



PETROPAVLOVSK

PETROPAVLOVSK PLC

**2020 AGM Presentation
30 June 2020**

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A Welcome From the Chair



The Rt. Hon. Sir Roderic Lyne
Non-Executive Chairman

Key Achievements Since the Last AGM

One of the most successful periods in the quarter-century history of the Group

- Rapid and decisive response to COVID-19 ensuring business continuity
- Significant operational turnaround achieved - exceeding own and market expectations and rewarded with a share price increase of 274% since date of last AGM⁽¹⁾
- Strong FY 2019 financial performance with EBITDA increasing 45% to US\$265m
- Balance sheet significantly de-risked
- Renewed focus on ESG; with a diverse and experienced board, and improving environmental and safety statistics



FY 2019 Highlights

Strong operational results which have translated into strong financial results

Operational

Gold sales +39% to 514Koz

POX Hub treated a record 188kt of refractory concentrate, producing **1/3 of the Group's gold**

Pioneer flotation construction on track, **successful transition at Malomir** to a refractory asset

Financial

Group Revenue +49% to US\$742m

EBITDA +45% to US\$265m

Total Cash Costs (TCC) at lowest end of guidance at US\$749/oz⁽¹⁾

Corporate

Improved debt maturity profile - new \$125m convertible bond placed

An independent, highly qualified and diverse **Board, fully compliant with UK Corporate Governance Code**

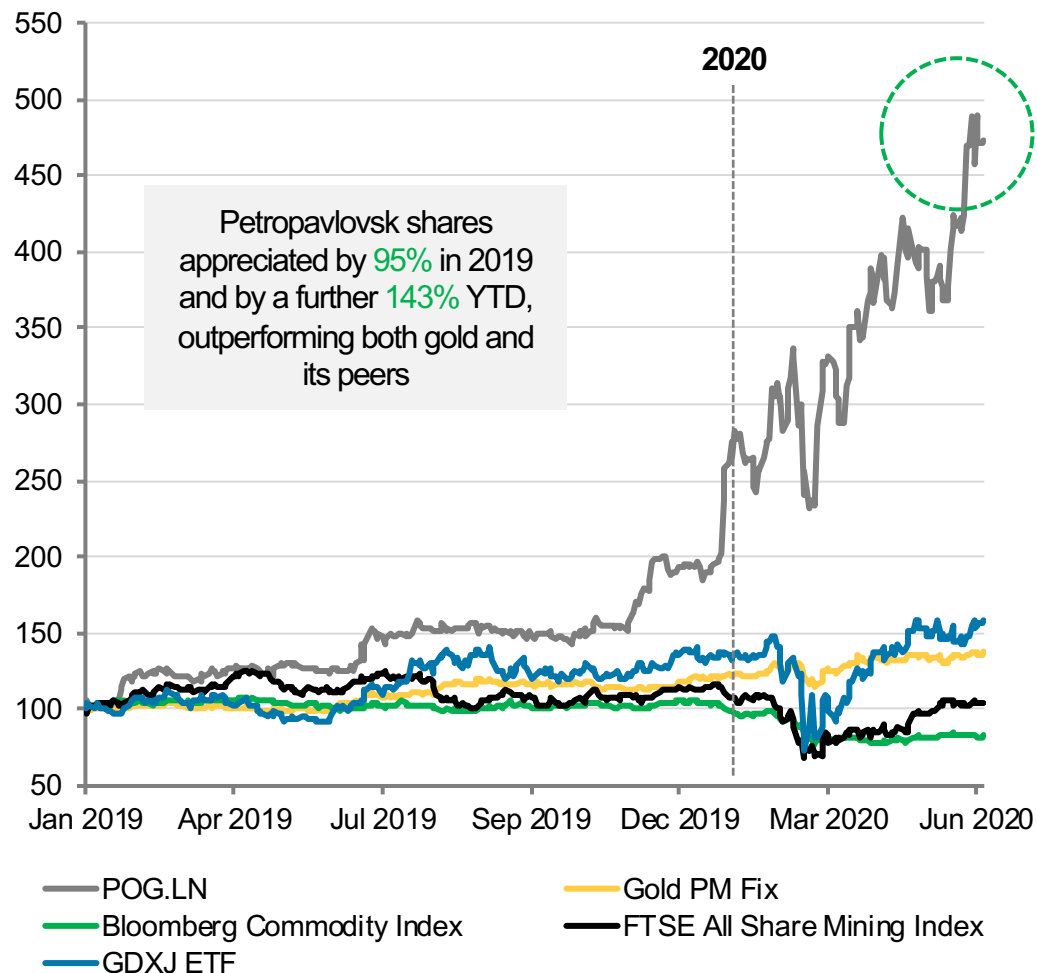
0 fatalities and a 36% improvement in **LTIFR** to 1.61



