



PRESS RELEASE

24 April 2018

Petropavlovsk PLC

Q1 Production Results

Petropavlovsk PLC ("Petropavlovsk" or the "Company" or, together with its subsidiaries, the "Group") is pleased to announce production results for the quarter ended 31 March 2018.

Ian Ashby comments: "Petropavlovsk has multiple operational and strategic objectives for 2018 and as such I am pleased to report a solid start to the year in which the team delivered on its production and development plans.

Our flagship mines Albyn and Pioneer gave a robust performance, though with some negative year on year difference in production output due to the one off positive effect of gold in circuit recovery during Q1 2017. Successful work at our Malomir underground operations provided a year on year increase in production at the mine, with a more than 40% increase in processed grades. Our development plans were carried out as scheduled and we continue to make steady progress with our flagship POX project. As part of this development the Pokrovskiy processing plant was closed in March for refurbishment and integration into the POX Hub by the end of September 2018. We remain on track for commissioning in Q4 2018, as confirmed by an independent consultant.

I am pleased to welcome Roman Deniskin to the Petropavlovsk team and I am confident that under his leadership the team will continue to deliver a strong performance in line with our strategic objectives. Roman commenced his role as Chief Executive Officer on 16th April 2018 in place of Interim CEO, Sergey Ermolenko, who has now resumed his previous role as General Director of Management Company Petropavlovsk. I am very grateful to Sergey for his support during this transition."

Summary:

- Total gold production for the quarter was 112,556oz, a c.5% decrease YoY (Q1 2017: 118,071oz) due to a positive contribution to production from gold in circuit in Q1 2017
- Total gold sold for the quarter was 112,244oz, a c.5% decrease YoY (Q1 2017: 117,826oz)
- Average realised gold price of US\$1,295/oz (including a negative US\$35/oz effect from hedging), up c.4% YoY
- Full year 2018 production forecast of 420-460koz reiterated
- POX Hub development advanced towards planned commissioning in Q4 2018

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

	Three months to 31 March 2018 (Q1 2018)	Three months to 31 March (Q1 2017)
Pioneer	40,932	48,457
Pokrovskiy	4,293	5,852
Malomir	27,942	16,431
Albyn	39,389	47,331
Total	112,556	118,071

Q1 2018 Production Report**Pioneer****Pioneer mining operations**

	<i>Units</i>	Q1 2018	Q1 2017
Total material moved	<i>m3 '000</i>	4,087	3,394
Ore mined	<i>t '000</i>	1,341	1,040
Average grade	<i>g/t</i>	0.93	1.12
Gold content	<i>oz. '000</i>	40.3	37.6

Pioneer processing operations

Resin-in-pulp (RIP) plant

Total milled	<i>t '000</i>	1,597	1,642
Average grade	<i>g/t</i>	0.87	0.81
Gold content	<i>oz. '000</i>	44.4	43
Recovery	%	77.0	71.2
Gold recovered	<i>oz. '000</i>	34.2	30.4
Pioneer gold production - Dore	<i>oz. '000</i>	40.9	48.5

Note: there was no heap leach production at Pioneer during Q1 2018.

Mining works during the period took place mainly at the Yuzhny and Andreevskaya-West pits, which delivered predominantly low grade ores. High grades were sourced from Katrin.

Average RIP recovery rates were around 77% in line with the budget. Heap leaching did not take place during the period.

Underground development at the NE Bakhmut 6-3 area included both development and stope mining in January through February, and in March focused solely on development. The grades were somewhat lower than budgeted, due to a combination of higher mining dilution and the amount of low grade development ore being larger than planned. In Q1 2018, total underground workings amounted to 923 l.m., and 29 000t of ore was mined with an average grade of 2.3 g/t.

Pokrovskiy

Pokrovskiy mining operations

	<i>Units</i>	Q1 2018	Q1 2017
Total material moved	<i>m3 '000</i>	152	1, 038
Ore mined	<i>t '000</i>	116	127
Average grade	<i>g/t</i>	0.59	0.49
Gold content	<i>oz. '000</i>	2.2	2.0

Pokrovskiy processing operations

Resin-in-pulp (RIP) plant			
Total milled	<i>t '000</i>	223	438
Average grade	<i>g/t</i>	0.55	0.40
Gold content	<i>oz. '000</i>	4.0	5.6
Recovery	<i>%</i>	94.2	70.4
Gold recovered	<i>oz. '000</i>	3.7	4.0
Pokrovskiy gold production - Dore	<i>oz. '000</i>	4.3	5.9

Note: there was no heap leach production at Pokrovskiy during Q1 2018.

