



PETROPAVLOVSK

PETROPAVLOVSK PLC

FY 2019 Results & Q1 2020 Production Update
27 May 2020

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FY 2019 Financial Results Presentation & Q1 2020 Production Update

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A black and white photograph of a large industrial facility, likely a water treatment plant. The image shows multiple large circular tanks, some with water being poured into them, and a complex network of pipes and metal walkways. A yellow semi-transparent banner is overlaid across the middle of the image.

Opening Remarks

FY 2019 Highlights

2019 has been one of the most successful periods in the quarter-century history of the Group

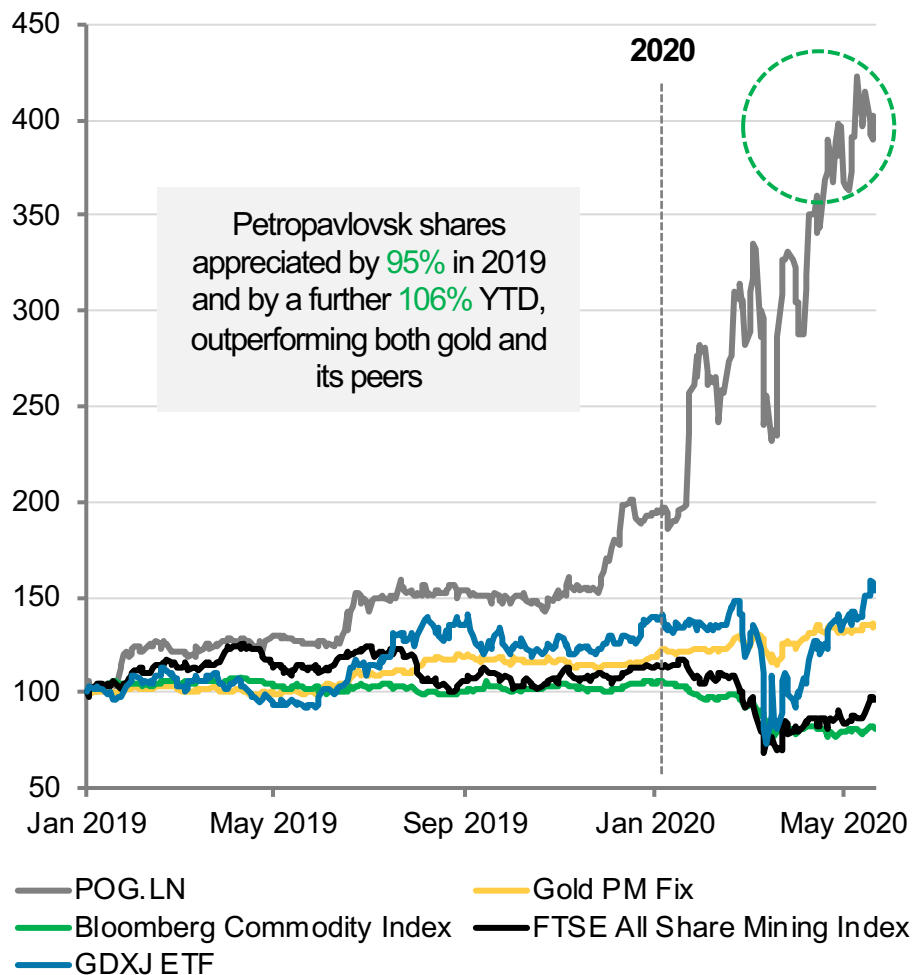
Operational	Gold sales +39% to 514Koz	POX Hub treated a record 188kt of refractory concentrate, producing 1/3 of the Group's gold	Pioneer flotation construction on track, successful transition at Malomir to a refractory asset
Financial	Group Revenue +49% to US\$742m	EBITDA +45% to US\$265m	Total Cash 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