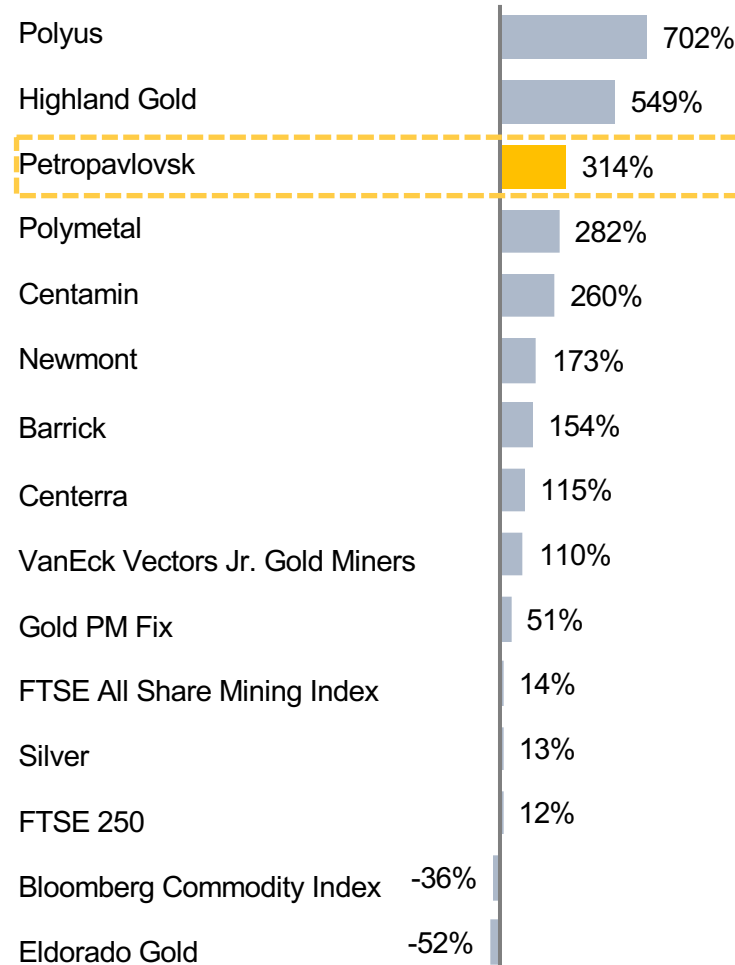
Recognition of the Operational Turnaround

The operational turnaround and fundamentals are reflected in our share price performance

2019 Share Price Performance⁽¹⁾



Total Shareholder Return (5 year TSR)⁽¹⁾



Objectives and 2020 Goals & Plans

Strategic priorities

	Objective	2020 Goals & Plans
ESG	Environment	<ul style="list-style-type: none"> — Continuous improvement in intensity of consumable usage
	Social	<ul style="list-style-type: none"> — Sustain / improve on LTIFR of 1.61 — Maintain strong community relations
	Governance	<ul style="list-style-type: none"> — Maintain strong Board
Operational	Maximise utilisation of POX Hub	<ul style="list-style-type: none"> — Pioneer flotation construction on schedule — Securing third party concentrates — Updated feasibility study underway into Malomir flotation plant expansion — Identify opportunities within own Group portfolio
	Commence mining at Elginskoye	<ul style="list-style-type: none"> — Complete acquisition of TEMI licences — Transition of mining at Albyn to Elginskoye
Capital Allocation	Strengthen balance sheet & reduce interest payments	<ul style="list-style-type: none"> — Eliminate IRC loan guarantee — Improve credit ratings — Conversion of bonds and refinancing notes
	Sustainable dividends	<ul style="list-style-type: none"> — Dividend policy to be discussed with shareholders and implemented
	Organic growth to fill POX Hub	<ul style="list-style-type: none"> — Consider opportunities to increase concentrate production from Company's own mines

25 June 2020: Secondary Listing on the Moscow Exchange (MoEx)

A secondary listing diversifies the Company's investor base, provides additional liquidity and visibility

Listing Rationale

Investor base diversification

- Diversification of investor base / access to Russian asset managers, pension funds, insurance companies, retail
- Over 5m retail investors registered with MoEx alone

Additional liquidity + trading vols

- Additional liquidity increase due to access to Russian demand as well as arbitrage trading and increased trading volumes on the back of derivatives trading

Index inclusion

- Opportunities for inclusion into inclusion as part of the MoEx Russia / RTS Index which will result in further increase of liquidity

MoEx listing is complementary to Petropavlovsk's existing primary listing on the London Stock Exchange

- New secondary listing acknowledges our 25 years of history and operational roots

Share Transfer Mechanics

No new shares placed or issued

- Petropavlovsk shares to be traded on MoEx will be deposited into a designated Clearstream account with Euroclear UK & Ireland, in favour of the National Settlement Depository ("NSD")
- Thereafter, authorised market participants will be able to access the shares at the NSD (part of MoEx Group), to fulfil investor demand
- Quotation / settlement in RUB
- MoEx ticker: POGR

Market making

- Agreements with Renaissance Capital and VTB Capital



Further comments from the CEO



Dr Pavel Maslovskiy
Chief Executive Officer



COVID-19 Pandemic

A rapid and decisive response has helped ensure safety and ongoing business continuity

An emergency response team was established early to detect and limit possibility of the virus affecting the Group's operations

Health and safety



- Local community support, distribution of masks and hand sanitiser among local businesses
- All employees and contractors undertake 14 days quarantine prior to start of each shift
- Thorough reporting culture of any infection or illness

Business continuity



- No operational disruptions in relation to gold production or sales
- Zero detected cases of COVID-19 at any of Petropavlovsk's employees as of 29 June 2020

Financial liquidity



- Gold sales agreement put in place with Gazprombank
- Enables up to 33.9bn RUB (c.US\$470m) or c.392koz Au of pre-paid gold sales

