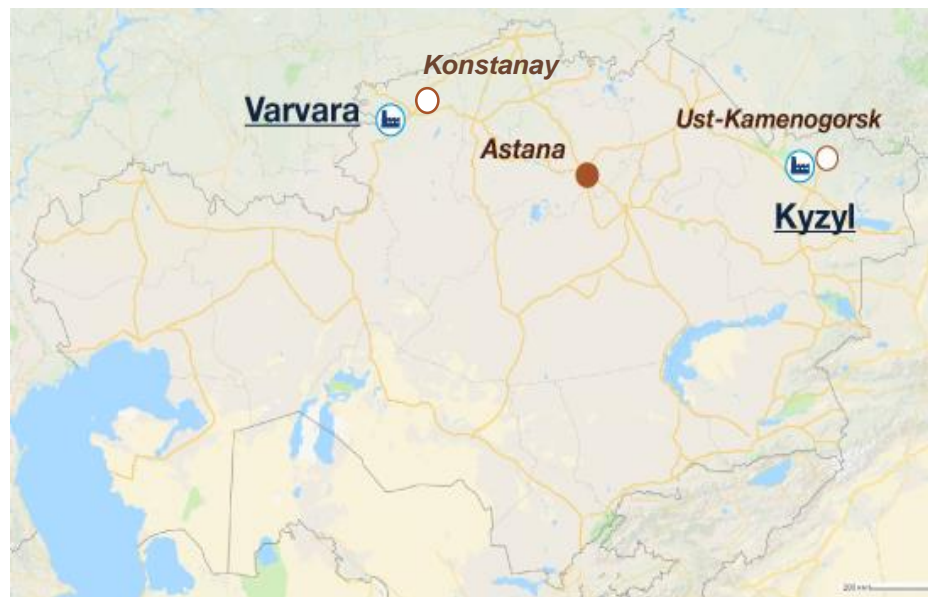


POLYMETAL EURASIA
AIDA ALZHANOVA
VP STRATEGY

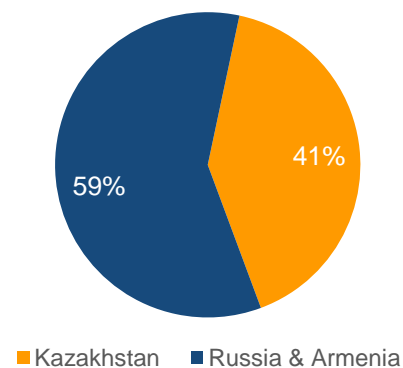
Kazakhstan

Key cluster in Polymetal's portfolio

- > Polymetal operates in KZ since 2009, since then we have produced **1 Moz of GE** and generated **\$0.5bn of EBITDA**
- > 2,000 employees at 2 operating mines
- > Attractive jurisdiction:
 - Stable government
 - Population of 18 million with low unemployment rate of 4.9%
 - GDP at \$160bn of which 30% comes from the mining industry
 - Low mining tax at 5%
 - Corporate tax rates stable at 20% since 2009
 - Excellent availability of qualified workforce for mining operations
 - Cheap energy and rail



Group reserves and resources



Kyzyl

Situated in an established mining region

Developed infrastructure:

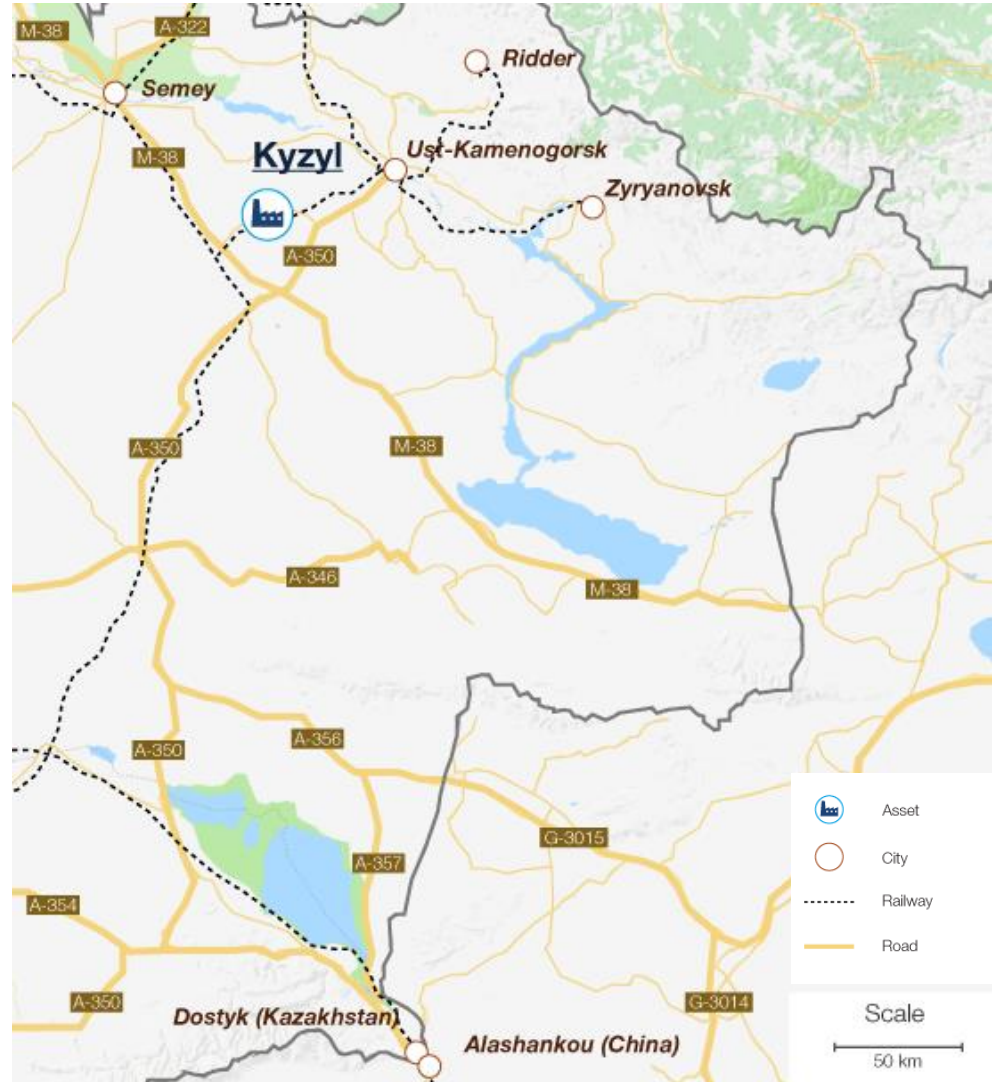
- > Paved highways and gravel roads, 2 hours drive from the city of Ust-Kamenogorsk
- > 6 km from rail spur with direct access to Russia and China

Water supply:

- > Kyzyl Su dam located 9 km south of the mine site
- > Kyzyl-Tu borefield located 3.5 km from the mine

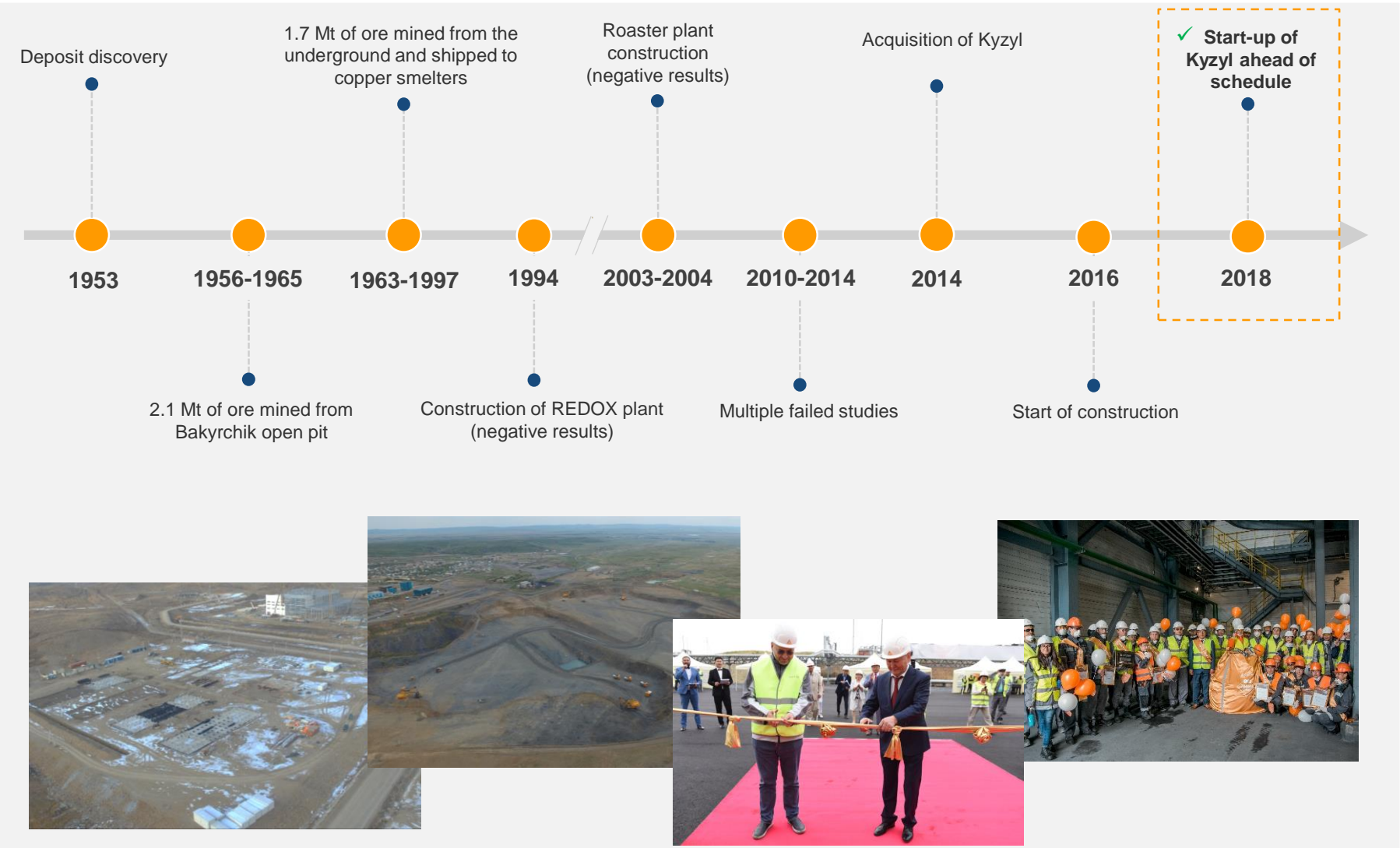
Access to grid power:

- > 110 Kw national grid power line on site
- > On-site 110/35/6 kV step-down substation



Kyzyl

Asset history




Kyzyl

Site layout



The project exceeded initial expectations

	Initial PFS (2015)	 Actual
Start of production	Q3 2018	June 25 th , 2018
LOM production	6.0 Moz	6.0 Moz
Capacity	1.8 Mtpa	1.8 Mtpa
Recovery to concentrate	84-91%*	86% (October)
KZT/USD rate	180 KZT/USD	320 KZT/USD
LOM AISC	\$630/oz	\$518/oz
Start-up capex	\$325M	\$319M
Avg annual production – o/p	325 Koz	329 Koz
Avg annual production - LOM	300 Koz	300 Koz

* Varies with depth

Summary

Delivered as promised

Successful launch:

- > ahead of schedule and on budget
- > in line with all design parameters

De-risking our growth story

Share of active reserves (assets in production) increased from 61% to 95%

Best-in-class project

Kyzyl will drive Polymetal growth until 2020 and is expected to drive our costs down by 7-8%:

- > + 16-18% of low-cost open pit production at \$500-550 AISC
- > + ~ \$250M to EBITDA
- > + ~ \$200M to FCF

Excellent exploration upside

- > 3.1 Moz of additional resources at 6.8 g/t
- > Excellent chances to extend open-pit LOM