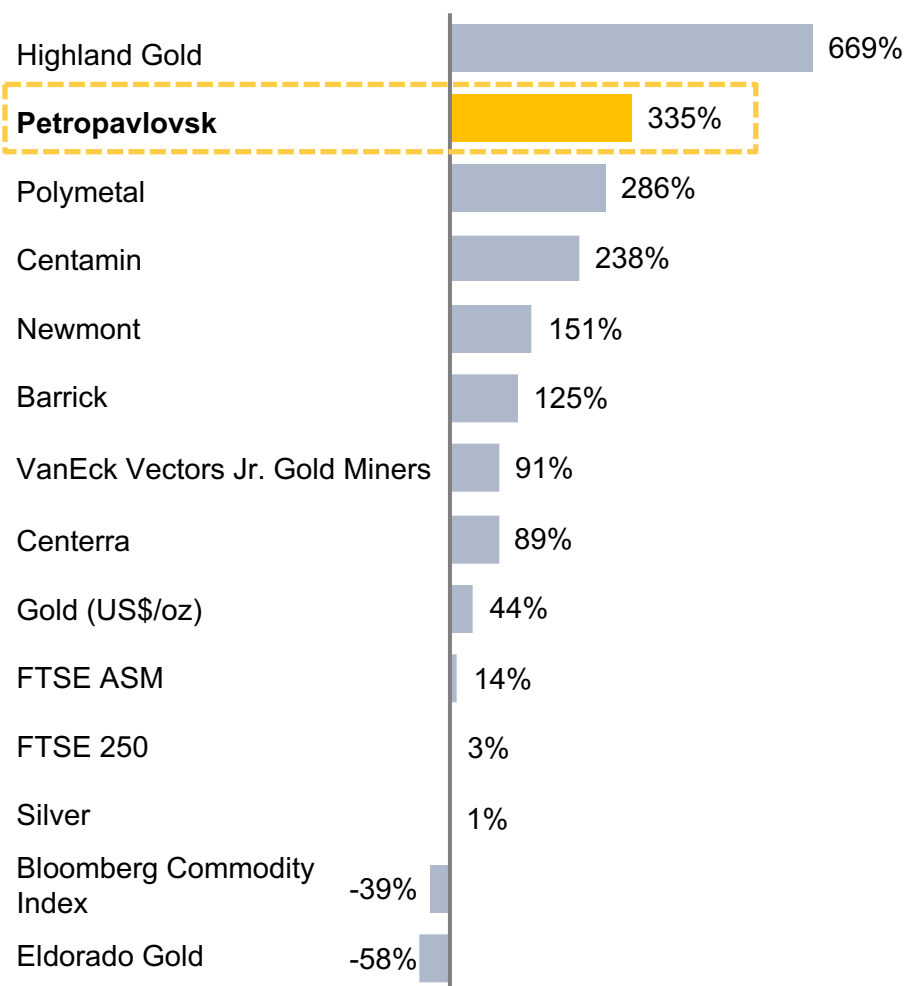
A Significant Re-rating is Underway

The Company's strong performance has been recognised by the markets and reflected in the share price performance

