



PRESS RELEASE

22 August 2019

Petropavlovsk PLC

Fitch Upgrade to 'B-'; Outlook Positive

Petropavlovsk PLC ("Petropavlovsk" or the "Company") is pleased to announce that Fitch Ratings ("Fitch") has today upgraded its Long-Term Issuer Default Rating and senior unsecured rating to 'B-' from 'CCC' with a Positive Outlook.

Fitch has also upgraded the guaranteed notes issued by Petropavlovsk 2016 Limited, the Group's main financing vehicle subsidiary, to 'B-' from 'CCC' with a Recovery Rating of 'RR4'.

In its announcement, Fitch states that the upgrade reflects a "significant strengthening in Petropavlovsk's liquidity position due to the refinancing of the convertible bond, repayment of the US\$57 million in bridge loans by affiliated iron ore producer IRC Limited and the increased visibility for production due to the launch of the pressure oxidation (POX) hub in November."

Furthermore, the Positive Outlook reflects the "potential for significant deleveraging to take place by end-2020 based on higher production, lower costs, and third party concentrate increasing the utilisation of the POX hub."

Fitch also recognises the important steps the Company has taken towards improved Corporate Governance, with the Board now consisting of "five non-executive members out of seven, including a non-executive chair. The directors were elected with a strong majority at the annual general meeting in June 2019 and 65.9% of shareholders voted."

Pavel Maslovskiy, CEO said: "I am delighted that we have received an upgrade from Fitch. It recognises the strengthening of our business over the past 12 months through activities undertaken by Senior Management and the stability which has been brought about by a new Board of Directors. It also recognises the successful commissioning of our POX Hub which is the cornerstone of our corporate strategy and which will lead to growth in EBITDA and significant deleveraging in 2020 as our capex spending programme is now largely complete."

For further information, please read the full [Fitch Ratings press release](#).

About Petropavlovsk

With a Premium Listing on the London Stock Exchange, Petropavlovsk (LSE: POG) is a major integrated Russian gold producer with JORC Resources of 20.52Moz Au which include Reserves of 8.21Moz Au.

The Company's key operating mines (Pioneer, Malomir and Albyn) are in the Amur Region in the Russian Far East and the Company has produced a total of c.7.3Moz of gold since operations began in 1994. Petropavlovsk has a strong track record of mine development, expansion and asset optimisation.

The Group recently entered a new era of growth following the successful commissioning and start-up of its flagship asset, the Pressure Oxidation (POX) Hub at Pokrovskiy, which enables the processing of the Company's abundant refractory reserves and resources.

Petropavlovsk is one of the region's largest employers and one of the largest contributors to the sustainable development of the local economy.

For more information

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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.