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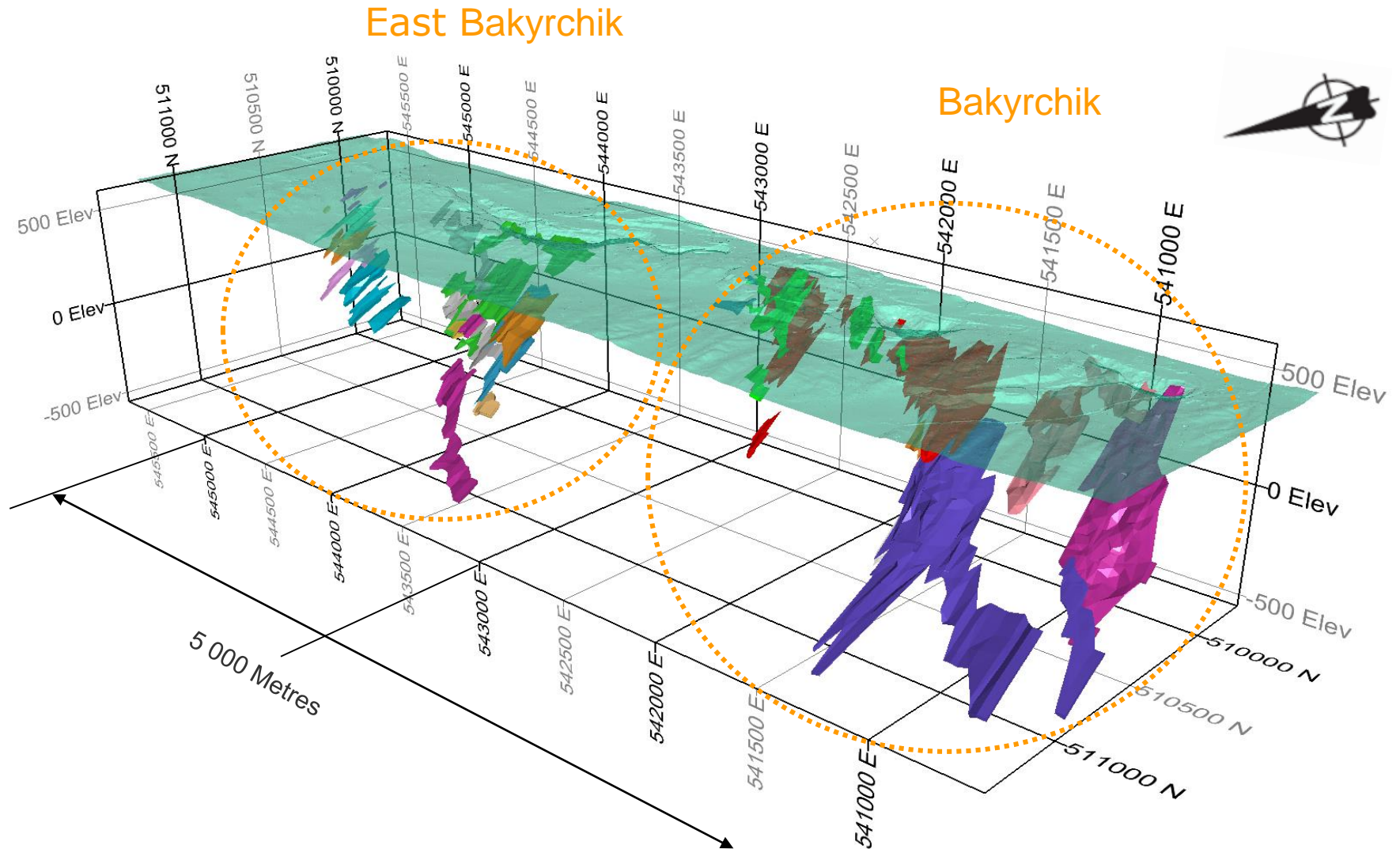
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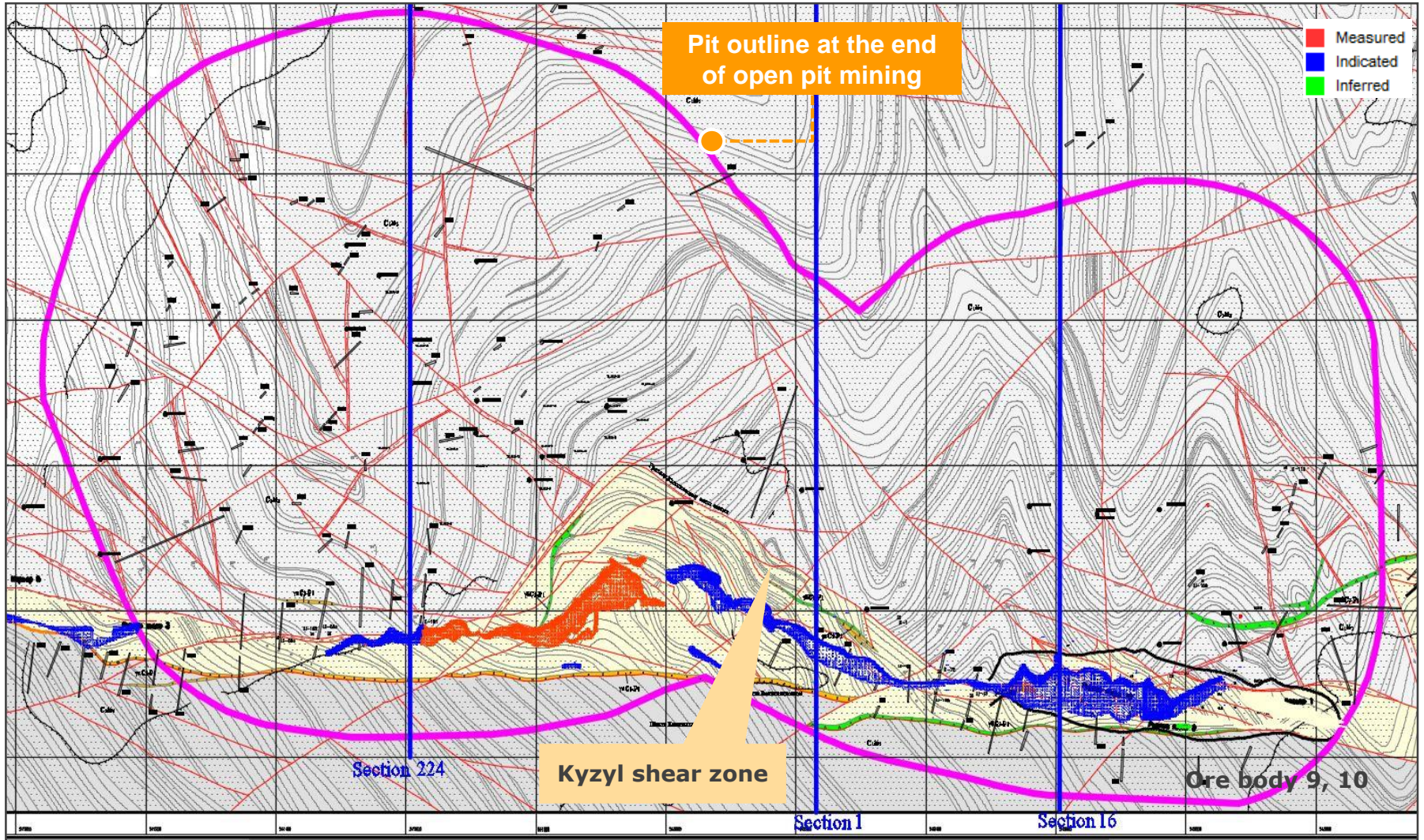
Geology