2019 Share Price Performance⁽¹⁾



Total Shareholder Return (5 year TSR)⁽¹⁾









Corporate Governance

Strong Corporate Governance Supported by an Experienced Board

Board fully compliant with the UK Corporate Governance Code

	<p>Sir Roderic Lyne ^(N*) <i>Non-Executive Chairman</i></p> <ul style="list-style-type: none"> Appointed as Chairman following Jun 2018 AGM Previously was a Non-Ex. Director of Aricom PLC and Petropavlovsk PLC Served as British Ambassador to Russia from Jan 2000 until Aug 2004 	Non-Executive Chairman		<p>Ms Fiona Paulus</p> <ul style="list-style-type: none"> Over 37 years' global investment banking experience, at a senior level Last 15 years Fiona has specialised in advising companies in energy / resources sectors Board member of RHI-Magnesita (global FTSE 250 industrial company), where she also serves on the Audit and Sustainability Committees 	Chair Designate		<p>Dr Pavel Maslovskiy ^{(N) (S) (E*)} <i>Chief Executive Officer</i></p> <ul style="list-style-type: none"> Re-appointed in Jun 2018 Co-founded the Company in 1994 CEO of Petropavlovsk 1994-2011 (when acted as Senator-Member to Federation Council) and again 2014-2017 	Executive Director
	<p>Mr Danila Kotlyarov <i>Chief Financial Officer</i></p> <ul style="list-style-type: none"> Appointed CFO Feb 2020 and as Executive Director Apr 2020 Previously CFO of IRC, remains as IRC Non-Ex. Director Member of ACCA, CFA holder, HK and Russia Associations of Financial Analysts 	Executive Director		<p>Mr Harry Kenyon-Slaney ^{(S*) (A) (N)}</p> <ul style="list-style-type: none"> Appointed Nov 2018, became Senior Independent Director April 2019 Currently holds positions of Non-Ex. Chairman at Gem Diamonds, Non-Ex. Director at Sibanye Gold 33 years experience, principally with Rio Tinto 	Sr. Indep. Non-Exec. Director		<p>Mr Damien Hackett ^{(N) (A) (R) (S) (RC)}</p> <ul style="list-style-type: none"> Appointed Oct 2018 Mr Hackett is Chairman of UrAmerica Has 26 years critical research experience covering globally diverse mining companies Former Vice Chairman Mining Advisory at Canaccord Genuity 	Indep. Non-Exec. Director
	<p>Mr Robert Jenkins ^{(A*) (R*) (N)}</p> <ul style="list-style-type: none"> Re-appointed Jun 2018 25 years of Russia-related investment / natural resources experience Previously CFO of two Russia-focused natural resources companies Formerly held Board appointments with Ruspetro and Toledo Mining plc 	Indep. Non-Exec. Director		<p>Mr James W Cameron Jr ^{(A) (R) (RC)}</p> <ul style="list-style-type: none"> Appointed Oct 2018 Formerly Founder, CEO + Chairman of Occupational Urgent Care Systems Extensive experience, providing expertise and consulting services for companies in Russia and the former USSR 	Indep. Non-Exec. Director		<p>Ms Charlotte Philipps ^{(A) (R)}</p> <ul style="list-style-type: none"> Appointed Nov 2019 Extensive natural resources sector corporate finance and transactional experience across CIS / CMEA Member of the Strategy / Investment Committee at Inter RAO Member of the Advisory Board of CAPTIS Intelligence Inc. Previously held senior positions at EBRD and AIG Russia Century Fund 	Indep. Non-Exec. Director
	<p>Mrs Katia Ray ^{(R) (S) (RC)}</p> <ul style="list-style-type: none"> Appointed Nov 2019 Over 25 years' of mining sector experience in senior leadership roles with Rio Tinto and Anglo American plc Founded a management consulting firm advising corporate mining companies and private equity groups and start-ups 	Indep. Non-Exec. Director		<p>Mr Tim McCutcheon</p> <ul style="list-style-type: none"> Over 20 years experience in mining and finance, leading / advising a wide range of natural resources companies Previous roles at Bear Stearns, Aton and Pioneer Investments Former Founder / Partner of DBM Capital Partners Currently CEO and of Kenadyr Mining (Holdings) Corp. (TSX Venture Exchange) and a Non-Ex. Director of Ovoca Bio PLC (AIM) 	Indep. Non-Exec. Director		<p>Mr Maxim Kharin</p> <ul style="list-style-type: none"> Appointed Apr 2020 CFO of UGC, Petropavlovsk's largest shareholder, since 2012 Previously held several roles in International Audit Department at Moore Stephens and responsible for independent audit across a range of sectors, including mining 	Non-Exec. Director

(A) Member of the Audit Committee (R) Member of the Remuneration Committee (S) Member of the Safety, Sustainability and Workforce Committee (E) Chairman of the Executive Committee (N) Member of the Nominations Committee (RC) Member of the Risk Committee. *Denotes role of Committee Chairman

Corporate Governance Developments

A strong, independent, highly qualified and diverse Board, actively engaged in the strategic decision-making and oversight of the Group throughout 2019

New 2019 appointments strengthen Board

- Independent Non-Executive Director Appointments of [Katia Ray](#) and [Charlotte Philipps](#) in November 2019
- [Danila Kotlyarov](#) (Executive Director) and [Maxim Kharin](#) (Non-Executive Director) appointed April 2020

Additional appointments in Q1 2020

- Appointments of [Fiona Paulus](#) (Chair Designate) and [Tim McCutcheon](#) (Independent Non-Executive Director) on 27 May 2020
- Following these new appointments, in addition to the Chairman, the Board will have:
 - 2 x Executive Directors (CEO, CFO)
 - 8 x Independent Directors
 - 1 x Non-Independent Director
- Independent Non-Executive Directors have a notably wide range of relevant experience with a balance of ages, nationalities

Sir Roderic Lyne to retire at the conclusion of the June 2020 AGM

- Fiona Paulus joins Petropavlovsk as Chair Designate, following a distinguished career in investment banking spanning almost four decades, backed by extensive Board experience
- Following his retirement, 3 of 8 Independent Directors will be highly qualified women, reflecting our commitment to diversify Board gender representation

