



PRESS RELEASE

26 February 2019

PetroPavlovsk PLC

IRC Announcement In Relation To Entry Into New Recourse Agreement

PetroPavlovsk PLC (the "Company") wishes to notify that IRC Limited ("IRC"), a producer and developer of industrial commodities in which the Company is a significant shareholder (31.1%), has today made a supplemental announcement in relation to entry into a new recourse agreement.

Further to IRC's announcement dated 15 February 2019, IRC wishes to provide the following additional information regarding the New Recourse Agreement ("Announcement"). Capitalised terms used in this announcement have the meaning given in the Announcement.

As set out in the Announcement, the New Recourse Agreement is being entered into in connection with the Guarantee Agreements being provided by PetroPavlovsk for the Gazprombank Facilities. The sole purpose of the New Recourse Agreement is to enable PetroPavlovsk, if there is a credit default under the Gazprombank Facilities, to advance funds to IRC to cure the default and therefore become a creditor of IRC, and avoid Gazprombank claiming directly from PetroPavlovsk under the Guarantee Agreements.

The terms of any such loan will be decided when such loan is made, based on the arrangements agreed between the parties in the New Recourse Agreement. The terms, including the interest rate for any such loan, would be on normal commercial terms. If any such loan is not on normal commercial terms, it would need to be approved by IRC's independent shareholders for the purposes of Chapter 14A of the Listing Rules. As at the date of this announcement, no loan has been drawn down under the New Recourse Agreement.

This announcement is supplemental to and should be read in conjunction with the Announcement.

The full text of the announcement may be found on the website of IRC at www.ircgroupp.com.hk

Enquiries

For more information, please visit www.petroPavlovsk.net and www.ircgroupp.com.hk or contact:

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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.