3D view of the deposit



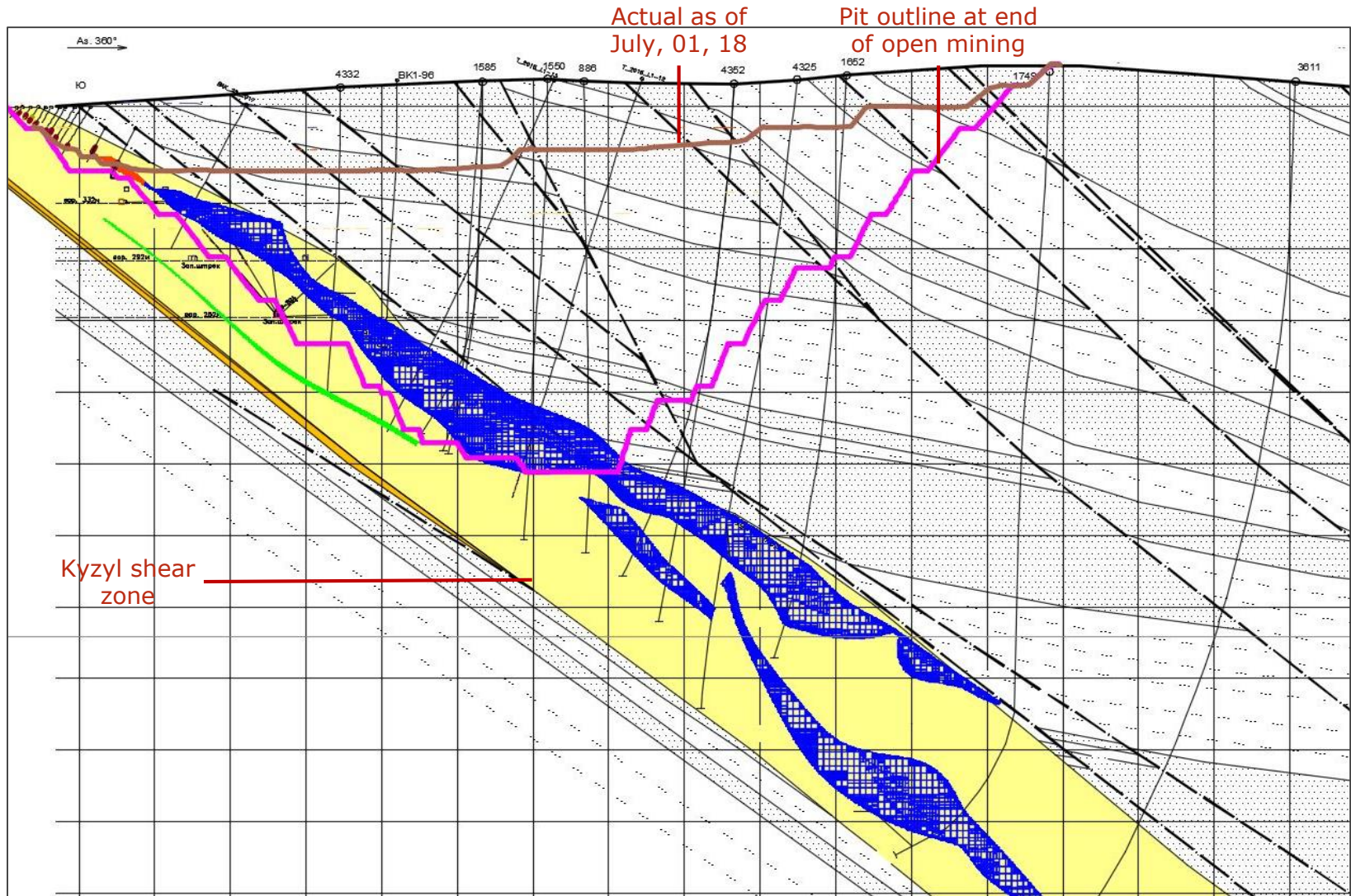
Geology

Regional structure



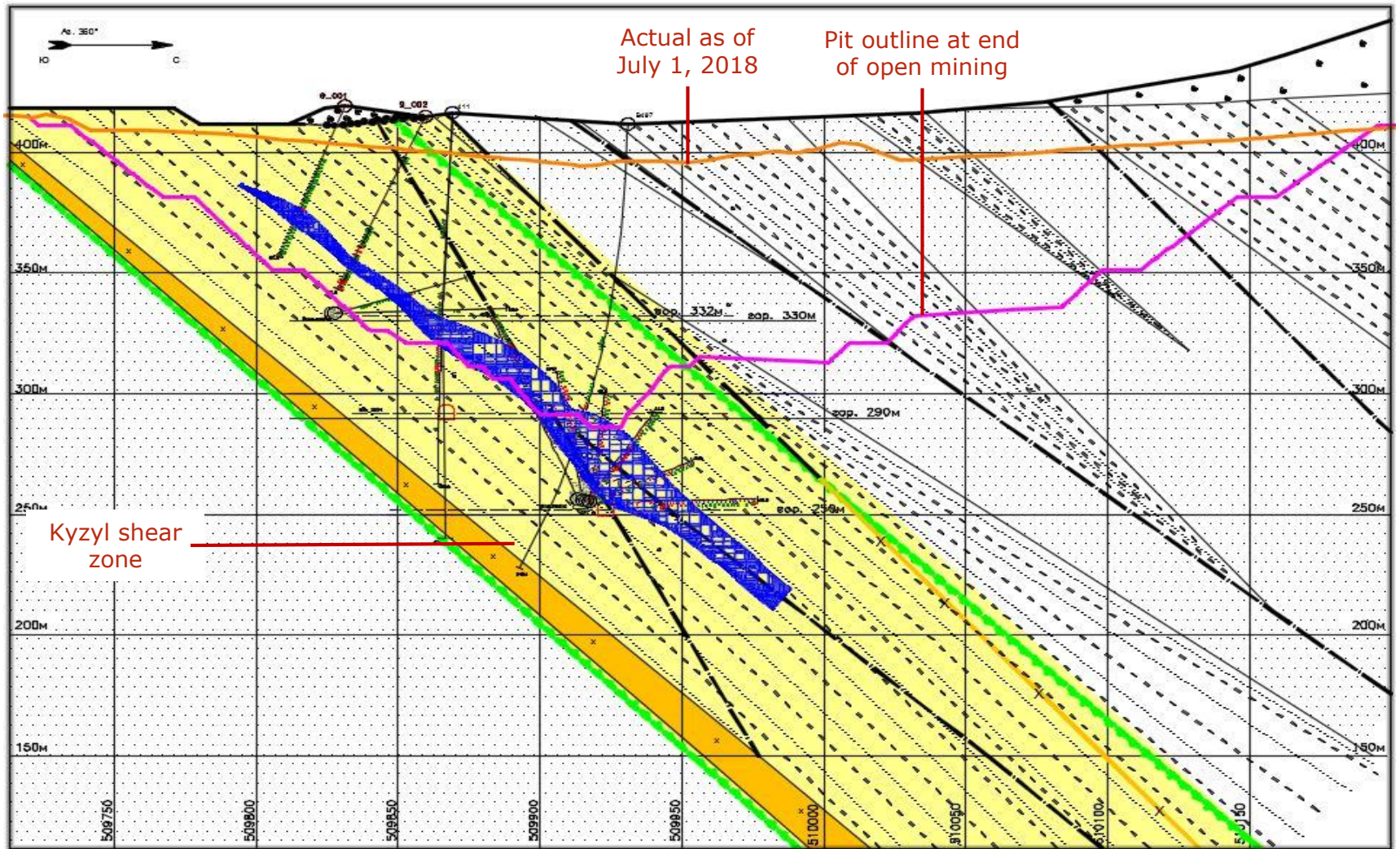
Geology

Bakyrchik, section cut 224



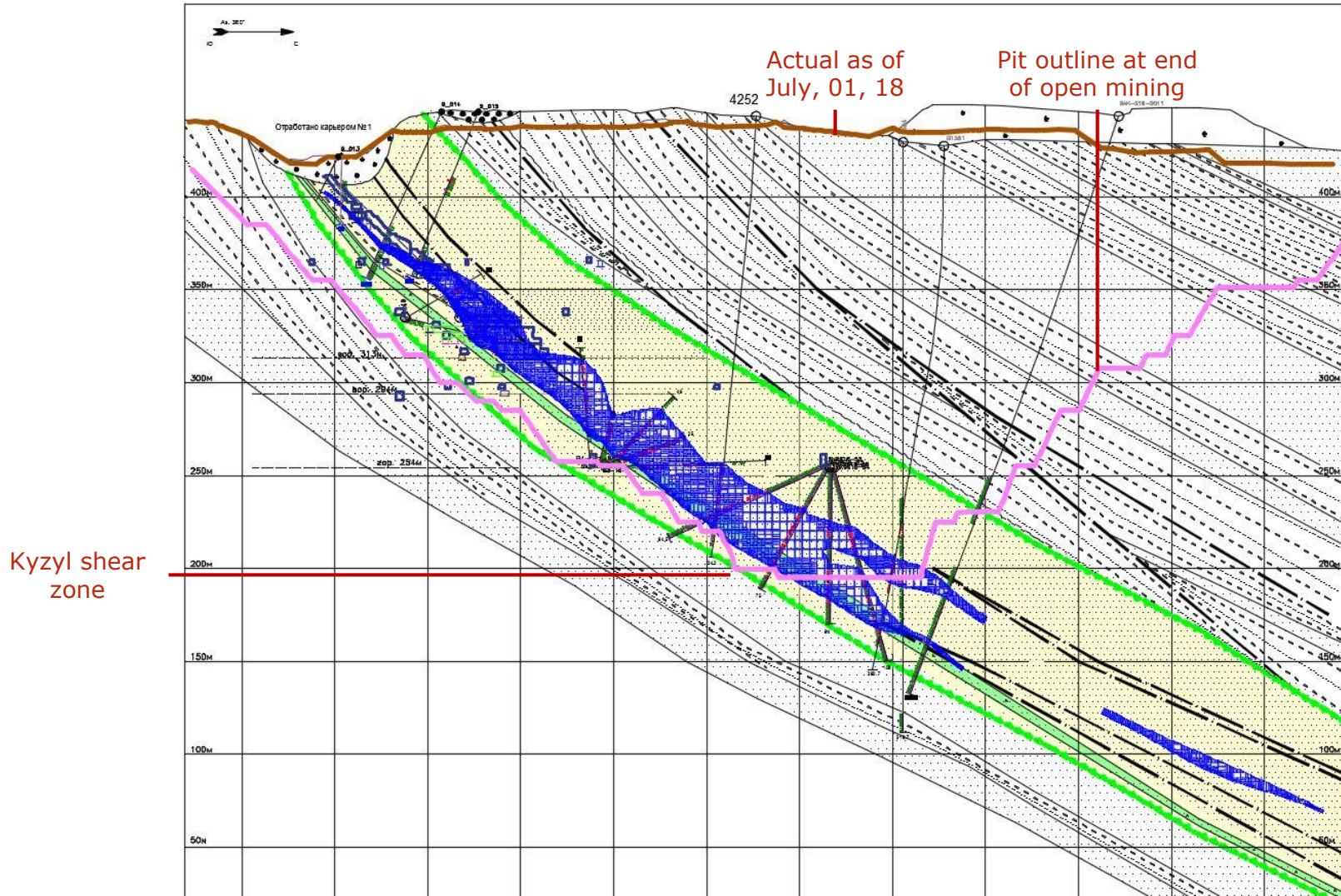
Geology

Bakyrchik, section cut 1



Geology

Bakyrchik, section cut 16



Geology

Mineral Resources inclusive of Ore Reserves

	Tonnage, Mt	Grade Au, g/t	Content GE, Moz
Indicated			
Open pit	13.0	7.8	3.2
Underground	14.7	9.7	4.6
Total Indicated	27.6	8.8	7.8
Inferred			
Open pit	0.3	4.8	0.1
Underground	11.1	7.0	2.5
Total Inferred	11.4	7.0	2.6
Indicated+Inferred			
Open pit	13.3	7.7	3.3
Underground	25.8	8.5	7.1
Total	39.1	8.3	10.4

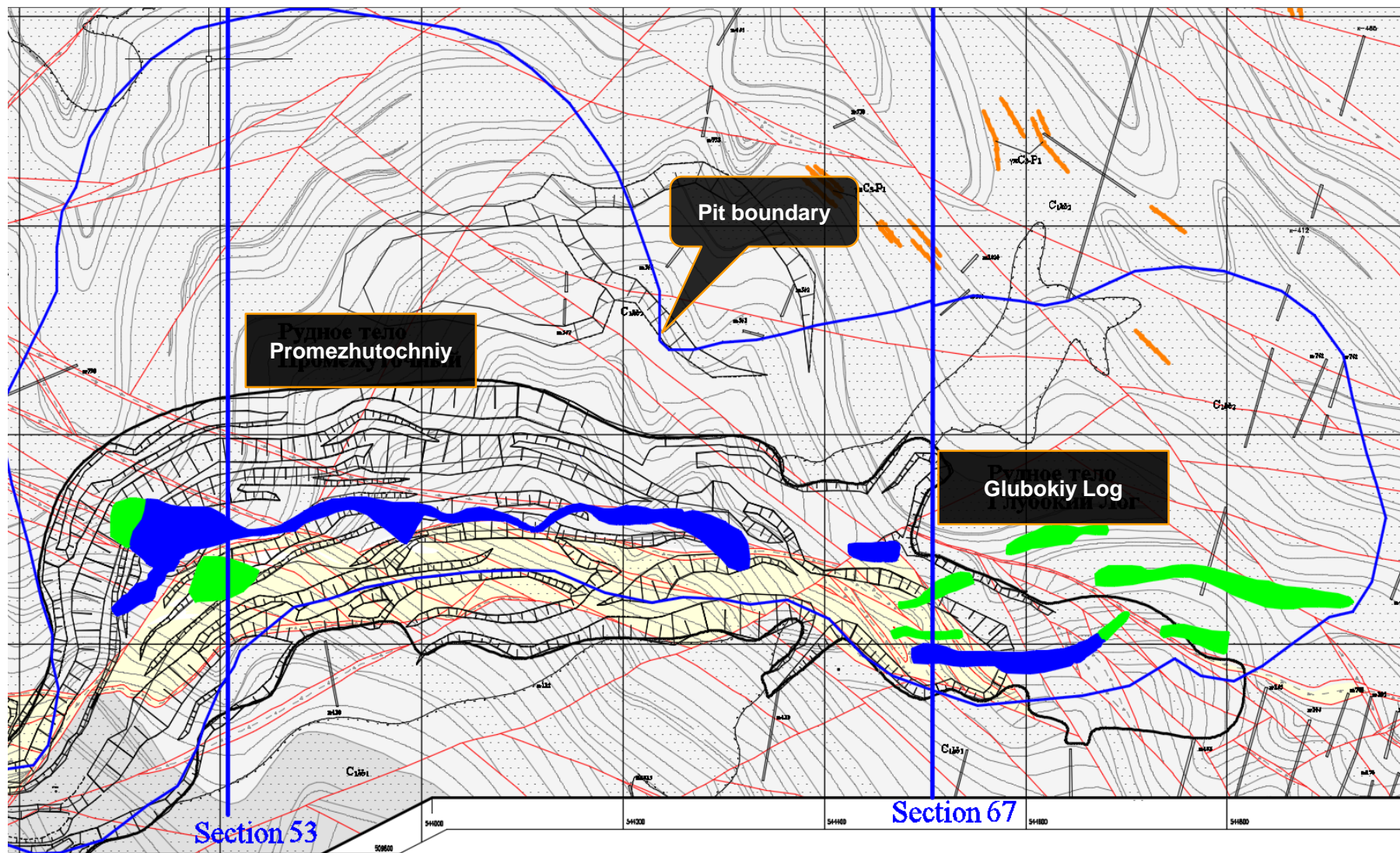
Notes:

Estimate prepared by RPA Inc. as at 01.01.2015. Price: Au = US\$1,200/oz. Revised estimate was not performed due to lack of material changes.

Discrepancies in calculations are the result of rounding. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Geology

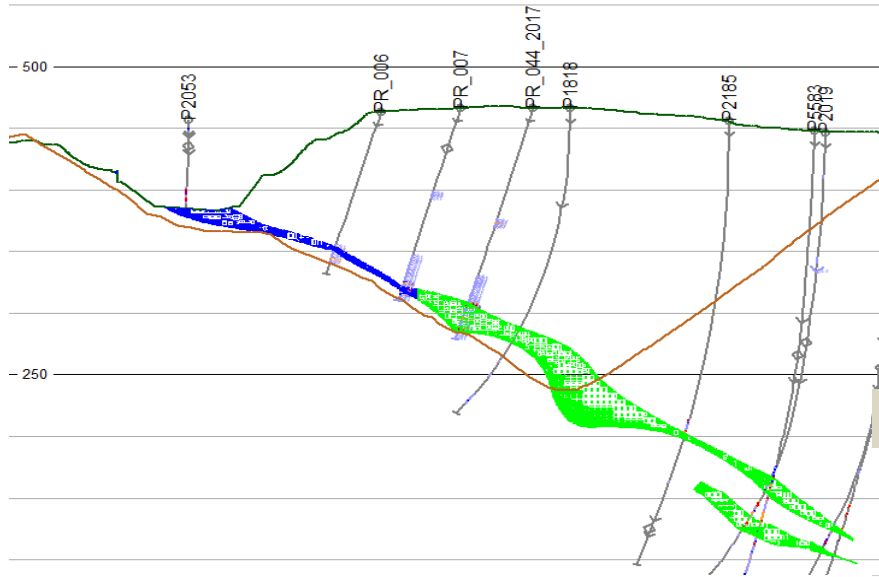
East Bakyrchik



Geology

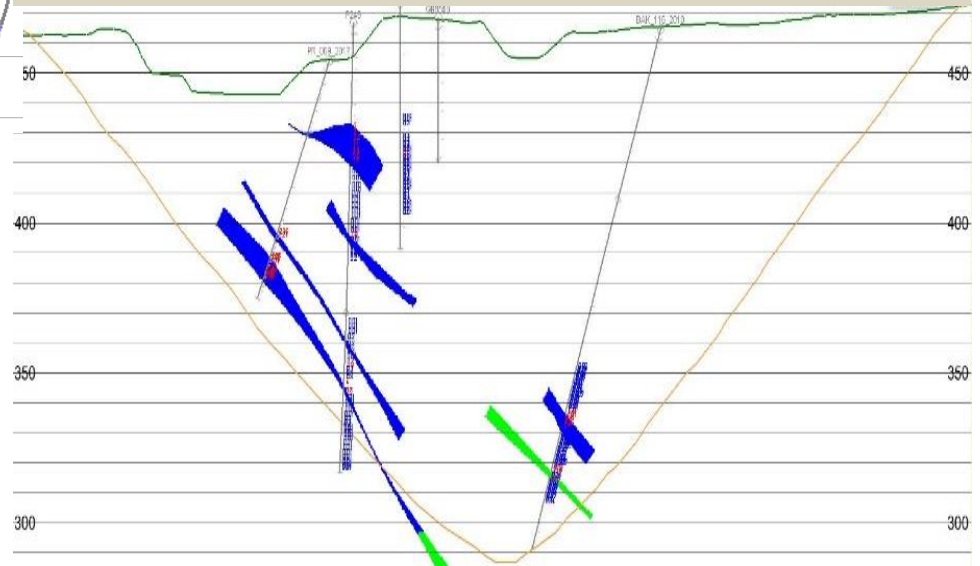
East Bakyrchik

Section cut 53



■ Indicated
■ Inferred

Section cut 67



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Ore Reserves

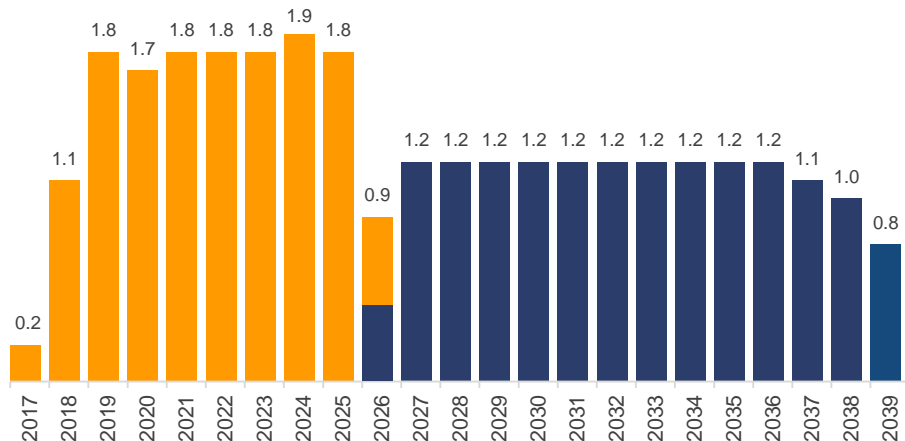
Ore Reserves	Tonnage, Mt	Grade Au, g/t	Content Au, Moz
Probable			
Open pit	14.1	6.9	3.1
Underground	15.1	8.5	4.1
Total Ore Reserves	29.2	7.7	7.3

