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AIX, MOEX: POLY

Polymetal International plc

Q4 and FY 2023 production results

Polymetal International plc (the “Company” or the “Group”) reports production results for the fourth quarter of 2023 and meets full-year production guidance of 1.7 Moz GE.

“In 2023, the Company managed to avoid business disruption and successfully met the original production guidance. In 2024, we expect stable operational results in Kazakhstan as well as positive investment decision on the Ertis POX”, said Vitaly Nesis, Group CEO of Polymetal International plc.

HIGHLIGHTS

- No fatal accidents among the Group’s employees and contractors occurred in 2023 as well as no lost time injuries were recorded in Kazakhstan. Lost time injury frequency rate (LTIFR) among the Company’s workforce for the full year decreased by 24% year-on-year (y-o-y) to 0.07. Two serious and eight minor lost-time accidents were recorded in 2023 with one of them in Q4. Days lost due to work-related injuries (DIS) increased by 32% y-o-y to 1,156.
- GE output for the full year was stable y-o-y at 1,714 Koz, including 486 Koz in Kazakhstan and 1,228 Koz in Russia. Quarterly production was down by 15% y-o-y because of Q4 2022 abnormally high production level driven by exceptional inventory unwind at Dukat and Nezhda.
- During Q4, the Company continued to struggle with inventory conversion into sales in Russia. Significant tightening of concentrate exports regulations in Russia led to material accumulation in sea ports for concentrates from Kyzyl, Albazino, Nezhda, Voro and Mayskoye.
- Revenue for FY 2023 grew by 8% to US\$ 3.0 billion (US\$ 0.89 billion in Kazakhstan and US\$ 2.13 billion in Russia) thanks to higher gold and silver prices. Q4 revenue decreased by 16% y-o-y to US\$ 0.9 billion on the back of high base in Q4 2022.
- The Company expects full-year Total Cash Costs (“TCC”) and All-in Sustaining Cash Costs (“AISC”) to be below the announced guidance range of US\$ 950-1,000/GE oz and US\$ 1,300-1,400/GE oz respectively given the substantial positive impact of rouble devaluation on local-currency costs. CAPEX is expected to be at the lower end of the guidance range of US\$ 700-750 million.
- Net Debt was largely stable both q-o-q and y-o-y and stood at US\$ 2.38 billion (US\$ 0.17 billion in Kazakhstan and US\$ 2.21 billion in Russia).
- The Company has successfully secured a land plot for the Ertis POX project in the Pavlodar Special Economic Zone in Kazakhstan.

2024 OUTLOOK FOR KAZAKHSTAN BUSINESS

- The Company expects its Kazakhstan assets to deliver relatively stable production at 475 Koz of GE.
- Costs are estimated in the ranges of US\$/900-1,000 GE oz for TCC and US\$ 1,250-1,350/GE oz for AISC¹. A y-o-y increase is expected mostly due to sharp increases in power and railway tariffs in Kazakhstan.
- Capital expenditures are expected to be approximately US\$ 200 million including US\$ 60 million for Ertis POX.

¹ Based on 500 KZT/USD and 13% inflation in Kazakhstan.

HIGHLIGHTS

	3 months ended Dec 31,		% change ¹	12 months ended Dec 31,		% change ¹
	2023	2022		2023	2022	
<u>PRODUCTION (Koz of GE)²</u>						
Kazakhstan	145	164	-12%	486	541	-10%
Kyzyl	104	113	-8%	316	330	-4%
Varvara	41	51	-20%	169	211	-20%
Russia	296	357	-17%	1,228	1,178	+4%
TOTAL	441	522	-15%	1,714	1,720	-0%
<u>SALES (Koz of GE)</u>						
Kazakhstan	142	181	-22%	459	533	-14%
Russia ³	311	431	-28%	1,144	1,089	+5%
TOTAL	453	612	-26%	1,603	1,622	-1%
<u>REVENUE⁴ (US\$m)</u>						
Kazakhstan	291	309	-6%	893	933	-4%
Russia	584	730	-20%	2,132	1,868	+14%
TOTAL	876	1,039	-16%	3,025	2,801	+8%
<u>NET DEBT⁵ (US\$m)</u>						
Kazakhstan				171	277	-38%
Russia				2,210	2,117	+4%
TOTAL				2,382	2,393	-0%
<u>SAFETY</u>						
LTIFR ⁶ (Employees)	0.03	0.12	-76%	0.07	0.10	-24%
DIS ⁷				1,156	877	+32%
Fatalities						
Employees	0	0	NA	0	0	NA
Contractors	0	0	NA	0	0	NA
Average headcount				14,343	14,694	-2%
Kazakhstan				3,202	3,219	-1%
Russia				11,142	11,475	-3%

Notes:

(1) % changes can be different from zero even when absolute numbers are unchanged because of rounding. Likewise, % changes can be equal to zero when absolute numbers differ due to the same reason. This note applies to all tables in this release.

(2) 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.

