



PRESS RELEASE

23 May 2018

Update on Negotiations Regarding IRC's ICBC Facility

Further to Petropavlovsk PLC's ("Petropavlovsk", "the Company" or "the Group") statement in its 2017 full year announcement on 28 March 2018, the Company today provides an update on the negotiations involving the Company, IRC Limited ("IRC") and the Industrial and Commercial Bank of China ("ICBC") in relation to the US\$340 million project finance facility dated 13 December 2010 between Kimkano-Sutarsky Mining and Beneficiation Plant LLC ("K&S", a wholly owned subsidiary of IRC) and ICBC (the "ICBC Facility"). Petropavlovsk has guaranteed the outstanding amounts K&S owes to ICBC, with total loan principal as at 31 March 2018 amounting to US\$234 million.

Under the ICBC Facility, a payment of US\$35.16m, including principal and interest, is due from K&S to ICBC on 20 June 2018. As previously announced, IRC, together with Petropavlovsk, have approached ICBC to request an amendment of the repayment schedule and to obtain waivers in respect of obligations to comply with certain financial covenants. IRC has also requested ICBC to waive the obligation to maintain certain cash deposits with ICBC. The negotiations with ICBC are continuing.

As no agreement has yet been reached with ICBC, both IRC and Petropavlovsk are pursuing a number of options to ensure the continued good standing of the ICBC Facility. These options include our previously announced discussions regarding the full refinancing of the ICBC facility with a leading Russian lender, which are now well progressed. The Company is also exploring a potential short-term advance to IRC to fund a portion of the June debt obligations if necessary. The primary objective of these discussions, as well as our pursuit of other options to ensure the continued good standing of the ICBC Facility, is to protect the value of our investment in IRC in the interests of all of Petropavlovsk's stakeholders.

As previously announced, if a missed repayment under debt or guarantee obligations in respect of the ICBC Facility occurs, or covenant requirements are not met, this would result in a default under the ICBC Facility which, through cross-defaults and cross-accelerations, could cause all of the Group's debt arrangements to become repayable on demand.

The Company will continue to update the market in due course.

Enquiries

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

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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

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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.