Notes: Initial estimate prepared by RPA Inc. as at 01.01.2015. Price: Au = US\$1,200/oz
Revised estimate was not performed due to lack of material changes

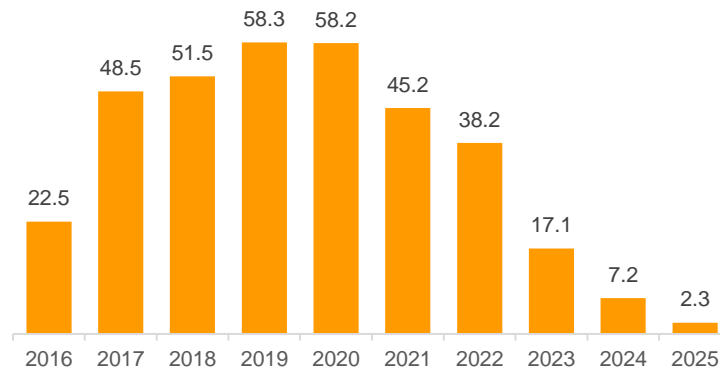
Mining operations

Key Indicators

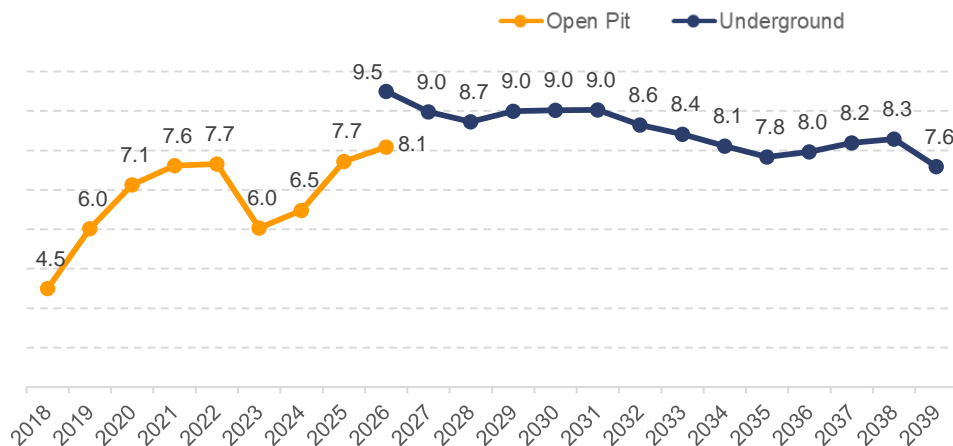
Ore mined, Mt



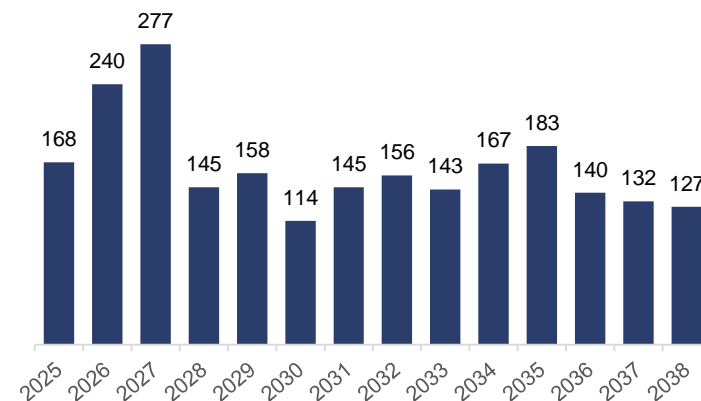
Waste mined, Mt



Grade in ore mined, g/t



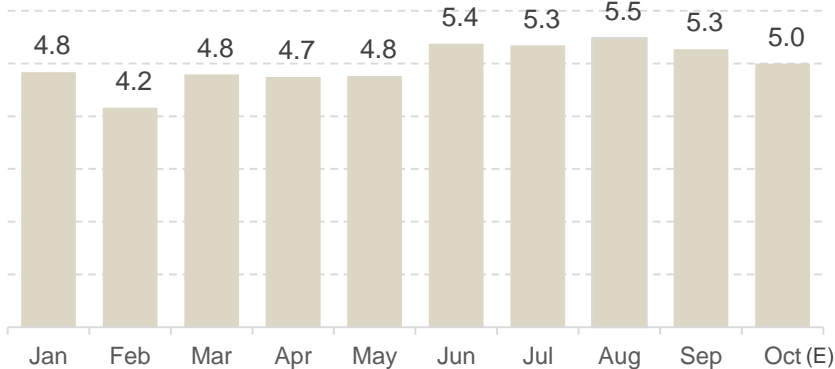
Underground development, '000 m³



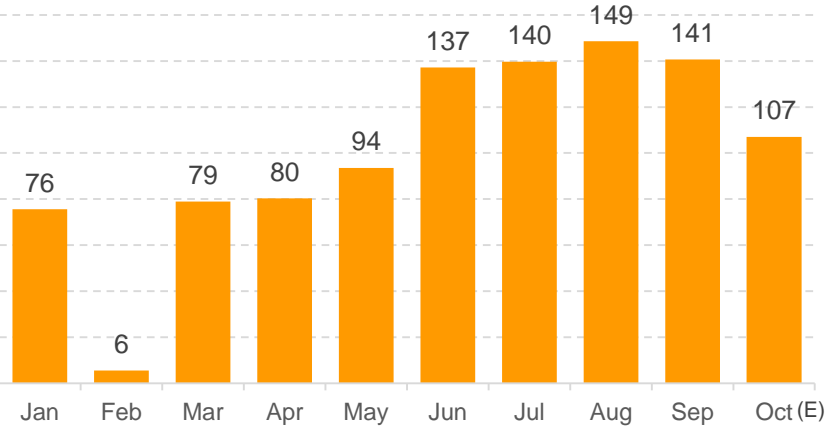
Mining operations

YTD statistics

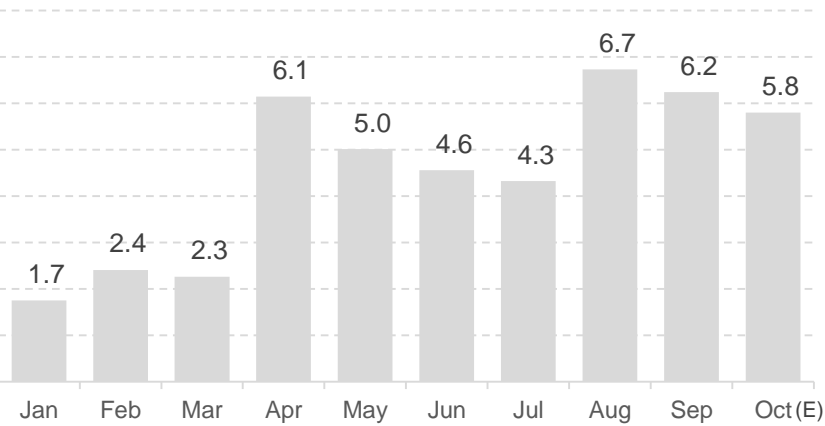
Waste mined, Mt



Ore mined, Kt



Grade in ore mined, g/t



Grade and tonnage reconciliation

9M 2018







Actual vs planned:

- ✓ Better productivity
- ✓ Higher-grade ore pods
- ✓ Additional ore from historic underground workings

	Plan		Fact	Difference	% change
Waste, Mt	38		46	7	21%
Ore mined, Kt	813	→	900	87	11%
Grade, g/t	4.2	→	4.9	0.7	17%
Metal contained, Koz	109	→	141	32	29%

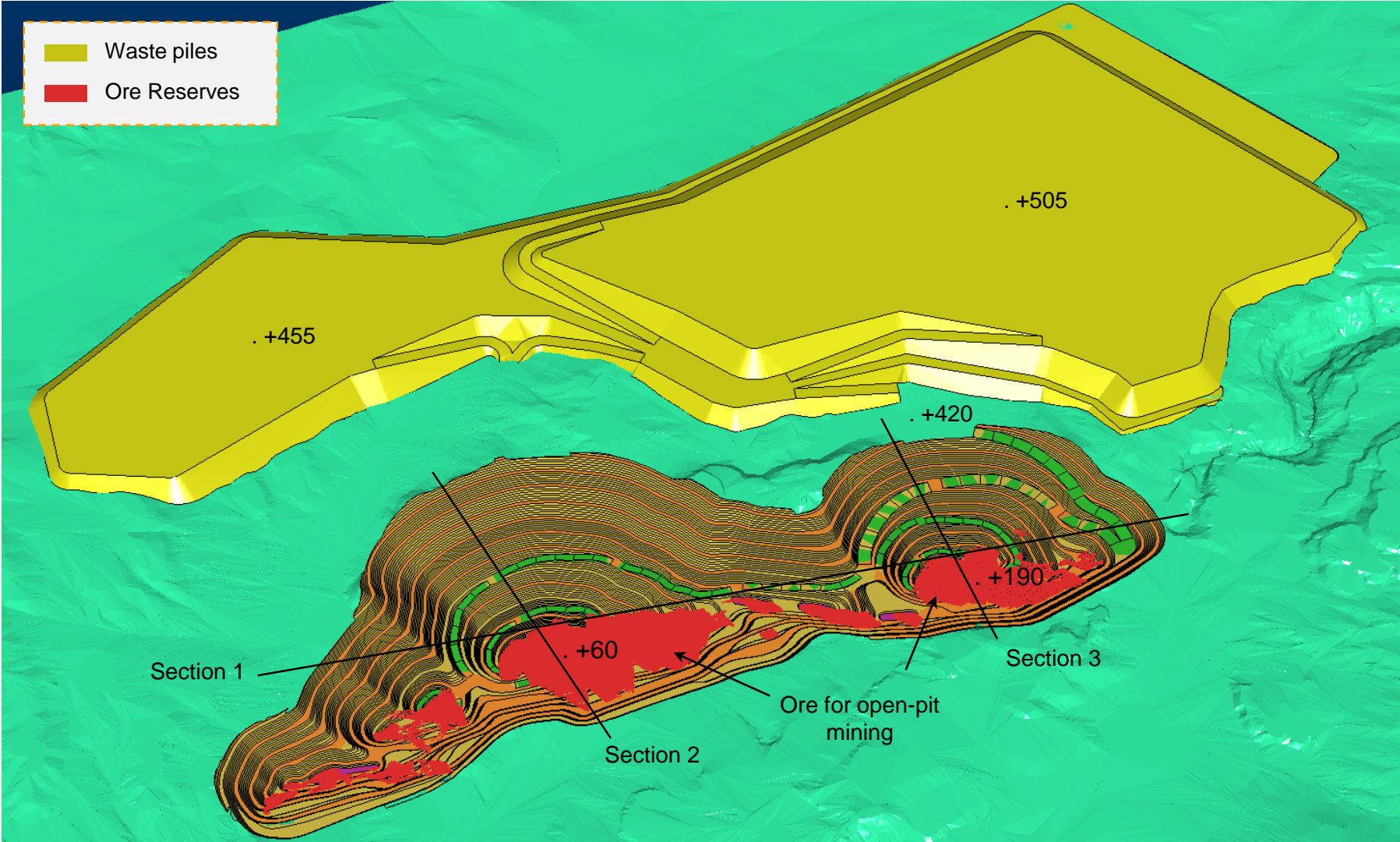
Mining equipment

Key open-pit mining equipment

	Type	Quantity	Model	Details
	Excavators			
	Electrical	5	<i>EKG-15M</i>	Bucket capacity -15m3
	Hydraulic	5	<i>Komatsu PC 2000</i> <i>Komatsu PC 300</i> <i>Komatsu PC 1250</i>	Bucket capacity – 11m3 Bucket capacity – 1.4m3 Bucket capacity – 6.5m3
	Bulldozers			
	Heavy crawler dozer	10	Komatsu D375A-5 Komatsu D275A Caterpillar7R Komatsu WD 600	Bucket capacity – 23.15m3 Bucket capacity – 13.7m3 Bucket capacity – 3.69m3 Bucket capacity – 8-22.5m3
	Trucks			
	Waste	26	BelAZ 75139	Payload capacity – 136 t
	Ore	9	KOMATSU HD-785	Payload capacity – 91 t
	Auxiliary equipment			
	Wheel loaders, motor graders, backhoe loaders etc	5	Komatsu WA470-3 Komatsu WA800 Komatsu GD825 Motograder DZ-98	Bucket capacity – 3m3 Bucket capacity – 11m3