Executive Committee

Committee reconstituted in Jan 2019 and comprises a focused and experienced senior executive team who manage the Group on a day-to-day basis

Executive Committee comprises Board members, Dr Pavel Maslovskiy and Mr Danila Kotlyarov, along with:



Dr Alya Samokhvalova
Deputy CEO



Mr Sergey Yermolenko
General Director MC Petropavlovsk



Mr Nikolai Vlasov
Group Chief Geologist



Mr Dmitrii Chekashkin⁽¹⁾
Group Executive, Business Transformation and Operational Efficiency



Mr Mikhail Safray
Senior Legal Adviser

- Joined the Company in 2002
- Head of the Company's Corporate Office
- Member of Safety, Sustainability & Workforce Committee
- Non-Executive Director of RBCC and member of Global Advisory Board of CASS Business School
- Holds a Masters in Investment Management, PhD in Economics, BSc in Accounting and Audit and a BSc in Pharmacy
- Holds a Professional Accountant Certificate from the Institute of Professional Accountants of Russia

- Appointed as General Director MC Petropavlovsk in 2004
- One of the original members of the Group's founding management team
- Held top managerial positions with the Group since its inception in 1994
- Played an instrumental role in expansion of the Group into a multi-mine operation, overseeing commissioning of Pokrovskiy, Pioneer, Malomir and Albyn

- One of the original members of the Group's founding management team
- Prior, was the chief geologist of the only comprehensive geological exploration expedition in the Amur region
- Headed government department for the evaluation of gold resources in the Russian Far East
- Received various state awards, including for excellence in exploration of mineral resources, Honored Prospector of mineral resources and Honored Geologist of the Russian Federation

- Joined the Group in 2003
- Appointed as Group Executive, Business Transformation and Operational Efficiency in 2019
- More than 25 years of experience in gold mining industry
- Prior, was employed as Deputy General Director of Finance for two leading gold mining enterprises in the Russian Far East
- Qualified engineer

- Appointed as Senior Legal Advisor in 2018
- Prior, held a number of senior legal positions with large Russian and international companies
- Acted as legal counsel for EBRD in London, where was responsible for investments in industrial companies in CIS and Balkans
- Graduated from the National Research University Higher School of Economics and received a PhD from Kutafin Moscow State Law University and LL.M from Boston University



COVID-19 Response

COVID-19 Pandemic: Comprehensive Action Plan Implemented

Following the pandemic outbreak, the Company has proactively responded to COVID-19 developments in order to protect the health and wellbeing of all its employees

Emergency response team established to detect and limit possibility of the virus affecting the Group's operations

- Response team includes representatives from each of the Group's businesses in Russia
- If necessary the response team works with local authorities

Continuous monitoring of potential impact virus may have on the welfare of employees, communities and operations

Zero detected cases of COVID-19 at any of Petropavlovsk's mining, research or administrative operations in Russia or London⁽¹⁾

No operational disruptions in relation to gold production or sales

Supply chain / logistics unaffected, with ongoing monitoring and all necessary precautions in place to secure business continuity

- Supply channels remain fully functional with production inputs / materials predominantly sourced within Russia

Risk mitigation strategies focused on protecting all employees

- Provision of regular medical advice to prevent infection / spread thereof
- Thorough reporting culture of any infection or illness
- Appropriate resourcing to medical facilities across the Group

Infection Prevention Measures

Employee and community actions taken

- ✓ Strict precautionary procedures in place at all production sites
- ✓ Mine shift pattern adjustments to lower frequency of new teams arriving onsite
- ✓ All employees and contractors undertake 14 days quarantine prior to start of each shift
- ✓ At least two rounds of COVID-19 testing for all employees upon (1) arrival to site for quarantine (2) prior to start of each shift, with additional testing carries out if required
- ✓ Restricted business travel with closure of Moscow and London offices until further notice, written authorisation required to enter buildings
- ✓ Daily check of staff temperature at start of each shift
- ✓ Check of temperature of any persons arriving on site
- ✓ Designated quarantine zones house individuals showing any flu symptoms
- ✓ Restricted contact between employees not connected by common production process at the mines and during shift changes
- ✓ All transport, public places (eg. dining areas, kitchens), utensils and food undergoes thorough disinfection and cleaning
- ✓ Purchase and distribution of PPE and disinfectants
- ✓ Raising awareness on symptoms, prevention and personal precaution measures
- ✓ Local community support with distribution of masks and hand sanitiser among local businesses