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

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

(5) Non-IFRS measure based on unaudited consolidated management accounts. Comparative information is presented for 30 September 2023 (for the three months period) and 31 December 2022 (for the twelve months period).

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

(7) DIS – days lost due to work-related injuries. Company employees only are taken into account.

CONFERENCE CALL AND WEBCAST

The Company will hold a webcast on Wednesday, 31 January 2024, at 16:00 Astana time (10:00 London time).

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

<https://streamstudio.world-television.com/1451-2739-38946/en>.

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

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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 Dec 31,		% change	12 months ended Dec 31,		% change
	2023	2022		2023	2022	
MINING						
Waste mined, Mt	21.0	20.9	+0%	81.3	83.2	-2%
Ore mined (open pit), Kt	618	534	+16%	2,427	2,223	+9%
Gold grade, g/t				5.0	5.5	-9%
PROCESSING						
Ore processed, Kt	610	549	+11%	2,443	2,200	+11%
Gold grade, g/t	5.3	6.6	-19%	5.0	5.5	-8%
Gold recovery	86.8%	89.4%	-3%	88.2%	88.9%	-1%
Concentrate produced, Kt	29.8	35.3	-16%	119.7	113.6	+5%
Concentrate gold grade, g/t	94.1	91.3	+3%	90.7	93.9	-3%
Gold in concentrate, Koz ¹	90	104	-13%	349	343	+2%
Concentrate shipped, Kt	16	25	-37%	49	67	-26%
Payable gold shipped, Koz	30	46	-36%	92	125	-26%
Amursk POX						
Concentrate processed, Kt	19	13	+45%	66	48	+37%
Gold grade, g/t	115.0	129.3	-11%	114.0	132.7	-14%
Gold recovery	92.8%	92.4%	+0%	92.4%	93.8%	-1%
Gold produced, Koz	74	67	+12%	224	205	+9%
TOTAL PRODUCTION						
Gold, Koz	104	113	-8%	316	330	-4%

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.

The y-o-y decrease in production at Kyzyl in 2023 is attributable to the planned decline in gold grade versus the high base of 2022. However, this was partially compensated by the concentrator capacity extension (2.4 Mtpa) as well as larger volumes of processed concentrate at Amursk POX. Quarterly production amounted to 104 Koz (down 8% y-o-y), while full-year production stood at 316 Koz (down 4%).

Concentrate sales were stable q-o-q in Q4, however the annual number was lower y-o-y as the production/sales gap persisted throughout 2023. Kyzyl still faces substantial volumes of concentrate in transit. Inventory levels are expected to be normalized next year.

VARVARA

	3 months ended Dec 31,		% change	12 months ended Dec 31,		% change
	2023	2022		2023	2022	
MINING						
Waste mined, Mt	8.8	11.2	-21%	40.7	43.3	-6%
Ore mined (open pit), Kt	634	825	-23%	2,834	3,857	-27%
Gold grade, g/t				1.4	1.6	-12%
PROCESSING						
Leaching						
Ore processed, Kt	804	778	+3%	3,136	3,199	-2%
Gold grade, g/t	1.3	1.4	-9%	1.4	1.6	-14%
Gold recovery ¹	86.9%	87.7%	-1%	88.8%	90.0%	-1%
Gold production (in dore), Koz	31	42	-26%	129	170	-24%
Flotation						
Ore processed, Kt	193	185	+5%	762	752	+1%
Gold grade, g/t	2.2	2.4	-7%	2.3	2.7	-16%
Recovery ¹	87.5%	86.4%	+1%	87.0%	87.2%	-0%
Gold in concentrate, Koz	10	9	+11%	40	41	-3%
TOTAL PRODUCTION						
Gold, Koz	41	51	-20%	169	211	-20%

Note:

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

Varvara recorded the planned 20% y-o-y decline in production in both Q4 (41 Koz) and FY 2023 (169 Koz) 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.

ERTIS POX

The Company has successfully secured a land plot for the Ertis POX project in the special economic zone near Pavlodar. Site conditions evaluation and logistics planning have begun to prepare for the delivery of the autoclave. Additionally, the Company has once again selected Hatch for basic and detailed engineering, as well as procurement support. Hatch has an exceptional track record of working with Polymetal on previous projects. The investment decision is expected to be made by the Board in 2H 2024, with the start-up in 2028.

SUSTAINABILITY, HEALTH AND SAFETY

There were no fatal accidents in 2023. In Q4, there was one lost-time incident among Polymetal's employees and one among contractors. During 2023, 10 lost-time incidents took place among employees (all in Russia) and four among contractors (all in Russia), two of them serious and eight minor.

Employees' lost-time injury frequency rate (LTIFR) decreased by 24% y-o-y and stood at 0.07 (compared with 0.10 in 2022). Days lost due to work-related employees' injuries for the full year were up by 32% y-o-y to 1,156 (compared with 877 in 2022) as a result of increased worked hours and 331 days lost due to injuries being carried over to 2023.