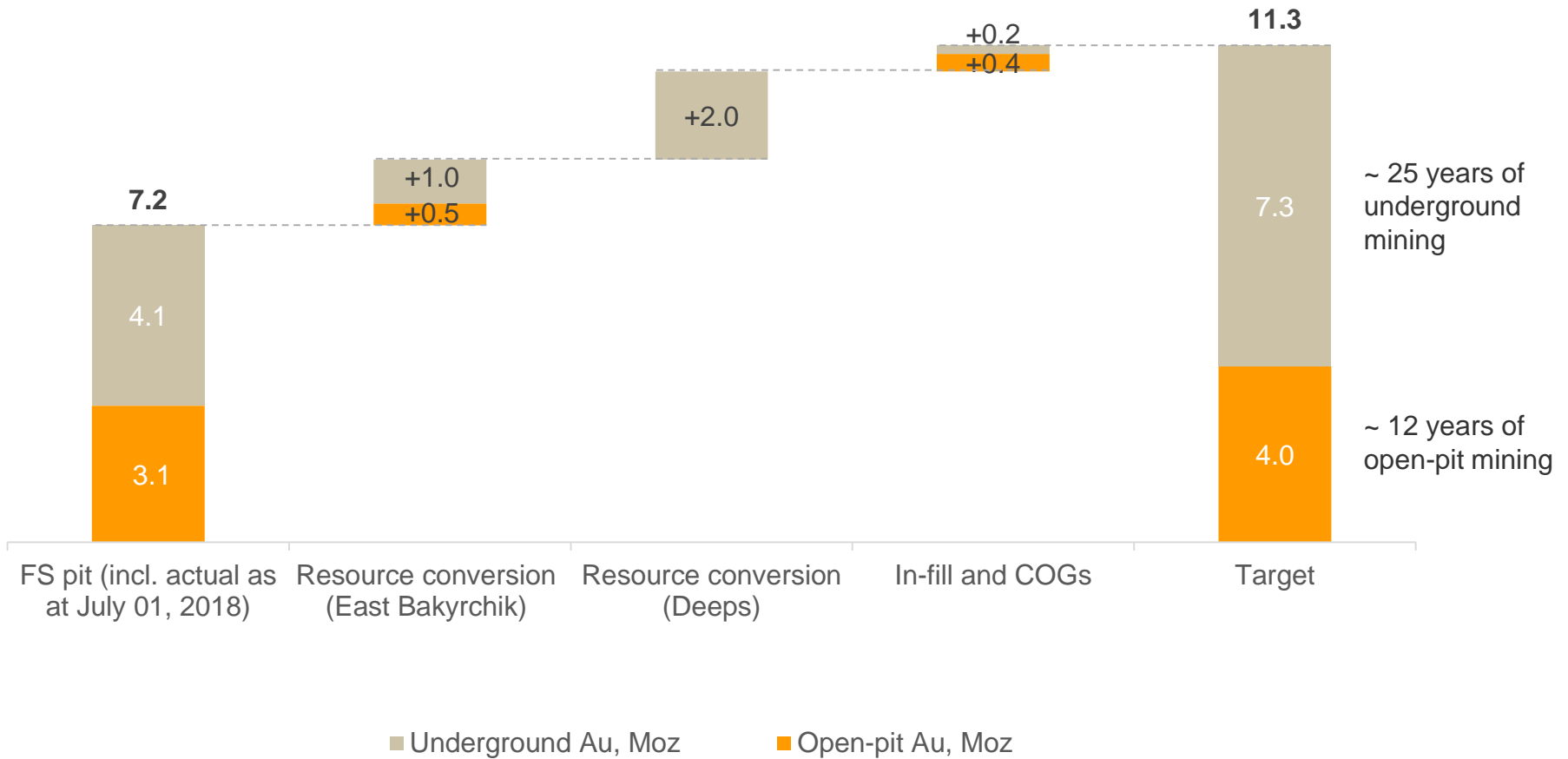
Mining operations

Open pit



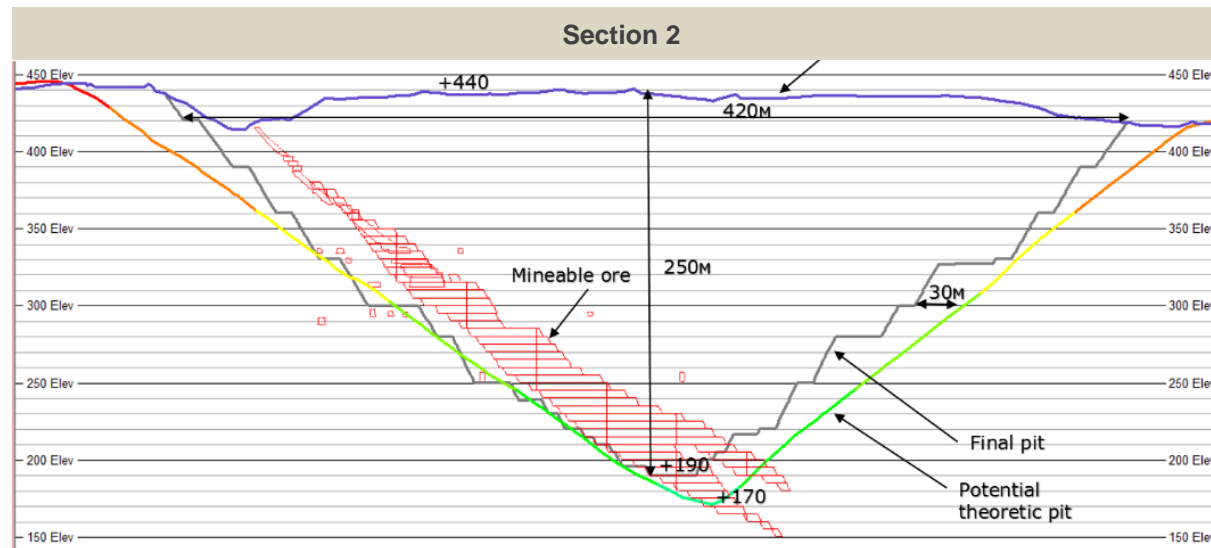
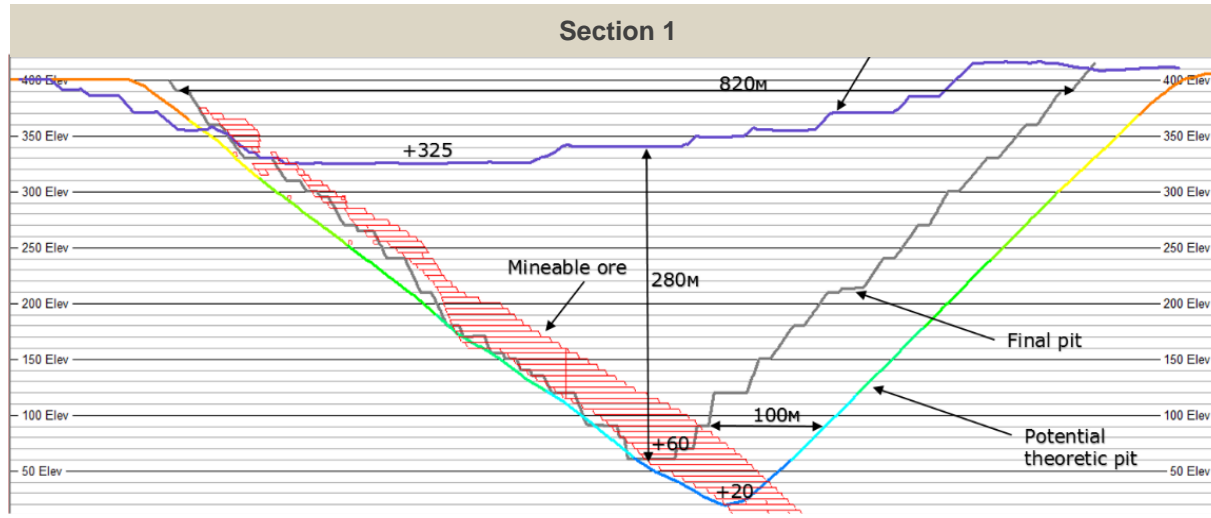
Mining

Ore reserves growth potential



Mining operations

Potential for pit expansion



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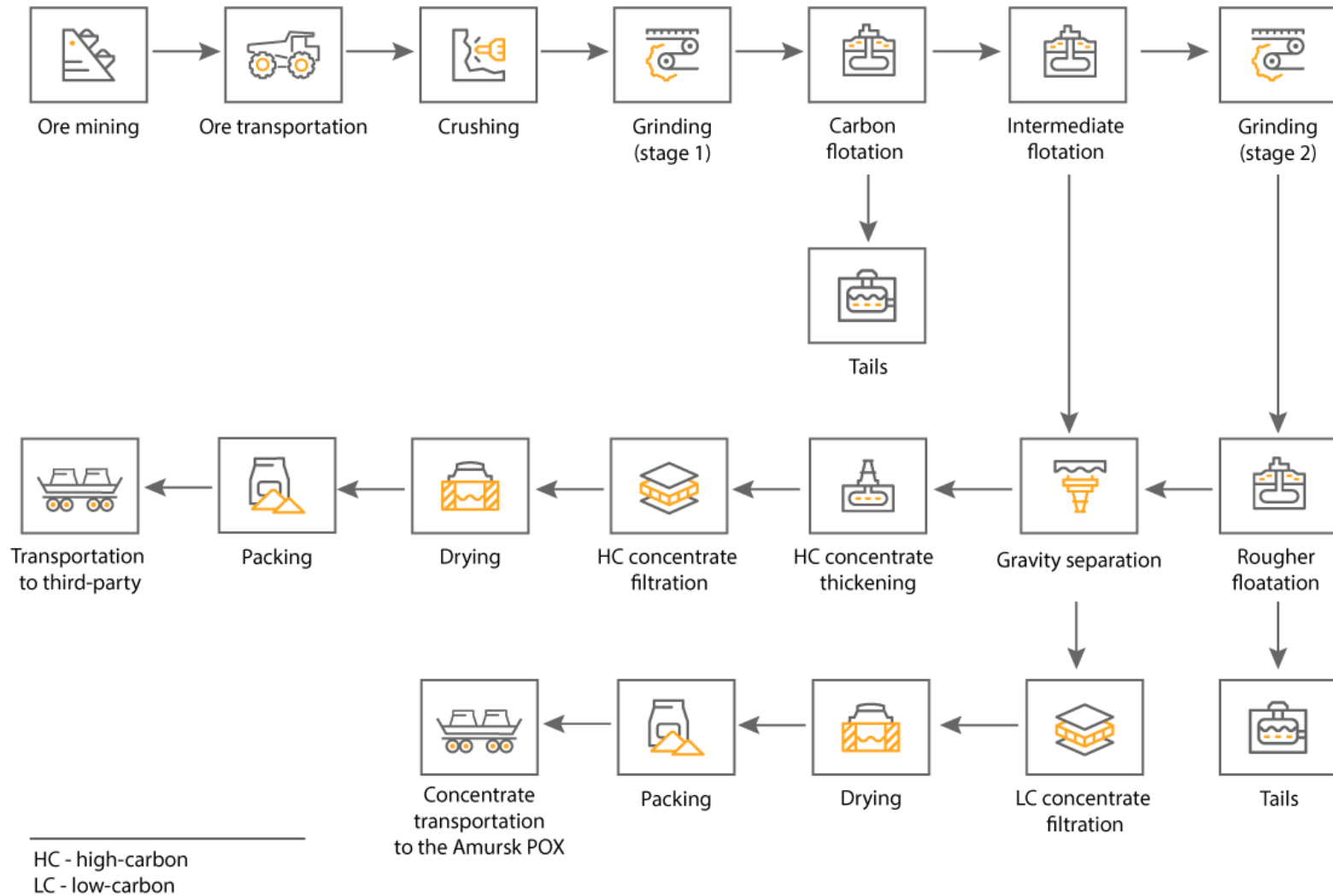
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Flowsheet



