



PRESS RELEASE

5 December 2018

Petropavlovsk PLC

First Refractory Ore Successfully Processed at POX Hub

Petropavlovsk PLC ("Petropavlovsk" or the "Company" or, together with its subsidiaries, the "Group") today announces the initial processing of refractory concentrate at the Company's Pressure Oxidation ("POX") Hub, located at the site of the Pokrovskiy mine.

Key Takeaways

- One month ahead of schedule, Autoclave 1 has been successfully processing refractory ore concentrate (as of 4 December 2018, 320t was processed), with gold recovery of c.93% nearing projected design recovery of 98%
- Ahead of schedule, Autoclave 2 has commenced hot commissioning and is due to process first concentrate by year end, with Autoclaves 3 and 4 scheduled for launch in Q2 2019
- The Company is on track for commercial gold production from the POX plant in Q1 2019, as previously guided

POX Operational Update

Following the hot commissioning process of the POX Hub and supporting equipment, announced 27 November 2018, the Company began processing refractory concentrate through Autoclave 1.

The process of sulphide oxidation inside the autoclave vessel is working well, achieving gold recovery of 93%, close to projected design recovery of 98%. The high recovery showcases the ability of the facility to effectively process the metallurgical complexities contained in Malomir refractory concentrate. Autoclave 1 has reached approximately 50% of its processing capacity and ramp-up is ongoing.

The resulting pulp is being processed using conventional resin-in-pulp ("RIP") technology at the recently refurbished Pokrovskiy plant. First gold doré pour is expected in December 2018, once a sufficient quantity of gold is accumulated in the RIP circuit.

Autoclave 2 has commenced hot commissioning, ahead of schedule, and will start processing refractory concentrate by the year end. The remaining two autoclaves will be launched in Q2 2019.

CEO's Statement – Dr Pavel Maslovskiy

"I would like to take this opportunity to personally thank all our staff and management for their steadfast work ethic and dedication in driving Petropavlovsk towards delivering gold production from our POX Hub, one of our key milestones. Today's announcement marks a significant moment in the Company's history, as we begin to process our refractory ore via the newest and most technologically advanced POX processing facility in Russia, a month ahead of schedule. There remains considerable work to be undertaken before we can reach full capacity, however, this initial performance is hugely encouraging for the Company."

Delivering an initial gold recovery rate of c.93% at the POX Hub is testament to the many years of hard work, research and partnerships with key technical experts who are leaders in their industries. We look forward pouring our first gold from the facility later this month, once the RIP circuit is fully loaded.

This operational success helps to underpin our stable growth story, whereby our open pit and high grade underground mining operations are complemented by our unique ability to process complex refractory ore (both our own abundant reserves and optional third party ore), helping to differentiate Petropavlovsk from its Russian peers and offering a strong competitive advantage."

About Petropavlovsk

With a Premium Listing on the London Stock Exchange, Petropavlovsk (LSE: POG) is one of Russia's largest gold producers. The Pioneer, Malomir and Albyn gold mines, as well as the Pokrovskiy and Blagoveschensk processing and R&D facilities, are all located in the Amur Region, the Russian Far East.

With total JORC Resources of almost 21Moz Au and a combined license area of over 3,000km², the Company has produced approximately 7Moz of gold since the commencement of its operations. Petropavlovsk is one of the region's largest employers and remains one of the largest contributors to the sustainable development of the local economy.

Gold production is poised to increase following the commissioning of a cutting edge technology which will extract gold from the Company's refractory ore through a pressure oxidation process, currently nearing completing at Pokrovskiy (the POX Hub). When fully commissioned, the POX Hub will have the capacity to treat approximately 500K tonnes of refractory concentrate each year. The new high grade underground operations at Pioneer and Malomir will further improve the gold production profile as they reach steady state over the near term whilst the Company looks to further increase the life of its mines through exploration.

Petropavlovsk is a shareholder (31.1%) of Hong-Kong listed IRC Limited, a vertically integrated Russian Far East iron ore producer. Petropavlovsk is the guarantor of IRC's US\$340 million project finance facility, of which US\$204 million was outstanding as at 30 September 2018.

Enquiries

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

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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.