Operational Review

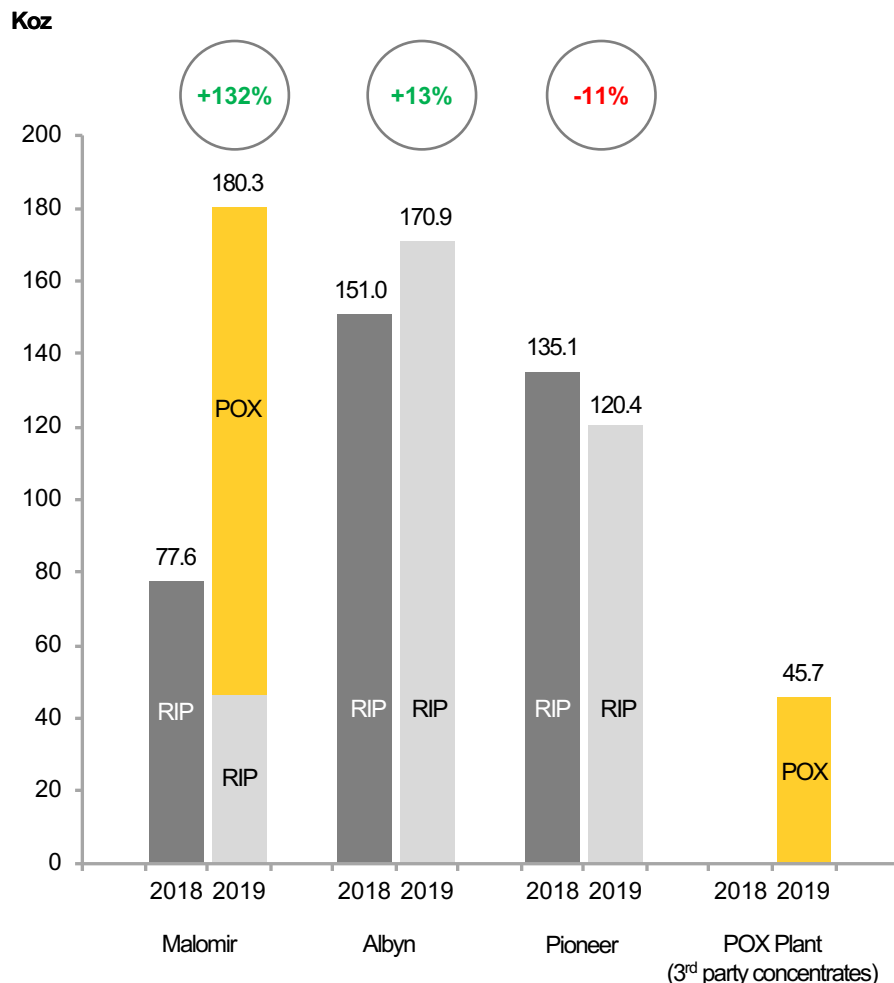


The background image is a grayscale photograph of a large-scale mining operation. The upper portion shows a vast, terraced open-pit mine with multiple levels of excavation, stretching towards a horizon under a sky with scattered clouds. The lower portion features a large, dark-colored Caterpillar haul truck, specifically a 980H model, as indicated by the text on its side. The truck is shown from a rear-three-quarter perspective, driving along a wide, unpaved dirt road. It is carrying a load of material in its bed, and a significant amount of dust is being kicked up behind it, partially obscuring the road surface. In the background, another similar truck is visible further down the road, and various pieces of mining equipment and infrastructure are scattered across the landscape.