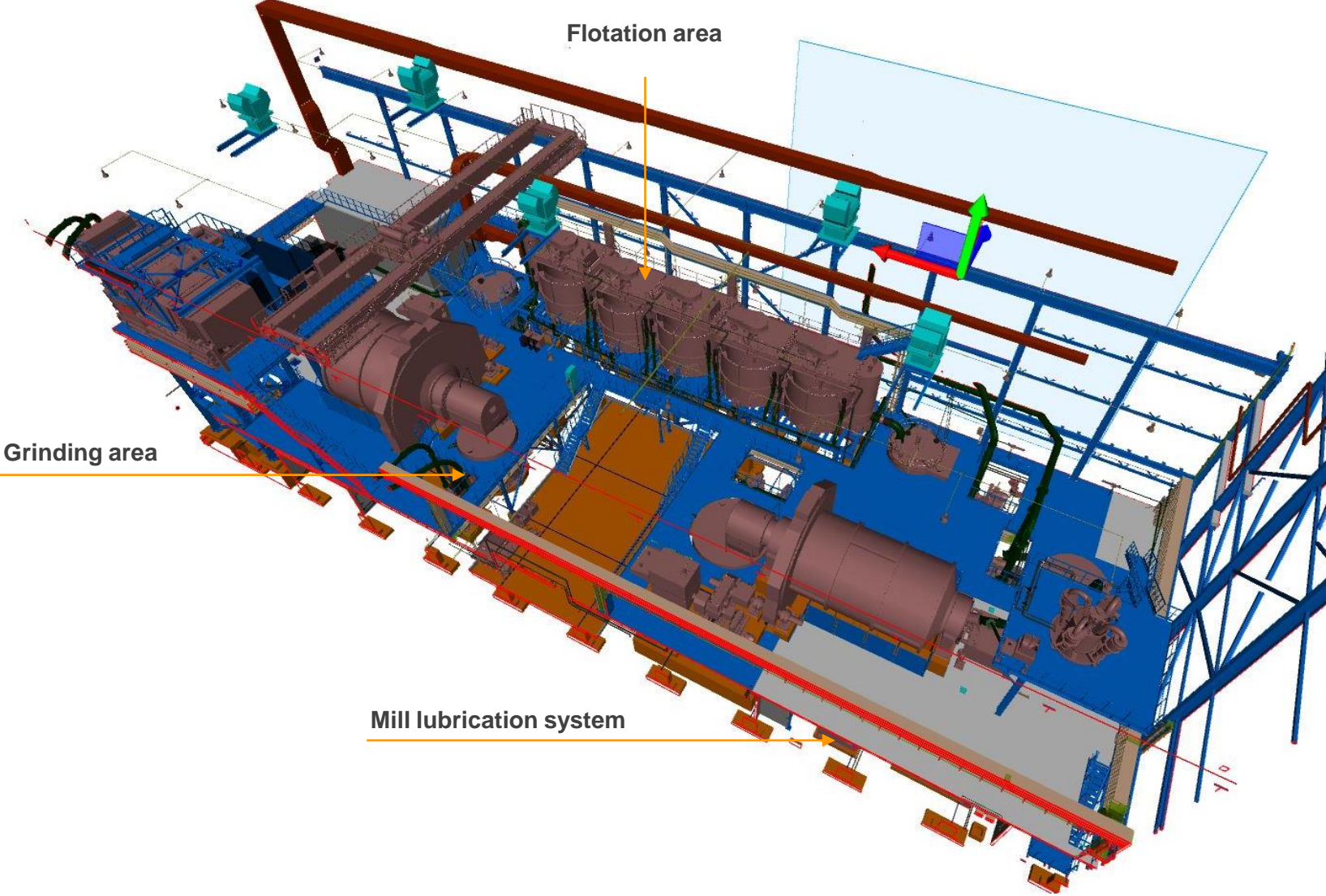
Kyzyl

Processing design criteria

	Design	Actual as of October 2018
Productivity	1.8 Mtpa/ 254 tph	1.8 Mtpa / 254 tph
LOM Ore Au grade	6.9 g/t	5.8 g/t
Total recovery	84-91%	86%
Mass pull	6.5%	5.9%
Concentrate grade	99.2 g/t	76.9 g/t

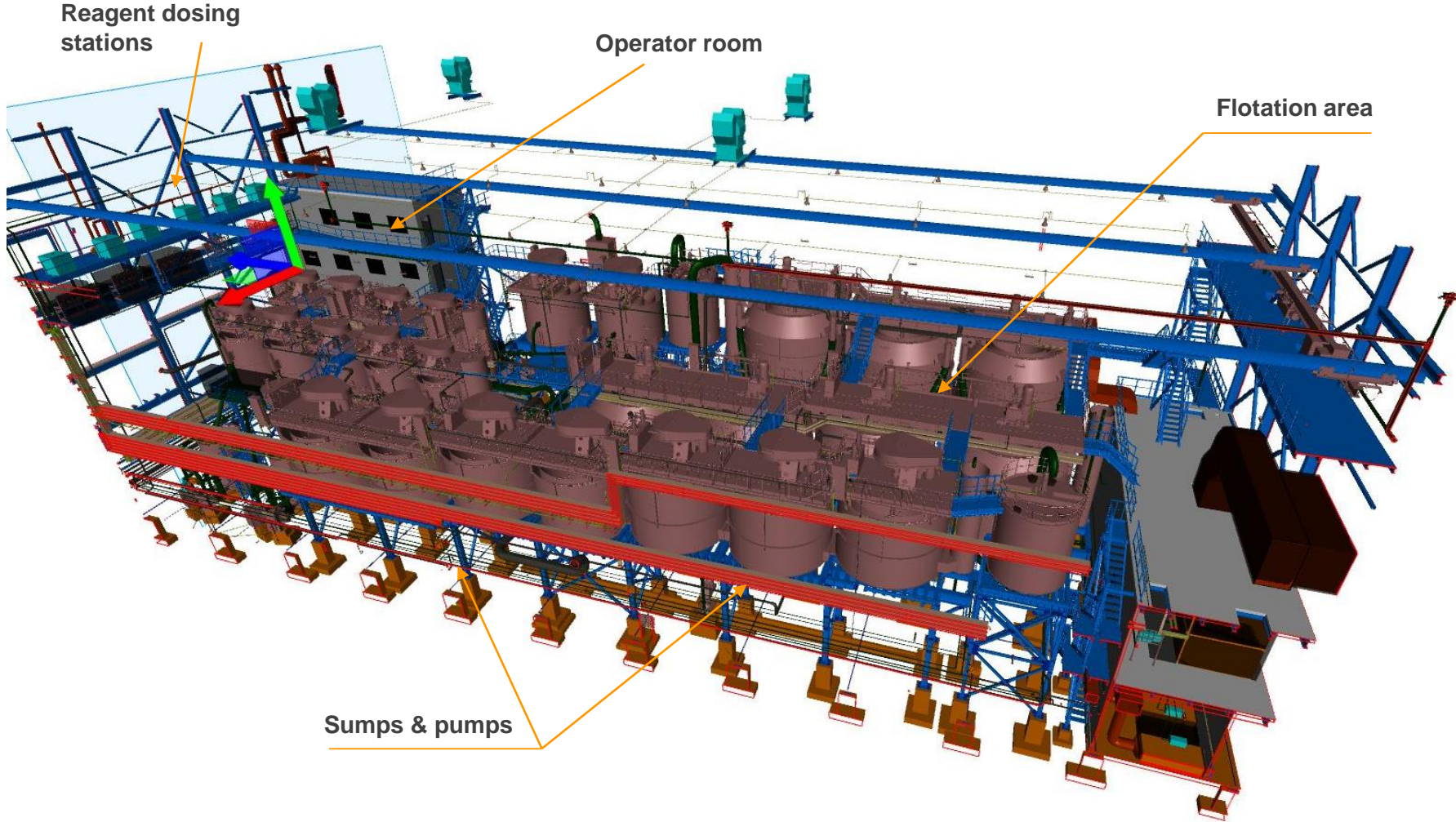
Kyzyl Processing Plant

3D model: Grinding area



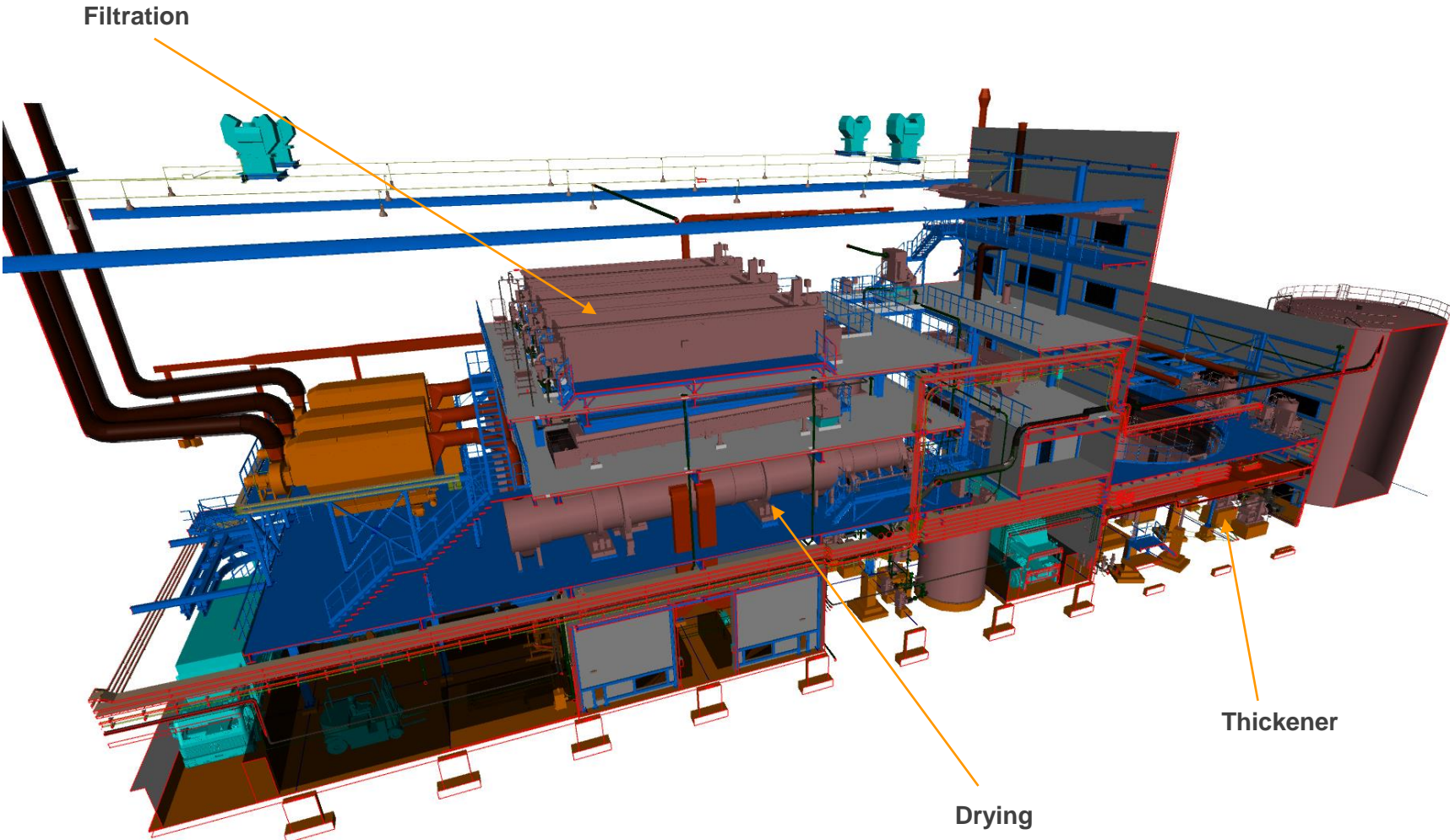
Kyzyl Processing Plant

3D model: Flotation area



Kyzyl Processing Plant

3D model: Filtration and grinding



Kyzyl Tailings

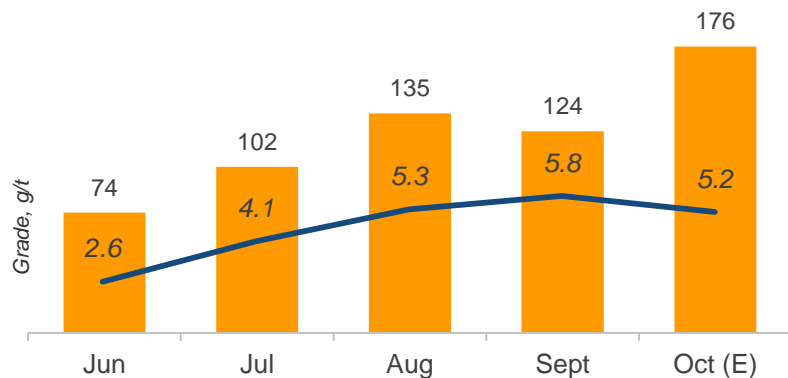
Aerial view



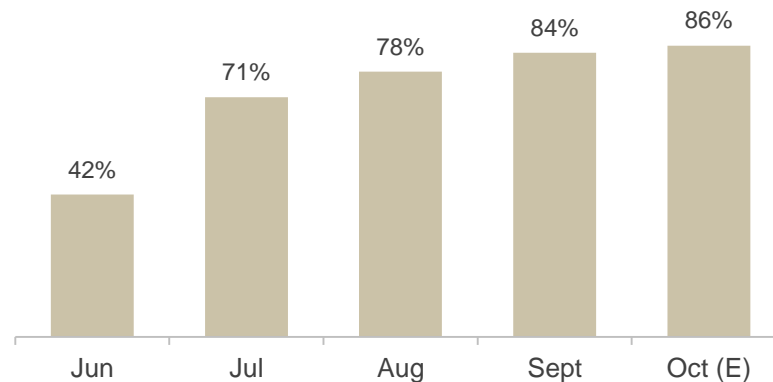
Kyzyl

Operating data

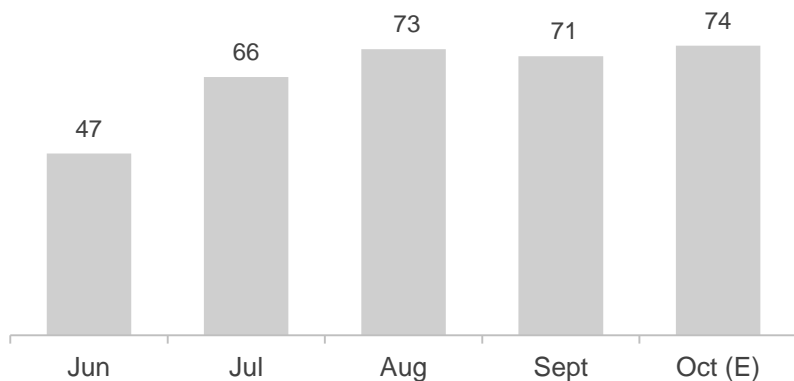
Ore processed (Kt)