Sustainability Progress in 2019

Extensive work undertaken last year lays strong foundation for the future

Objective	2019 Goals	Status	Performance
Health and Safety			
Safety Performance Improvement	Reduce LTIFR at each mine	●	Significant decrease in LTIFR across all mining operations: improved by 36% to 1.61
H&S Framework Development	Review and update H&S Policies to ensure safety at POX and underground	●	Updated POX H&S policies to reflect the introduction of new technologies
Safety Culture Development	Conduct safety campaign to raise awareness	●	Conducted Road Safety Campaign and slips/trips/falls Campaign
Corporate Social Responsibility			
Stakeholder Relationship Building	Increase bilateral communications with the workforce	●	<ul style="list-style-type: none"> - Board members visited Group's operations as part of workforce engagement programme - Created Instagram account for Pokrovka newspaper
	Increase bilateral communications with the community	●	<ul style="list-style-type: none"> - 3 community consultations organised to introduce and explain our projects - 6 site visits arranged for local residents, school children and representatives of local NGOs
	Further strengthen the relationship with indigenous communities	●	Signed an agreement for harmonious development of the Ivanovskoye evenk community between Albyn mine and the Association of Indigenous Minorities of the North of the Selendzhinskiy District
CSR Framework Development	Adopt Speak-up and Anti-bribery policies	●	Speak-up and Anti-bribery policies adopted
	Align grievance procedure with international industry standards	●	Completed implementation of the grievance procedure, aligning the mechanism with ICMM Principles
Environmental Management			
Carbon Footprint Reduction	Improve energy efficiency	●	Implemented Waste Heat Recovery (WHR) system at the POX Hub
	Reduce emissions	●	15% reduction in GHG emission intensity
Water Management	Maintain zero water discharge	●	Zero discharge to surface and underground water bodies, verified by sample analysis

● Achieved ● In progress

Environmental Stewardship

No serious or moderate environmental incidents, with minor incidents c.3x less than in 2018

Key Facts 2019

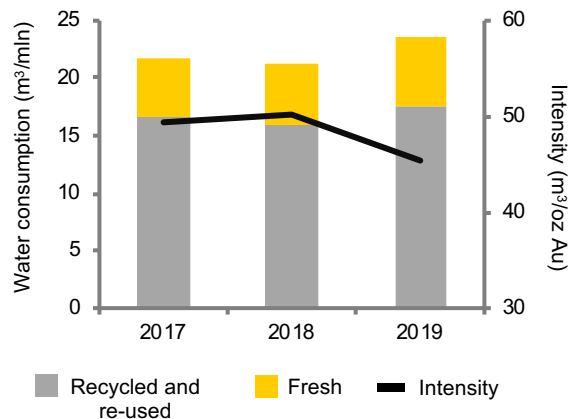
13%
Reduction GHG emissions intensity

0
Water discharge

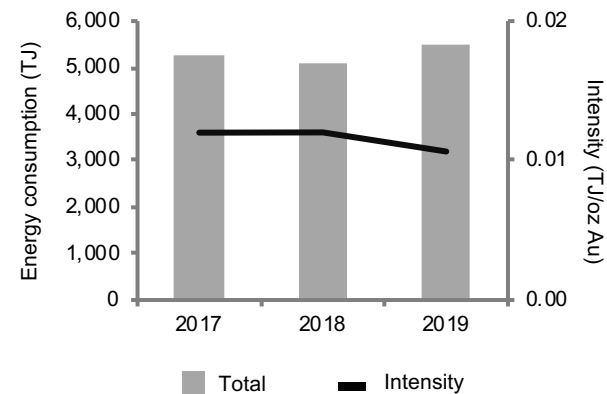
54%
Of waste rock re-used

0
Environmental fines

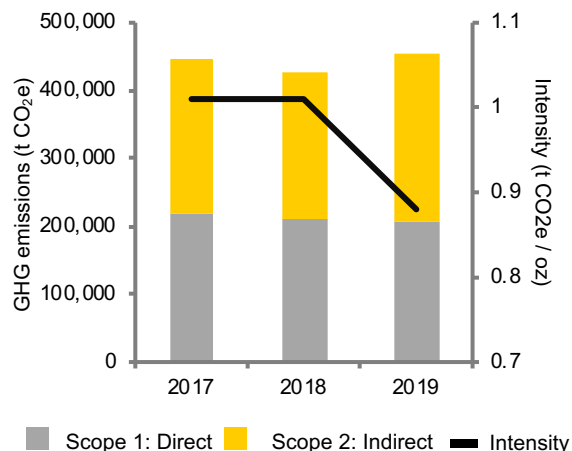
Water Consumption



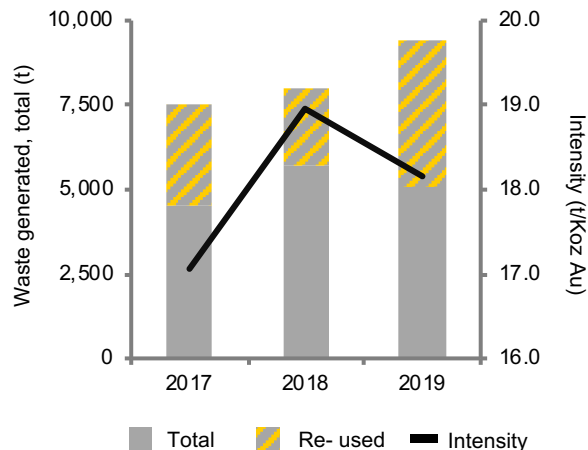
Energy Consumption



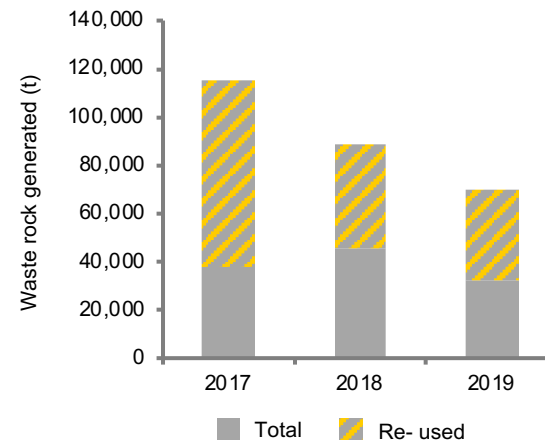
GHG Emissions



Waste Generated



Waste Rock



Health and Safety and Our People

We regard our people as our most valuable asset and are committed to responsible practices

