

## Regulatory Story

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**Company** [Polymetal International PLC](#)  
**TIDM** POLY  
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## Polymetal International plc

Half-yearly report for the six months ended 30 June 2013

**Polymetal International plc (LSE, MICEX: POLY; ADR: AUCOY) (together with its subsidiaries, including JSC "Polymetal" - "Polymetal", the "Company", or the "Group") is pleased to announce the Group's financial results for the six months ended 30 June 2013.**

### FINANCIAL HIGHLIGHTS

- Revenue in 1H 2013 decreased by 6% to US\$ 721 million compared to 1H 2012 ("year-on-year") with average realised gold and silver prices decreasing 13% and 18% respectively year-on-year. Price decline was partially offset by 8% growth in the volume of gold equivalent sold.
- Group Total Cash Cost<sup>1</sup> was US\$ 787/ per gold equivalent ounce ("GE oz"), up 13% compared to 2H 2012 ("half-on-half") and 17% year-on-year. Costs were negatively affected by the ramp-up at the Amursk POX facility and the decision to suspend mining at Birkachan. All-in cash costs<sup>1</sup> comprised US\$ 1,210/GE oz and increased 9% year-on-year, driven mostly by an increase in total cash costs during the period which was meaningfully offset by production growth and the resulting decline of SG&A and capex per gold equivalent ounce sold. Both cost measures are expected to decline in 2H as operating cash costs decline at both Albazino and Omolon.
- Adjusted EBITDA<sup>1</sup> was US\$ 239 million, a decrease of 38%, driven mainly by a decline in commodity prices and Adjusted EBITDA margin was 33% compared to 51% in H1 2012;
- A non-cash pre-tax impairment charge resulting from the decline in gold and silver prices of US\$ 305 million was recorded as at 30 June 2013, mainly due to the write-off of goodwill and mining assets at Varvara, Khakanja and low-grade ore stockpiles at Omolon. The post-tax amount recorded was US\$ 273 million. The impairment calculations were performed using conservative price assumptions of US\$ 1,200/oz for gold and US\$ 18/oz for silver, which are meaningfully below current spot prices.
- As a result of non-cash foreign exchange losses and impairment charges, the Group recorded a net loss of US\$ 255 million in 1H 2013, compared to a US\$ 157 million net profit in 1H 2012. Underlying net earnings (adjusted for the after-tax amount of impairment charges) were US\$ 17 million.
- Special and regular dividends for 2012 in the amount of US\$ 0.50 and US\$ 0.31 per share (total of US\$ 313 million) were paid in January and in June 2013, respectively, in accordance with Polymetal's dividend policy. Based on Net Debt<sup>1</sup> / Adjusted EBITDA<sup>2</sup> as at 30 June 2013 of 1.6 (31 December 2012: 1.1), an interim dividend of US\$ 0.01 per share representing 30% of the Group's underlying net earnings for 1H 2013 is declared by the Board.
- The Group's liquidity profile remained comfortable. Net debt increased over the period to \$1.3 billion as working capital requirements increased by US\$ 94 million mostly due to increases in inventories at Albazino, Dukat, Mayskoye, and Omolon combined with reduced operating cash flows to due lower metals prices. The build-up in working capital is expected to reverse in 2H releasing substantial cash flows and leading to a decline in net debt.
- The Company maintains its full-year Total Cash Cost guidance of US\$ 700-750 per ounce of gold equivalent ounce and annual production guidance of 1.2 Moz of gold equivalent.

<sup>1</sup> The definition and calculation of non-IFRS measures used in this report, including Adjusted EBITDA, Total cash costs, All-in cash costs, Underlying net earnings, Net debt, and the related ratios, is explained in the "Financial Review" section below.

<sup>2</sup> On last twelve months ("LTM") basis

### FINANCIAL HIGHLIGHTS

1H 2013	1H 2012	Change, % <sup>(1)</sup>
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Revenue, US\$m	721	767	-6%
Total cash cost, US\$/GE oz	787	675	+17%
All-in cash cost, US\$/GE oz	1,210	1,113	+9%
Adjusted EBITDA, US\$m	239	388	-38%
Average realized gold price, US\$/ oz	1,422	1,639	-13%
Average LBMA gold price, US\$/ oz	1,524	1,647	-7%
Average realized silver price, US\$/ oz	24.2	29.5	-18%
Average LBMA silver price, US\$/ oz	26.6	30.1	-12%
Net earnings, US\$m	(255)	157	NM
Underlying net earnings, US\$m	17	159	-89%
Basic EPS, US\$/share	(0.66)	0.39	NM
Underlying EPS, US\$/share	0.04	0.39	-89%
Dividend declared during the period, US\$/share	0.31 <sup>(2)</sup>	0.20	+55%
Net debt, US\$m	1,295	1,037 <sup>(3)</sup>	+25%
Net debt/Adjusted EBITDA	1.6	1.1 <sup>(3)</sup>	+44%
Net operating cash flow, US\$m	59	188	-69%
Capital expenditure, US\$m	171	196	-13%

## Notes:

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

(2) Final dividend for FY 2012 paid in June 2013

(3) As at 31 Dec 2012

"The first half of the year was challenging due to tough market conditions and operational issues at the Amursk POX and Omolon", said Vitaly Nesis, CEO of Polymetal, commenting on the results.

"The successful ramp-up of the Mayskoye concentrator and continuous improvements in throughput and recoveries at the Amursk POX will enable us to both remain profitable and retain long-term growth optionality. Notwithstanding the fluctuations in the commodity markets, we remain fully focussed on free cash flow generation and providing dividend flow to our shareholders."

**Please see the full report in the attachment to the press release.**

<http://www.rns-pdf.londonstockexchange.com/rns/6095M -2013-8-28.pdf>

## CONFERENCE CALL AND WEBCAST

Polymetal will hold a conference call and webcast on Wednesday, August 28, 2013 at 9:30 am London time (12:30 pm Moscow time).

To participate in the call, please dial:

8 10 8002 490 2044 (toll free from Russia), or

0808 109 0700 (toll free from the UK), or

+1 866 966 5335 (toll free from the US), or

+44 (0) 20 3003 2666 (from outside the UK, the US and Russia), access code "Polymetal", or follow the link:

<http://webcast.irsquared.net/795-1028-13229/en>

Please be prepared to introduce yourself to the moderator or register.

Webcast replay will be available on Polymetal's website ([www.polymetalinternational.com](http://www.polymetalinternational.com)) and at <http://webcast.irsquared.net/795-1028-13229/en>. A recording of the call will be available immediately after the call at +44 (0) 20 8196 1998, access code 7667648, from 11:00 am London time Wednesday, August 28, till 11:00 am London time Wednesday, September 4, 2013.

## Enquiries

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