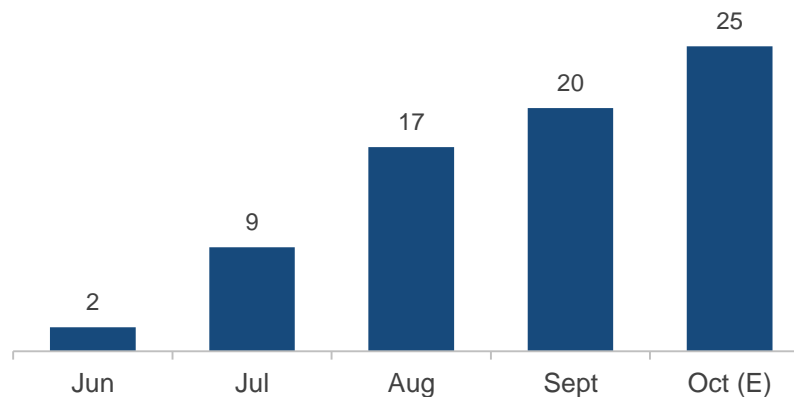
Au recovery, %



Concentrate grade (g/t)



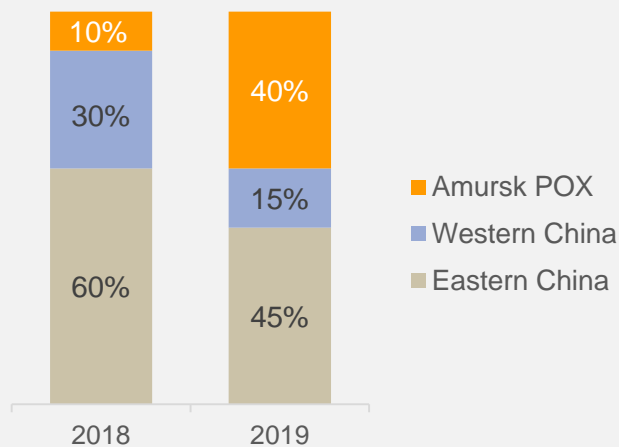
Gold in concentrate, Koz



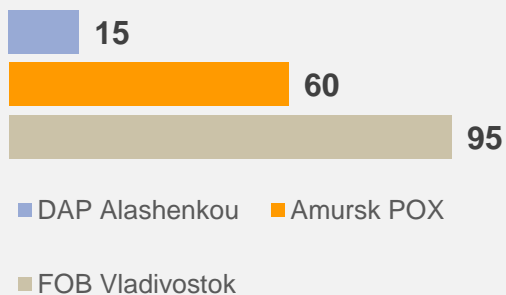
Kyzyl

Concentrate offtake

Gold-in-concentrate



Transportation costs, US\$/t *



* Including packaging



Eastern route: railway to Vladivostok, by sea to East China

Western route: railway to Alashankou Railway station (West China)

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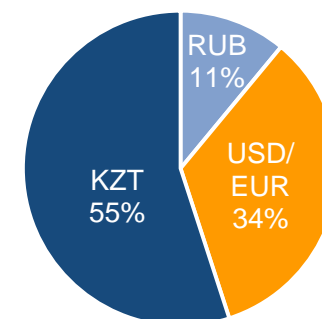
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Capital cost

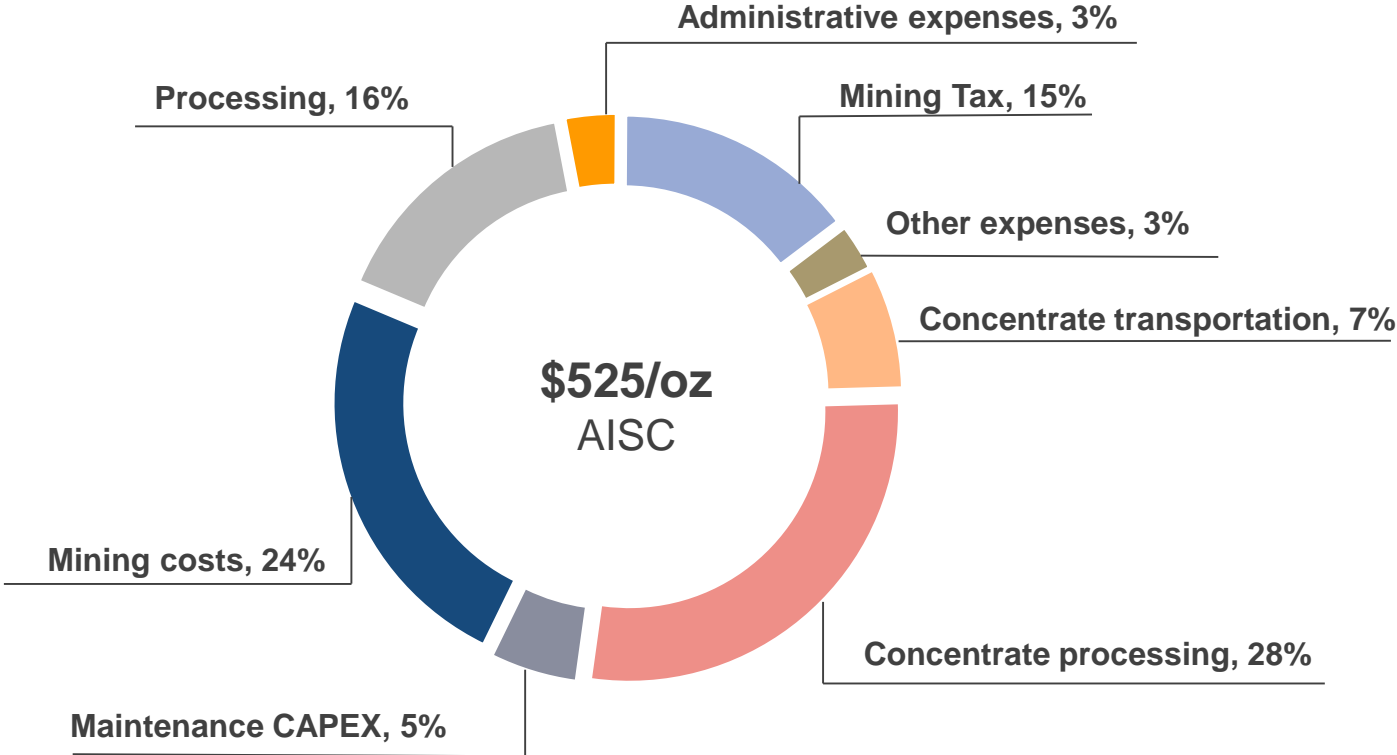
US\$ M	Budget	Actual
FX rates		
<i>Tenge/ USD</i>	300	332
<i>RUB/ USD</i>	64	62
Capital Cost		
Mining fleet	110	96
Processing equipment	45	37
Construction (including contingency)	102	98
Engineering	15	8
Total Initial Capital	272	239
Pre-stripping cost	50	80
Total Capital Cost	322	319

FX breakdown

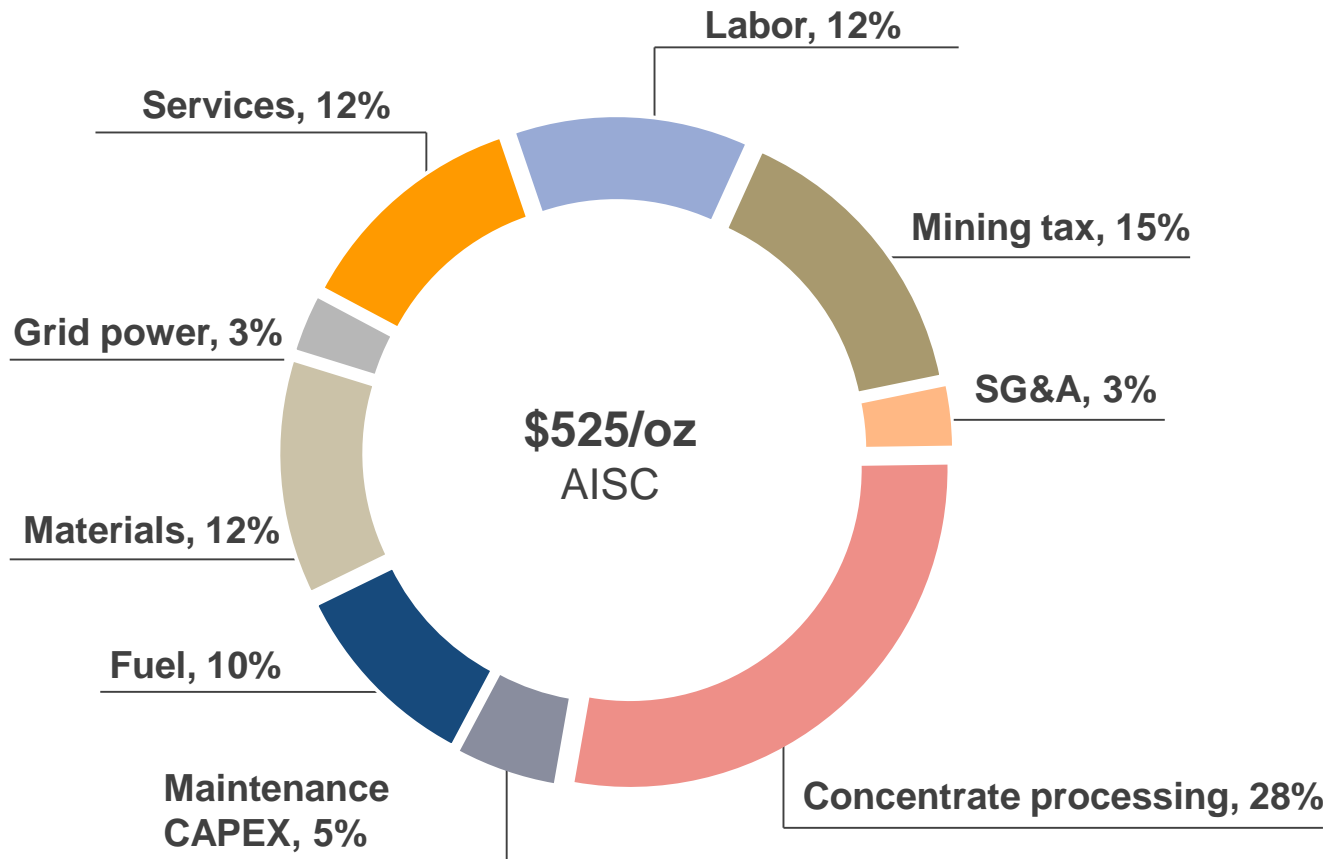


AISC by process in 2019

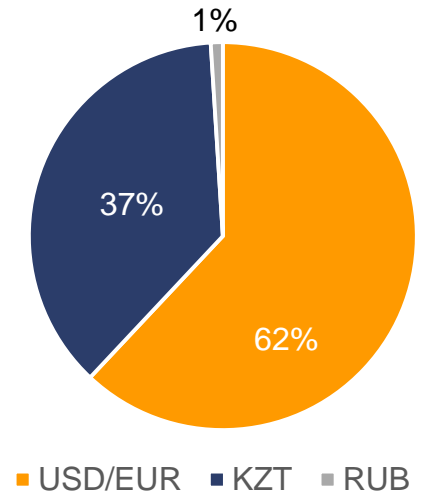
- > 10 KZT/USD change: **\$5/oz of AISC** and **\$1.6m of EBITDA**
- > \$1/bbl oil price change: **\$0.65/oz of AISC** and **\$0.2m of EBITDA**
- > \$10/mt change in Treatment Charge for con off-take: **\$4/oz of AISC** and **\$1.3m of EBITDA**