Key Facts 2019

0
Fatalities

36%
Improvement in LTIFR

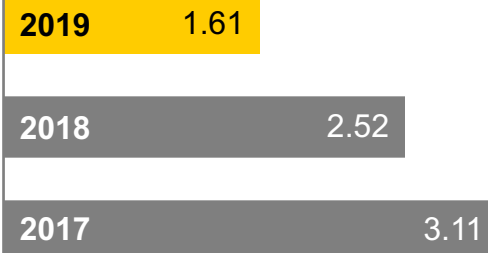
30 hrs
On average of safety training per employee

62 hrs
on average training and education in
Pokrovskiy mining college⁽¹⁾

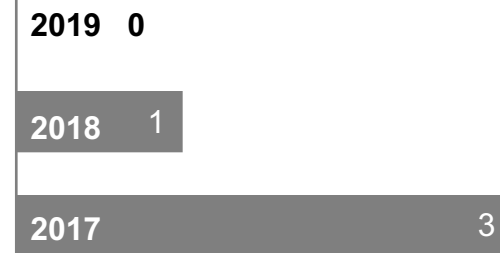
20%
increase in the number of employees involved
in mentoring programmes

91%
of workforce is from the Russian Far East

LTIFR

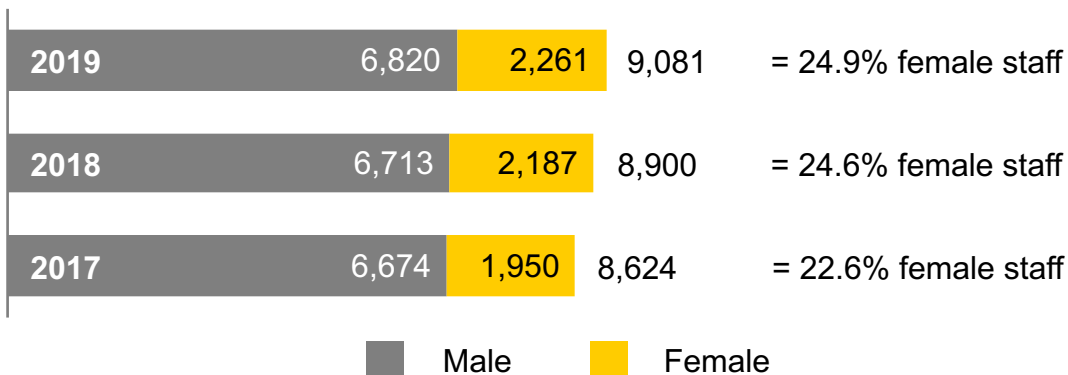


Fatalities



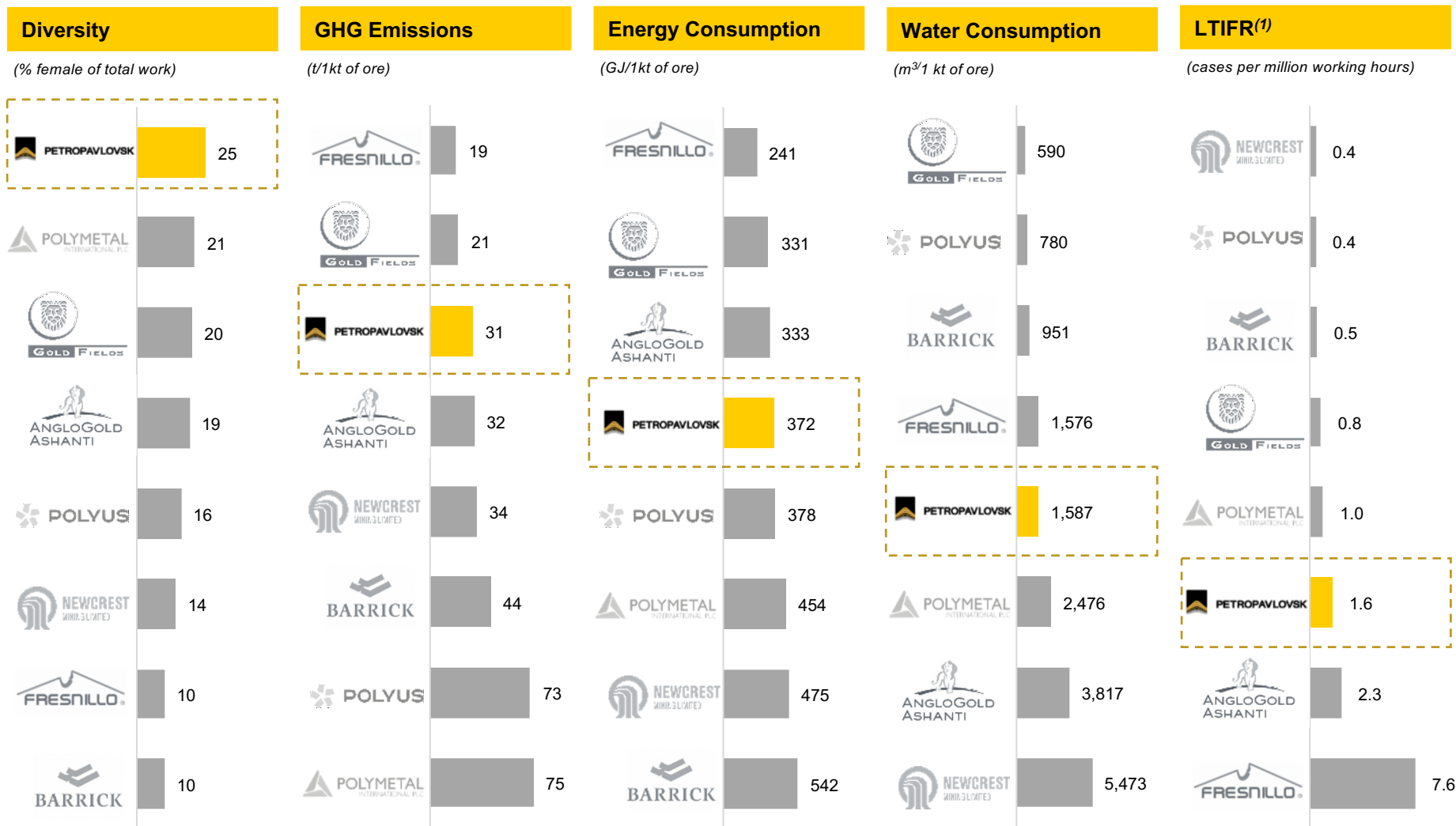
In 2019, Petropavlovsk recorded 36% less accidents per million-man hours vs. 2018, with US\$2.6m spent on initiatives aimed at improving industrial safety and occupational health

