



17 October 2017

PRESS RELEASE

PetroPavlovsk PLC

Production Report for Q3 2017

PetroPavlovsk PLC ("PetroPavlovsk" or the "Company" or, together with its subsidiaries, the "Group") today issues its production results for the period from 1 July 2017 to 30 September 2017 (the "Period").

Q3 Highlights

- Total gold production for the quarter was 104,000oz (compared to 102,400oz in Q3 2016)
- In Q3 the development of our underground mining operations was progressing on schedule and on budget
 - Underground developments in Q3 totalled 2,117 metres for the extension of the main producing tunnel and preparatory works around ore bodies to begin mining.
 - A total of 32,500 tonnes of development ore was mined, with an average gold grade of 4.5 g/t.
- Construction of the POX Hub is progressing on schedule and on budget with first production to begin in Q4 2018
 - In Q3 the installation of stainless steel reactors and thickeners was completed, as well as c.40% of stainless steel pipework. Intensive assembly and electrical works are ongoing.

FY 2017 Outlook

- The Group reiterates its full year production guidance of 420,000-460,000oz

Gold production – Dore (incl. GIC movement), '000oz

	Three months to 30 September 2017 ("Q3 2017")	Three months to 30 September ("Q3 2016")*	Nine months to 30 September 2017 ("YTD 2017")	Nine months to 30 September 2016 ("YTD 2016")*
Pioneer	35.4	34.3	131.8	105.3
Pokrovskiy	8.6	10.6	22.8	27.7
Malomir	15.1	15.2	43.8	40.0
Albyn	44.9	42.4	138.0	125.1
Total	104.0	102.5	336.4	298.1

Note: from the beginning of 2017, the Company moved to using gold poured as the definition for production. Comparable 2016 gold production numbers have been adjusted accordingly.

Chairman's Comments

Ian Ashby, Independent Non-Executive Chairman, comments:

"Production results for the third quarter of the year are as planned and reflect ongoing operational stability at the mines. As such, we are pleased to reiterate our expected production range for the full year of c.420,000 – 460,000oz, with a total of 336,400oz of gold produced in the nine months to 30 September 2017. Whilst work is progressing on schedule, we maintain a conservative approach to underground developments and remain focused on driving both our key growth projects, underground mining and the POX Hub, through to completion.

We mined 32,500 tonnes of development ore from underground in Q3 and aim to achieve full scale operational capacity by the end of the year. Alongside this, work on the POX Hub has progressed well; our main focus has

been the development of supporting infrastructure, which continues, and is due to be completed before year end. The Malomir flotation plant (Stage 1) is scheduled for commissioning in Q4 2017 ahead of our first flotation concentrate production, scheduled for Q1 2018, to be followed by the commissioning of the POX Hub oxygen plant in Q2 2018.”

Operations Report

Pioneer

Pioneer mining operations

	Units	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Total material moved	m3 '000	4,432	4,074	11,638	13,671
Ore mined	t '000	4,162	602	7,096	2,258
Average grade	g/t	0.64	0.77	0.75	0.89
Gold content	oz. '000	86.0	14.9	171.1	64.7

Pioneer processing operations

Resin-in-pulp (RIP) plant

Total milled	t '000	1,742	1,659	5,091	5,031
Average grade	g/t	0.59	0.70	0.72	0.73
Gold content	oz. '000	33.0	37.6	118.4	117.8
Recovery	%	74.3	82.8	76.1	82.7
Gold recovered	oz. '000	24.5	31.1	90.1	97.4

Heap leach operations

Total stacked	t '000	349	336	708	617
Average grade	g/t	0.47	0.53	0.49	0.53
Gold content	oz. '000	5.2	5.7	11.1	10.5
Recovery	%	48.5	48.6	43.8	40.1
Gold recovered	oz. '000	2.5	2.8	4.9	4.2
Pioneer gold production - Dore	oz. '000	35.4	34.3	131.8	105.3

In Q3, the main sources of ore at Pioneer were the open pits of the Yuzhnaya, Alexandra, Andreevskaya” -Zapad zones. The heap leach plant at Pioneer operated as planned.

The slightly lower RIP recovery rate was due to transitional ore from the Yuzhnaya zone being blended during the treatment process as scheduled.

Underground works focused on preparing stopes to mine ore in Q4. 966m of underground development was completed in Q3, and underground mining produced 17.3kt of development ore with an average gold content of 1.9 g/t.

In Q4, the main sources of low grade ore at Pioneer will be the open pits of the Yuzhanaya, Andreevskaya and Zapad zones. High grade ore will be supplied from the underground mine at North East (NE) Bakhmut.

Pokrovskiy

Pokrovskiy mining operations

	<i>Units</i>	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Total material moved	<i>m3 '000</i>	899	1,333	2,972	3,586
Ore mined	<i>t '000</i>	476	438	996	770
Average grade	<i>g/t</i>	0.51	0.70	0.51	0.82
Gold content	<i>oz. '000</i>	7.8	9.9	16.3	20.4

Pokrovskiy processing operations

Resin-in-pulp (RIP) plant

Total milled	<i>t '000</i>	464	440	1,352	1,339
Average grade	<i>g/t</i>	0.49	0.63	0.46	0.62
Gold content	<i>oz. '000</i>	7.4	8.9	19.8	26.7
Recovery	<i>%</i>	87.9	91.8	81.9	91.3
Gold recovered	<i>oz. '000</i>	6.5	8.1	16.2	24.4

Heap leach operations

Total stacked	<i>t '000</i>	197	231	443	424
Average grade	<i>g/t</i>	0.39	0.46	0.39	0.45
Gold content	<i>oz. '000</i>	2.4	3.4	5.6	6.1
Recovery	<i>%</i>	52.6	59.4	35.6	53.4
Gold recovered	<i>oz. '000</i>	1.3	2.0	2.0	3.2
Pokrovskiy gold production - Dore	<i>oz. '000</i>	8.6	10.6	22.8	27.7

The main sources of ore at Pokrovskiy in Q3 were the Zeyskaya and Vodorazdelnaya zones. These will remain the main sources of ore in Q4. The RIP and heap-leach plants at Pokrovskiy operated as planned.