During Q1, Pokrovskiy processed ore from the Zeyskoye and Vodorazdelnoye ore bodies. In mid-March the processing plant (RIP) was closed for refurbishment and integration into the POX hub by the end of September 2018.

Average RIP recovery rates were above 90% (up to 94%), which was due to the process plant being closed and gold recovery from the technological circuit. Heap leaching did not take place during the period.

Malomir**Malomir mining operations**

	<i>Units</i>	Q1 2018	Q1 2017
Total material moved	<i>m3 '000</i>	1 979	2 354
Ore mined	<i>t '000</i>	643	759
Average grade	<i>g/t</i>	1.35	0.87
Gold content	<i>oz. '000</i>	28.0	21.2

Malomir processing operations

Resin-in-pulp (RIP) plant			
Total milled	<i>t '000</i>	873	795
Average grade	<i>g/t</i>	1.24	0.87
Gold content	<i>oz. '000</i>	34.7	22.1
Recovery	<i>%</i>	75.1	60.6
Gold recovered	<i>oz. '000</i>	26.1	13.4
Malomir gold production - Dore	<i>oz. '000</i>	27.9	16.4

Mining works at Malomir were carried out at the Quartzitovoye 1 and Dorozhnoye ore zones during the period, producing low grade ores. The high grade ores were supplied to the plant from underground and the remainder was blended in from stockpiles.

The average recovery at the processing plant was above 75%, in line with the budget.

Underground development continued at the Quartzitovoye 1 ore body. Both stoping and development ore mining were carried during the period and the latter was ahead of schedule. In Q1 2018, total underground workings amounted to 1835 l.m., and 88000t of ore was mined with an average grade of 6.3 g/t.

Albyn

Albyn mining operations

	<i>Units</i>	Q1 2018	Q1 2017
Total material moved	<i>m3 '000</i>	4, 942	7, 516
Ore mined	<i>t '000</i>	867	1, 375
Average grade	<i>g/t</i>	0.97	1.09
Gold content	<i>oz. '000</i>	27.1	48.3

Albyn processing operations

Resin-in-pulp (RIP) plant			
	<i>t '000</i>	Q1 2018	Q1 2017
Total milled	<i>t '000</i>	1, 137	1, 138
Average grade	<i>g/t</i>	1.07	1.06
Gold content	<i>oz. '000</i>	39.2	38.7
Recovery	<i>%</i>	93.6	92.3
Gold recovered	<i>oz. '000</i>	36.7	35.7
Albyn gold production - Dore	<i>oz. '000</i>	39.4	47.3

During the period, the majority of ore was extracted from the central section of the Albyn pit. The average recovery at the processing plant was 93-94%, in line with the budget.

POX Update

During Q1 2018, development of the POX Hub advanced towards its planned commissioning in Q4 2018. Work has focused mainly on piping, including the installation and welding of carbon, duplex stainless and titanium pipes in both POX and filtration buildings, and also on electrical construction. Mechanical construction progressed in the filtration building, with the installation of filters and some principal pumping equipment. In addition, we began to refurbish the Pokrovskiy RIP plant, which is due to be integrated into the POX Hub by the end of September 2018.

Work at the Malomir flotation plant included the construction of a tailings dam, concentrate storage, equipment being assembled in the transformer house, final preparations for the start-up of the plant as well as work on ancillary facilities. Work is on schedule for the plant to be commissioned during Q2 2018.

As per schedule and due to seasonal temperatures, there was minimal outside construction during the period. This is expected to intensify during Q2 with the arrival of warmer weather.

Construction progress has been monitored by MS&C, an independent technical consultant, whose team last visited the site in mid-March 2018. MS&C concluded that the overall quality of design and construction is good, and though some areas require modifications and checks, the consultant has no reason to believe that the current schedule cannot be achieved.

About Petropavlovsk

Petropavlovsk is one of Russia's leading gold mining companies. As at 31 March 2018, the Company had produced approximately 6.9Moz 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 3,430km² 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 March 2018). IRC is a vertically integrated iron ore producer and developer in the Russian Far East and North-eastern 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).

Enquiries

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