Total Headcount and Gender Split



ESG Performance Benchmarking

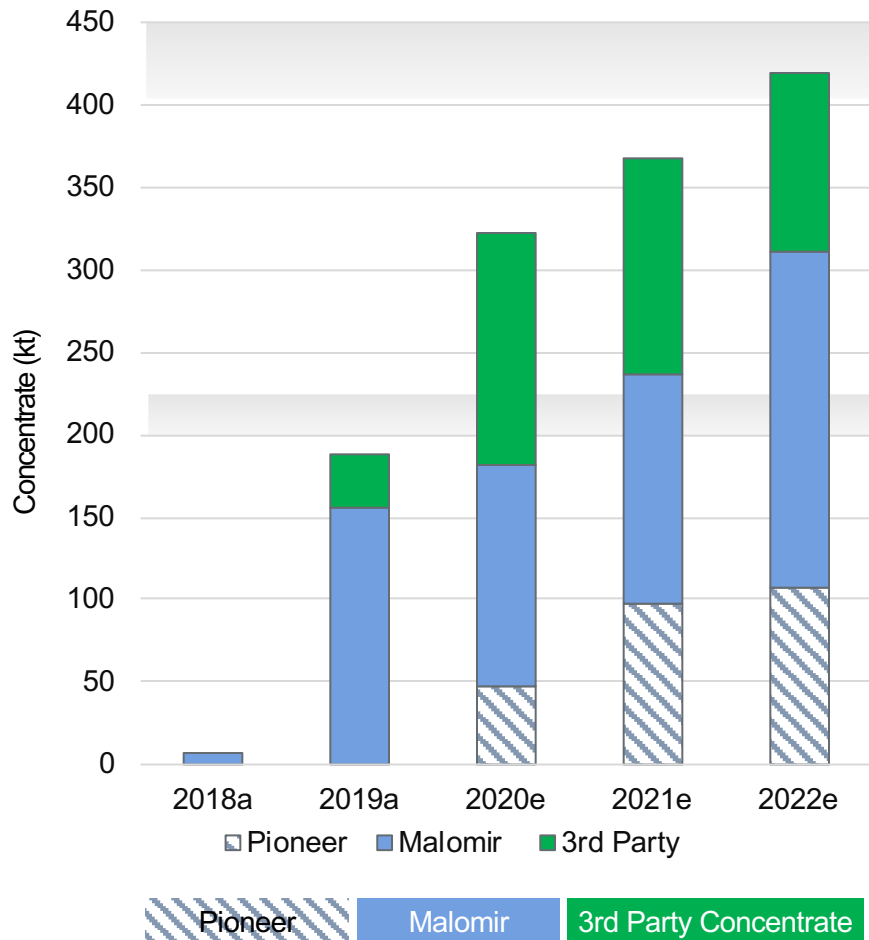
Consistent and well positioned among peers in terms of ESG standards