AISC by element in 2019



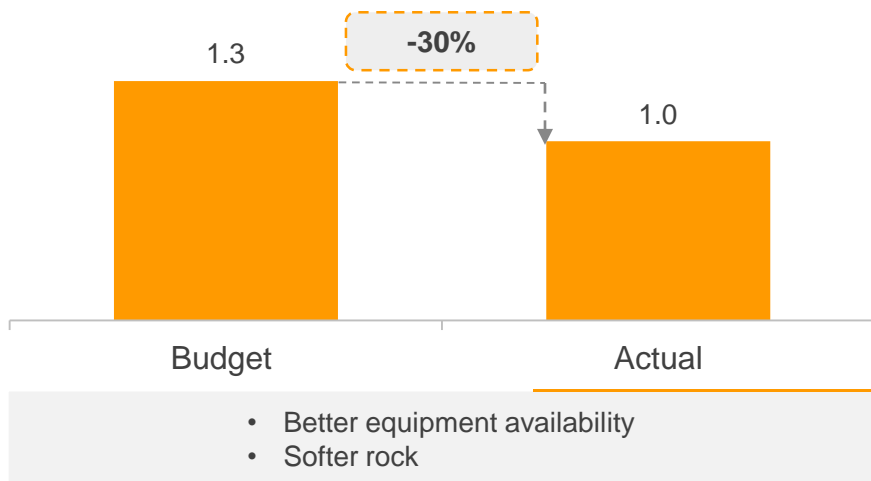
AISC breakdown by FX



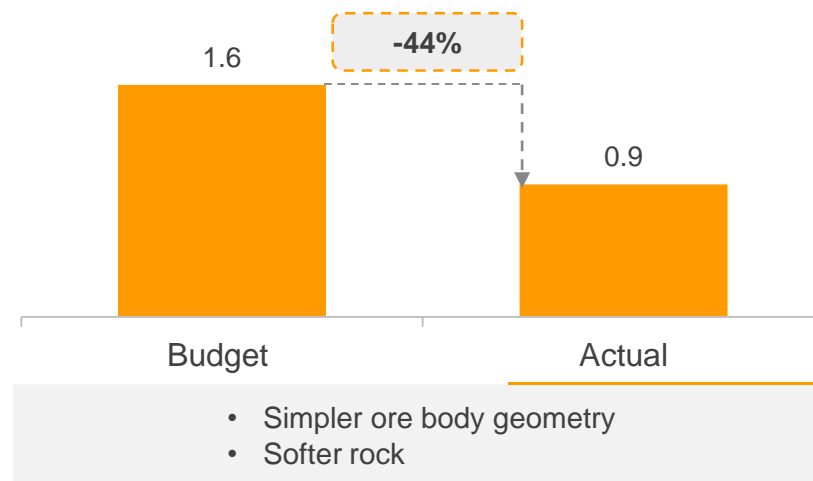
Mining costs

Plan vs actual

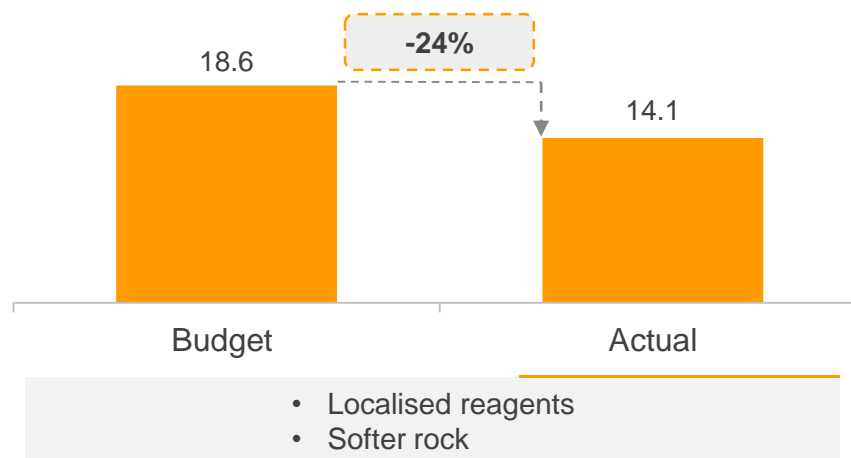
Waste mining costs, \$/t



Ore mining costs, \$/t

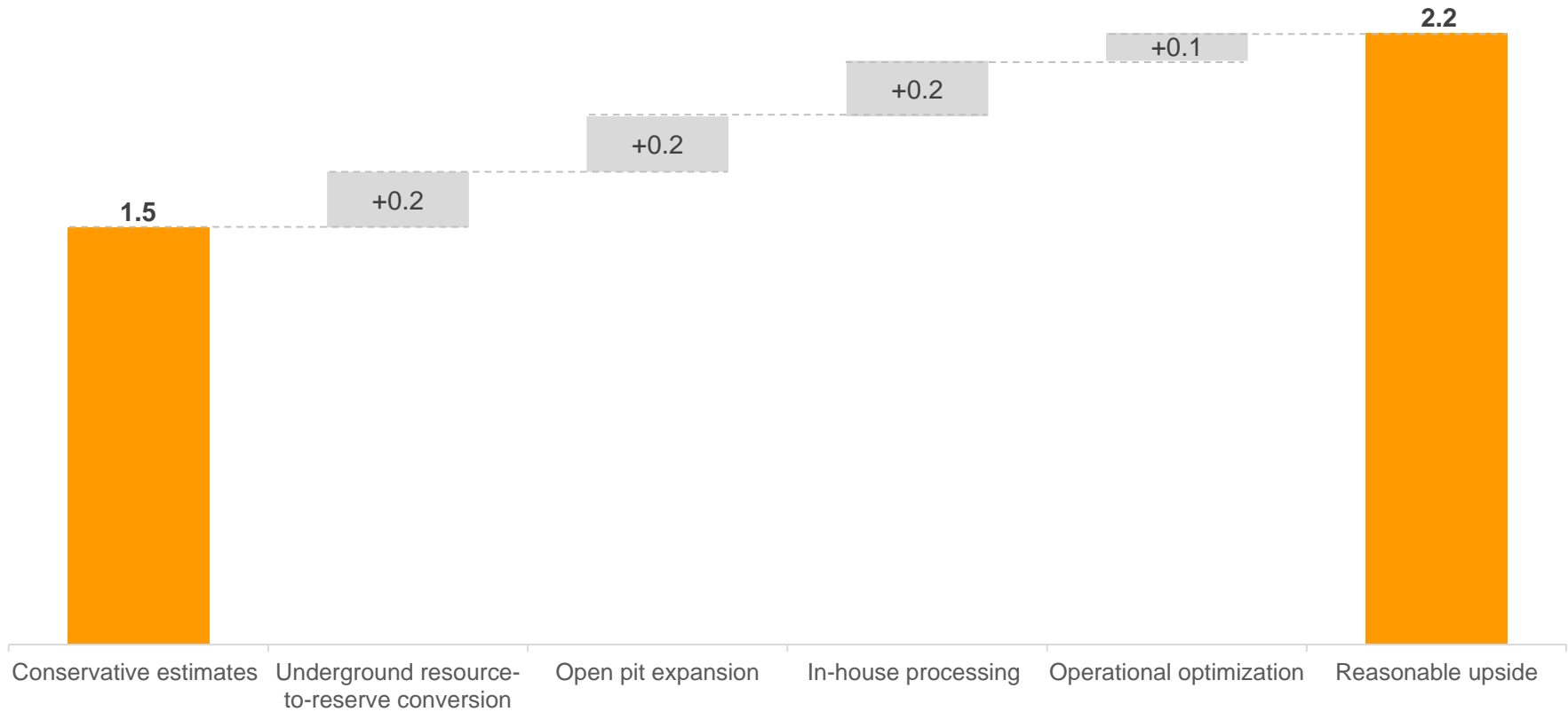


Processing costs, \$/t



Value creation potential

At 10% discount rate and \$1200/oz gold price, \$ bn



Total Investment

\$ million

Description	\$ m
> Cash	318.5
> Shares	300.0
> Cash settlement of the put option	68.0
> Deferred consideration buyout (paid in shares)	10.0
> Acquisition price	696.5
> CapEx	319
> Working capital *	50
> Other costs **	45
> Total Investment	1,110.5

* Normalised

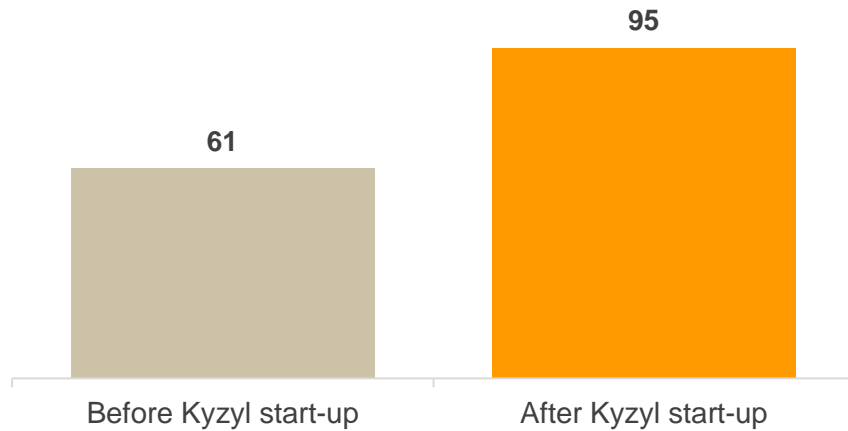
** Expensed during construction

Full-project IRR

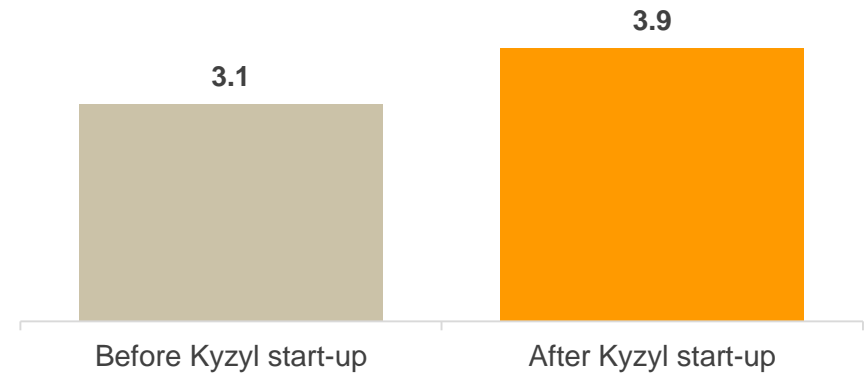
Gold price	\$1,100	\$1,200	\$1,300
Conservative case	16%	20%	24%
Reasonable case	20%	23%	27%

Group's active reserves

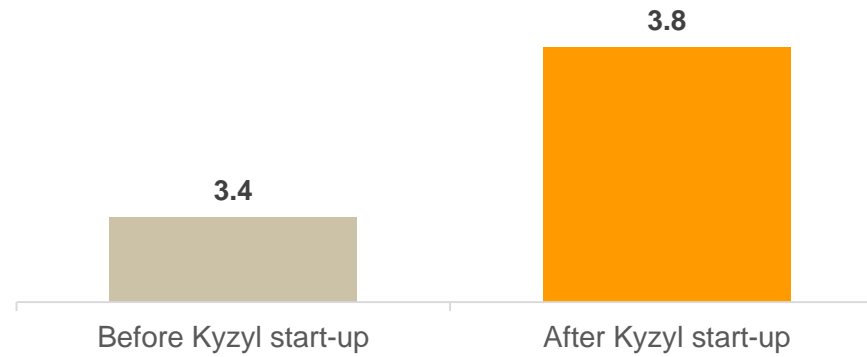
Share of active reserves, %



Active reserves' average GE grade, g/t



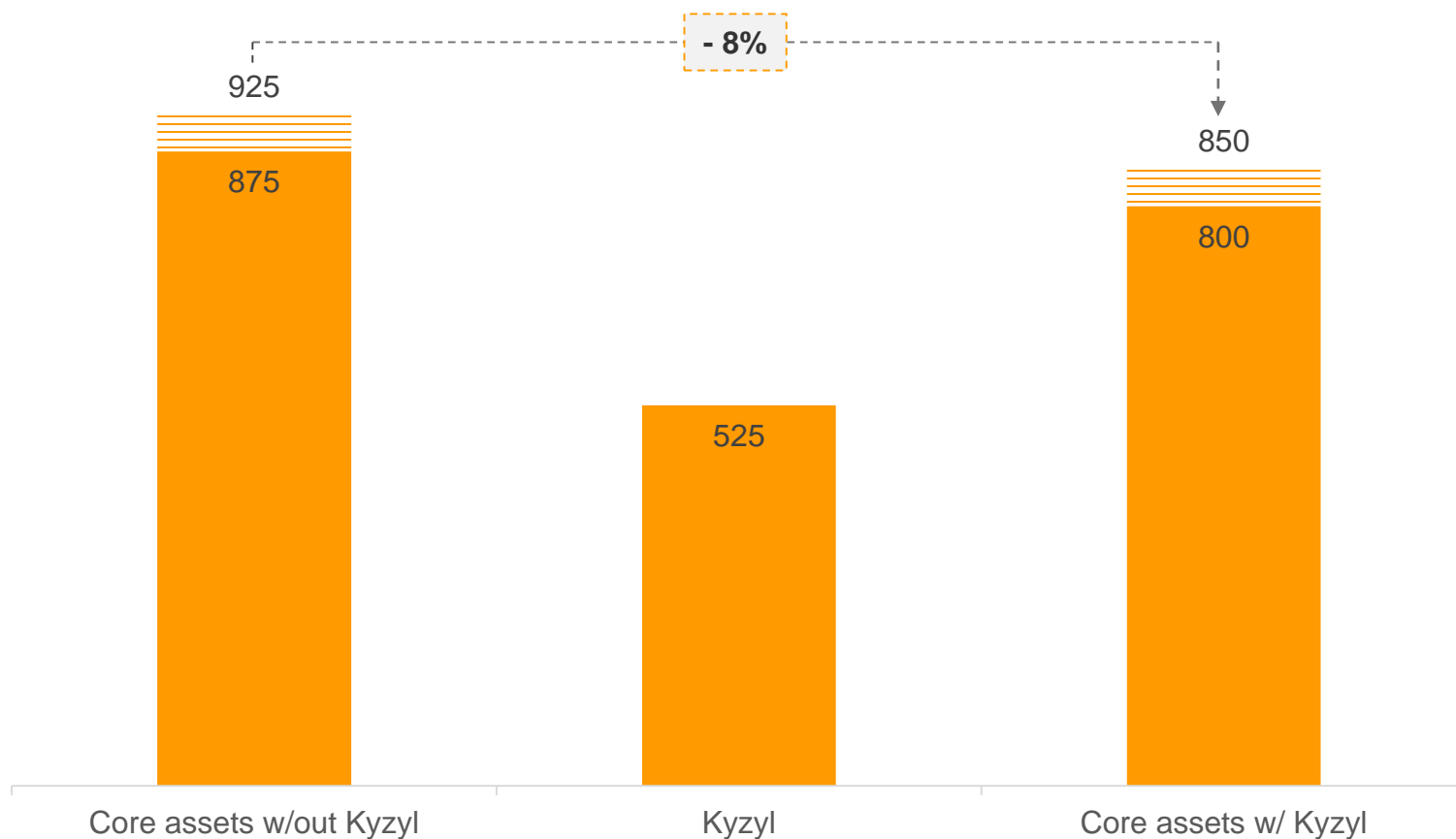
GE grade in ore processed, g/t (2019E)



Group cash costs outlook

Kyzyl's positive effect

All-in sustaining costs, \$/oz



**Thank you
for your attention**