At the end of Q4, the RIP plant will cease to operate and will begin its transition into a key POX hub component.

Malomir

Malomir mining operations

	<i>Units</i>	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Total material moved	<i>m3 '000</i>	2,325	2,055	7,451	5,776
Ore mined	<i>t '000</i>	757	455	2,191	845
Average grade	<i>g/t</i>	0.91	1.21	0.83	1.20

Gold content	oz. '000	22.3	17.7	58.3	32.7
Malomir processing operations					
Resin-in-pulp (RIP) plant					
Total milled	t '000	851	701	2,503	2,255
Average grade	g/t	0.88	0.98	0.82	0.82
Gold content	oz. '000	24.1	22.2	65.8	59.2
Recovery	%	63.8	68.8	61.3	67.9
Gold recovered	oz. '000	15.4	15.2	40.3	40.2
Malomir gold production - Dore	oz. '000	15.1	15.2	43.8	40.0

In Q3, the main source of ore for the Malomir RIP plant was Quartzitovoye, with some ore from stockpiles. Stripping was conducted at the Magnetitovoye zone. The RIP plant at Malomir operated as planned.

Underground works focused on preparing stopes to mine ore in Q4. 1,151m of underground development was completed in Q3, producing 15.2kt of development ore with an average gold content of 7.4g/t.

The main sources of low grade ore in Q4 will be the open pits of the Quartzitovoye and Magnetitovoye zones. There will also be a supply of high-grade ore from the Quartzitovoye underground mine.

Albyn

Albyn mining operations

	Units	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Total material moved	m3 '000	7, 777	7,891	22, 719	23,900
Ore mined	t '000	1, 044	984	3, 677	3,514
Average grade	g/t	1.10	1.25	1.13	1.13
Gold content	oz. '000	37,0	39.5	133,5	127.6

Albyn processing operations

Resin-in-pulp (RIP) plant					
Total milled	t '000	1, 175	1,161	3, 464	3,502
Average grade	g/t	1.15	1.20	1.15	1.14
Gold content	oz. '000	43.3	44.7	127.6	128.6
Recovery	%	93.4	93.9	93.1	92.7
Gold recovered	oz. '000	40.4	42.0	118.8	119.2
Albyn gold production - Dore	oz. '000	44.9	42.4	138.0	125.1

The main source of ore at Albyn in Q3 was the northern section of the main Albyn pit, with a small supply of ore from stockpiles. The northern section will remain the main source of ore in Q4.

The RIP plant at Albyn operated as planned.

Voting rights

In accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Petropavlovsk PLC confirms that as at 16 October 2017 the issued share capital of Petropavlovsk consists of 3,303,768,532 ordinary shares, with a nominal value of 1 pence each, with voting rights. Petropavlovsk does not hold any ordinary shares in Treasury; therefore, the total number of voting rights in Petropavlovsk is 3,303,768,532.

Shareholders may use the above figure of 3,303,768,532 shares as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in Petropavlovsk under the Financial Conduct Authority's Disclosure and Transparency Rules.

Enquiries

For more information, please visit www.petropavlovsk.net and www.ircgroup.com.hk or contact:

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About Petropavlovsk

Petropavlovsk is one of Russia's leading gold mining companies. As at 30 September 2017, the Company had produced approximately 6.6Moz of gold.

At this time, Petropavlovsk is in the construction phase of a state of the art pressure oxidation facility to process the Company's substantial refractory resource base. The Company's combined 3,600km² license holding has untapped resource potential. The Company is a leading employer and contributor to the development of the local economy in the Amur region, Russian Far East, where it has operated since 1994.

Petropavlovsk is a shareholder (31.1%) of IRC Limited and is the guarantor of the US\$340 million project finance facility (US\$234 million principal outstanding as at 31 December 2016). IRC is a vertically integrated iron ore producer and developer in the Russian Far East and Northeastern China. IRC is listed on the Hong Kong Stock Exchange (ticker: 1029.HK).

Petropavlovsk is listed on the Main Market of the London Stock Exchange (ticker POG:LN).

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

Cautionary note on forward-looking statements

This release may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations 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. They appear in a number of places throughout this release and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the future price of gold, the Group's results of operations, financial position, liquidity, prospects, growth, estimation of mineral reserves and resources and strategies, and exchange rates and the expectations of the industry.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances [outside the control of the Group. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates may differ materially from those described in, or suggested by, any forward- looking statements contained in this release. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward looking statements contained in this release, those developments may not be indicative of developments in subsequent periods. A number of factors could cause results and/or developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, demand, supply and prices for gold and other long-term commodity price assumptions (and their effect on the timing and feasibility of future projects and developments), trends in the gold mining industry and conditions of the international gold markets, competition, actions and activities of governmental authorities (including changes in laws, regulations or taxation), currency fluctuations (including as between the US Dollar and Rouble), the Group's ability to recover its reserves or develop new reserves, changes in its business strategy, any litigation, and political and economic uncertainty. Except as required by applicable law, rule or regulation (including the Listing and Disclosure Guidance and Transparency Rules), the Group does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Past performance cannot be relied on as a guide to future performance.

The content of websites referred to in this announcement does not form part of this announcement.