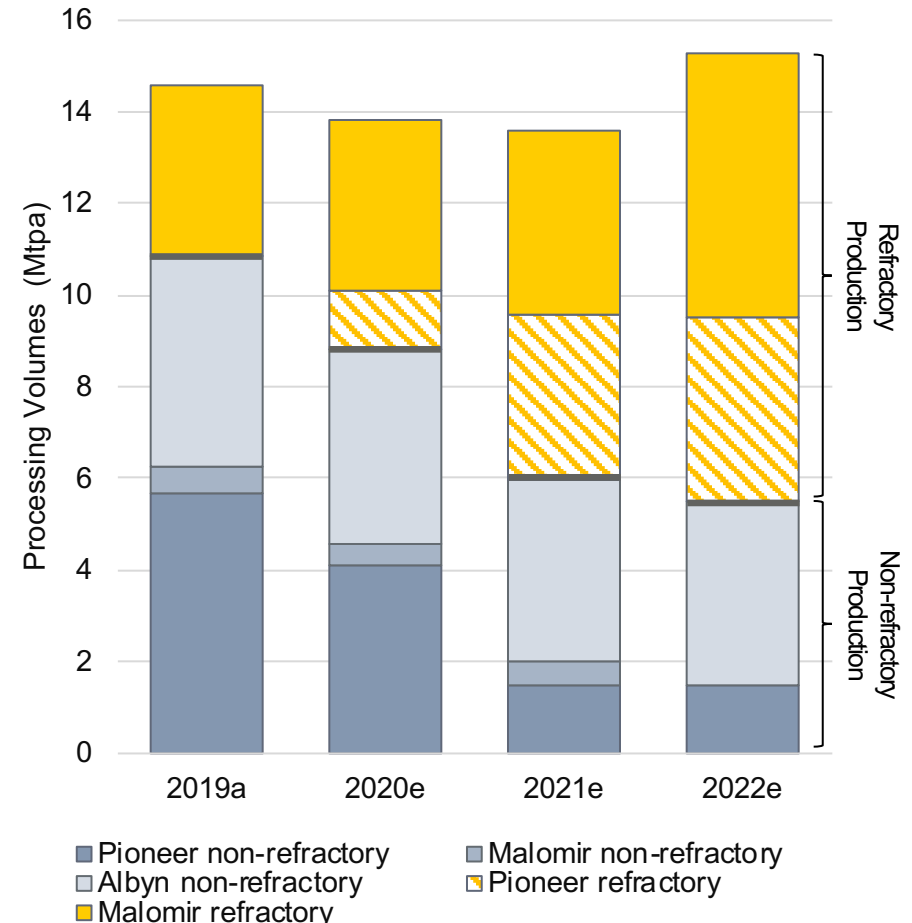
POX: The Heart of Our Future Strategy

Commissioning of the POX plant has opened new horizons for Petropavlovsk and has put the Group in a very strong competitive position

POX Hub: Utilisation Increase (ktpa)⁽¹⁾



Contribution of Ores from Malomir, Pioneer and Albyn (Mtpa)⁽¹⁾



Petropavlovsk's In-house Research and Development Network

A world-class specialist R&D team capable of delivering complex projects

Key data

1st

R&D dedicated pressure oxidation centre and the only one of its kind in Russia

1st

Pilot autoclave in Russia

7 patents

For treating refractory ores, two of which are being used at the POX Hub

3 months

From start-up to first gold production

2 weeks

From start-up to achieving full capacity in each autoclave – an industry record

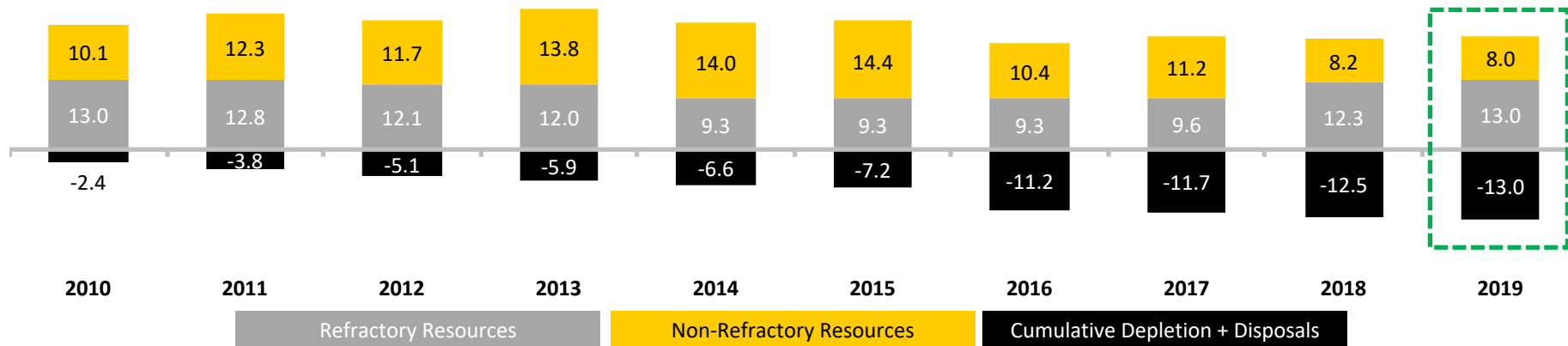
POX Hub		
The competence to implement complex, challenging projects		
Test plant* (est. 2009)		Unique pilot autoclave*(2010)
Exploration companies – <i>NGGF Regis*</i> (since 2004) – <i>Central analytical laboratory*</i> supports exploration research and runs complex analyses (est. 2004)	Laboratories 5 laboratories at mines (since 1998)	<i>Kapstroï*</i> construction company
Research institutes and R&D Centres		
Multidisciplinary engineering centre <i>PHM Engineering*</i> (est. 2004)	<i>Irgiredmet*</i> Scientific Institute (acquired 2006)	RDC <i>Hydrometallurgy*</i> est.2008

*Took part in implementing POX Hub project.

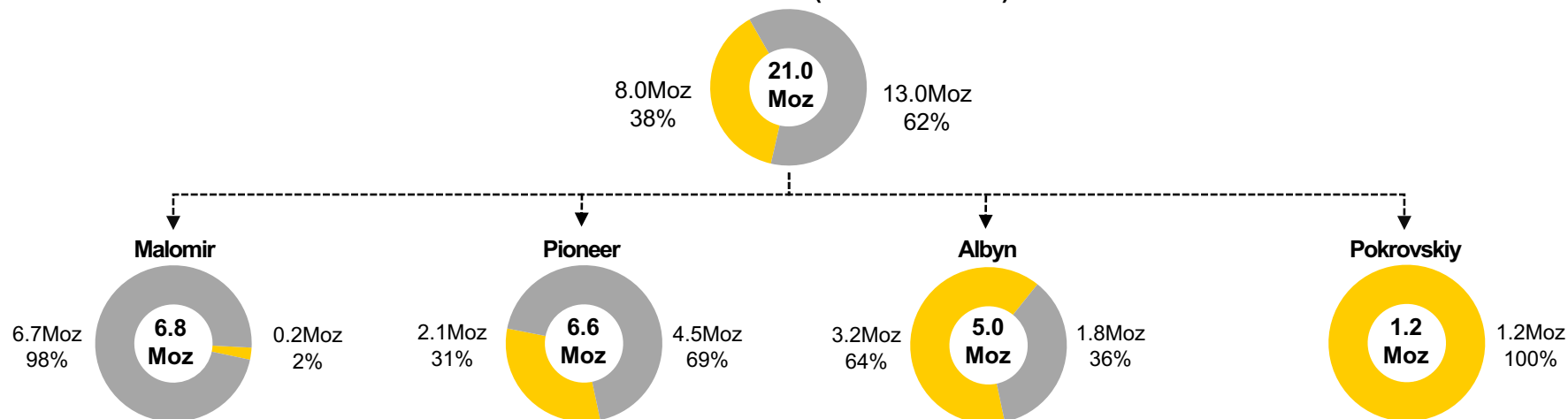
Track Record of Resource Growth

As at YE 2019, Group Reserves & Resources totalled 21.0Moz Au, with Reserves of 8.5Moz Au

- Increase in Mineral Resources driven by exploration success at Pioneer, Malomir and higher gold price assumptions
- 0.5Moz depleted through mining activities in 2019 were more than replaced via conversion of resources to reserves predominantly at Elginskoye and Quartzitovoye sites as a result of successful exploration completed during 2019
- Tokur, not shown below, contains non-refractory Resources of 1.4Moz

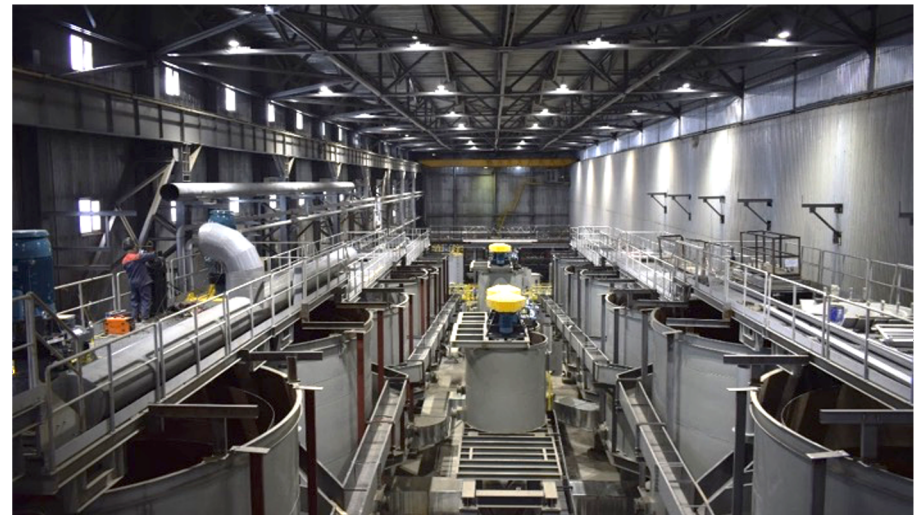


Total JORC Resources (as at 31 Dec 2019)



Pioneer Flotation: Construction on Schedule for Q4 2020 Launch

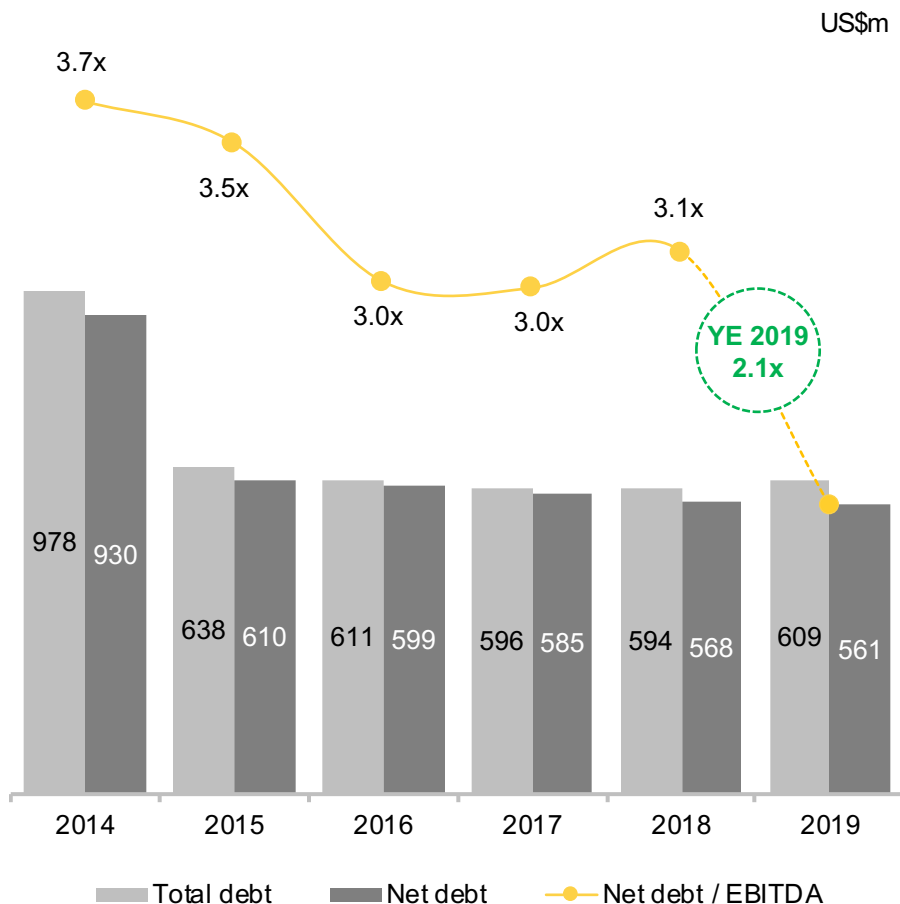
Once operating at full capacity, the new flotation plant will double the Group's flotation capacity from 3.6Mtpa (2 x existing lines at Malomir) to 7.2Mtpa



Balance Sheet Significantly De-risked Through Management Actions

Net Debt / EBITDA ratio has decreased to 2.1x as at YE 2019

Improved Net debt/EBITDA



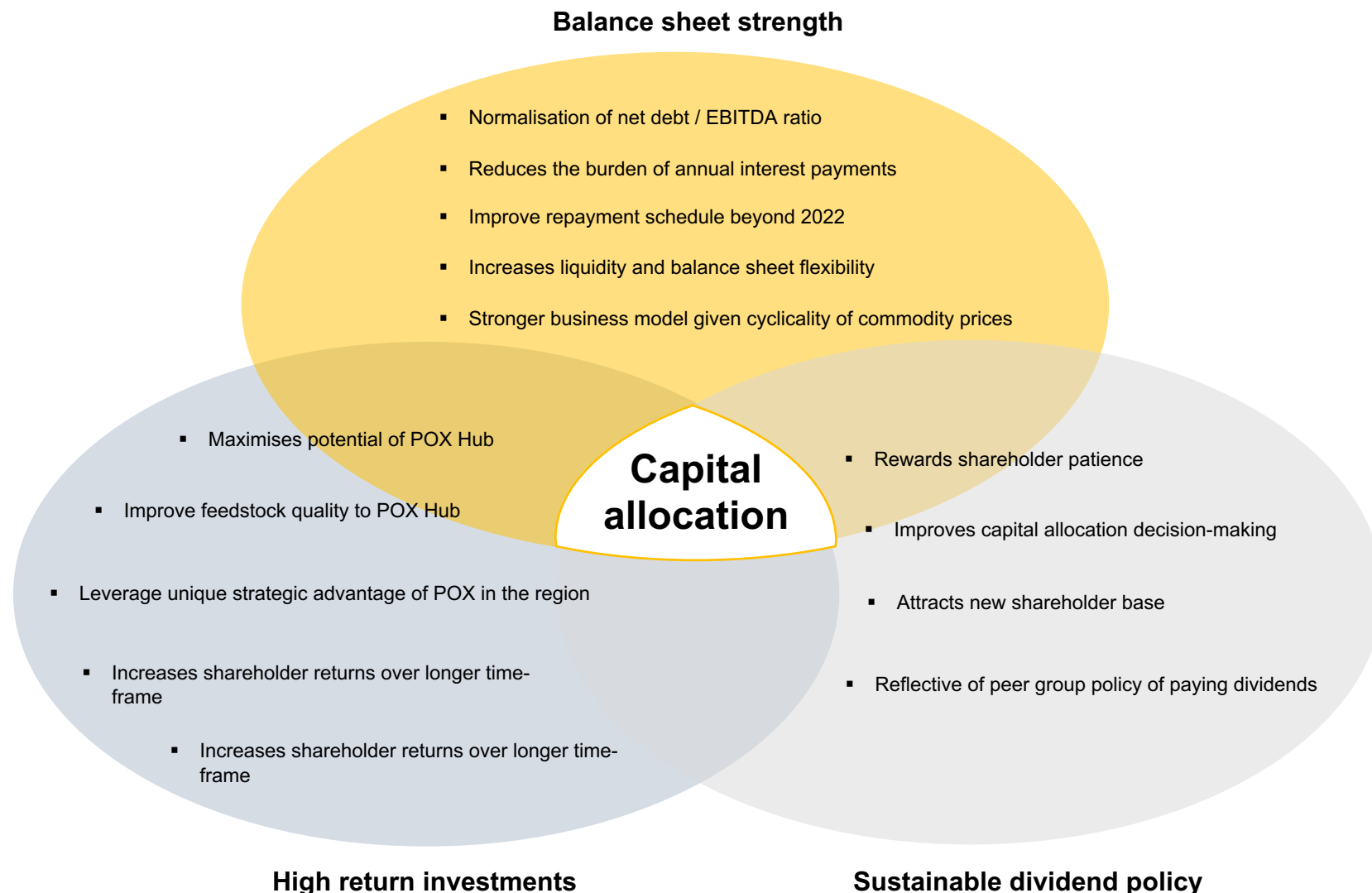
Steps taken to strengthen balance sheet

- Focus on EBITDA has led to 45% y-o-y growth in 2019, which has driven Net debt/EBITDA down to 2.1x⁽¹⁾
- Refinancing of the US\$100m convertible with new US\$125m issuance due in 2024
- The Company has entered into a transaction to remove the IRC debt guarantees



Captial Allocation Framework

Board considerations to take into account discussion with shareholders and stakeholders⁽¹⁾



Q&A Session

Senior Management and the Board look forward to answering your questions



Dr Pavel Maslovskiy
Chief Executive Officer
Chair of Executive Committee



Dr Alya Samokhvalova
Deputy CEO



Mr Danila Kotlyarov
CFO and Executive Director



Mr Dmitrii Chekashkin
Business Transformation
and Operational Efficiency



The Rt. Hon. Sir Roderic Lyne
Non-Executive Chairman
Chair of Nominations Committee



Ms Fiona Paulus
Independent Non-Executive
and Chair Designate



Mr Harry Kenyon-Slaney
Senior Independent Director
Chair of Safety, Sustainability and
Workforce Committee



Robert Jenkins
Independent Non-Executive Director
Chair of Audit and Remuneration
Committees