FY 2019 Production Performance

Total 2019 gold production increase of 22% to 517.3koz

FY 2019 vs. 2018 production by mine-site



Malomir

- Successful transition to a predominantly refractory asset
- c.¾ of annual production volumes from mining / processing refractory ore from Malomir's Central pit
- Flotation plant exceeded design rate / recovery, allowing for processing of lower grade material
- POX recovery rates of 88.6% throughout ramp-up period significantly improved to 92.2% in Q4 for Malomir concentrates

Albyn

- Overall, strong performance due to increased volumes of higher-grade ore from lower sections of main ore body + southern flank
- Consistently high processing plant recoveries, at avg. 93.9% over the year

Pioneer

- Processing of harder ores from bottom of the pits resulted in a c.12% decrease in milled ore volumes
- As a result, despite achieving higher recoveries + grades, overall production was slightly lower yoy

POX 3rd party concentrates

- 32.5kt processed @ 61.6g/t, 94.9% recovery = 45.7koz

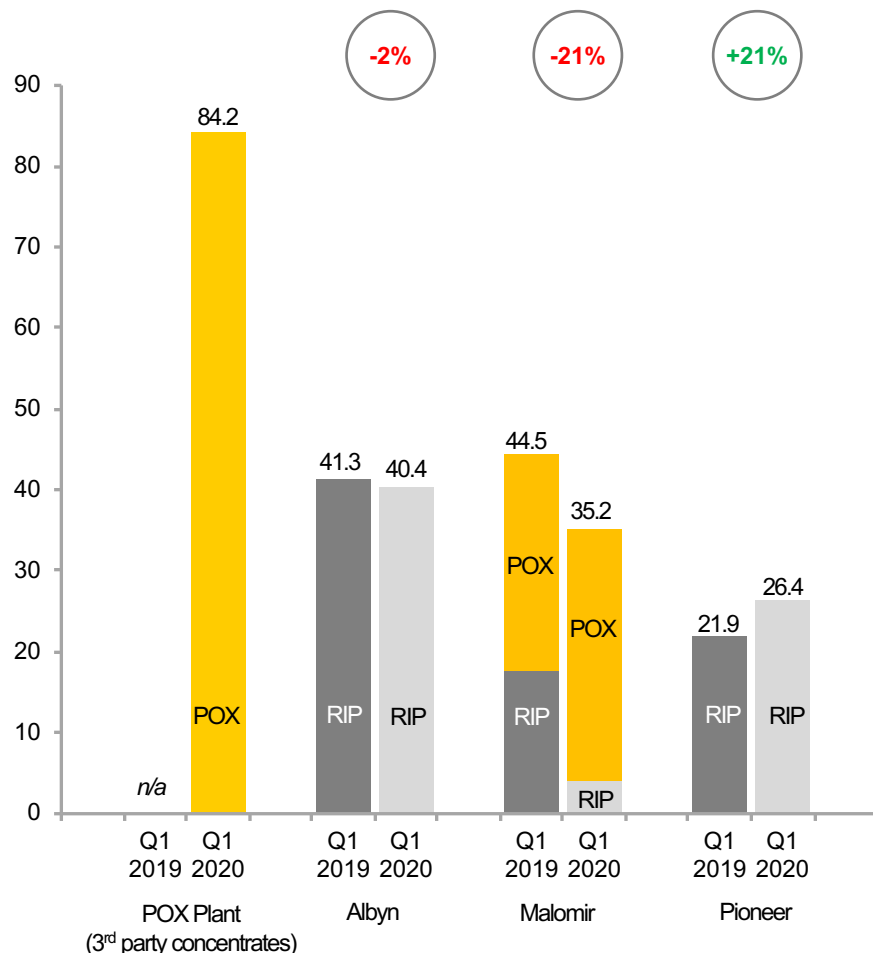


Q1 2020 Production Performance

Total Q1 2020 gold production up 73% to 186.2koz (Q1 2019: 107.7koz), of which 115.4koz came from processing refractory concentrates at the POX Hub

Q1 2020 vs. 2019 production by mine-site

Koz



POX 3rd party concentrates (Q1 2020: 84.2koz)

- 35kt of high-grade material processed at 72.3g/t, with recoveries averaging 94.2%

Albyn (Q1 2020: 40.4koz)

- Performance in line with expectations in terms of mined volumes and grades from Albyn main pit
- RIP plant recoveries in line with budget at 94.0%

Malomir (Q1 2020: 35.2koz)

- 33.9koz of gold was recovered from processing 38kt of Malomir refractory concentrates (91.5% recovery)
- 4.1koz of gold recovered by processing non-refractory gold via RIP

Pioneer (Q1 2020: 26.4koz)

- Open-pit lower grade material (below 1g/t) was blended with higher grade ores from the Katrin pit and high-grade underground ore (4.9 - 6.6 g/t) prior to RIP plant processing



Pioneer Flotation: Construction on Schedule for Q4 2020 Launch

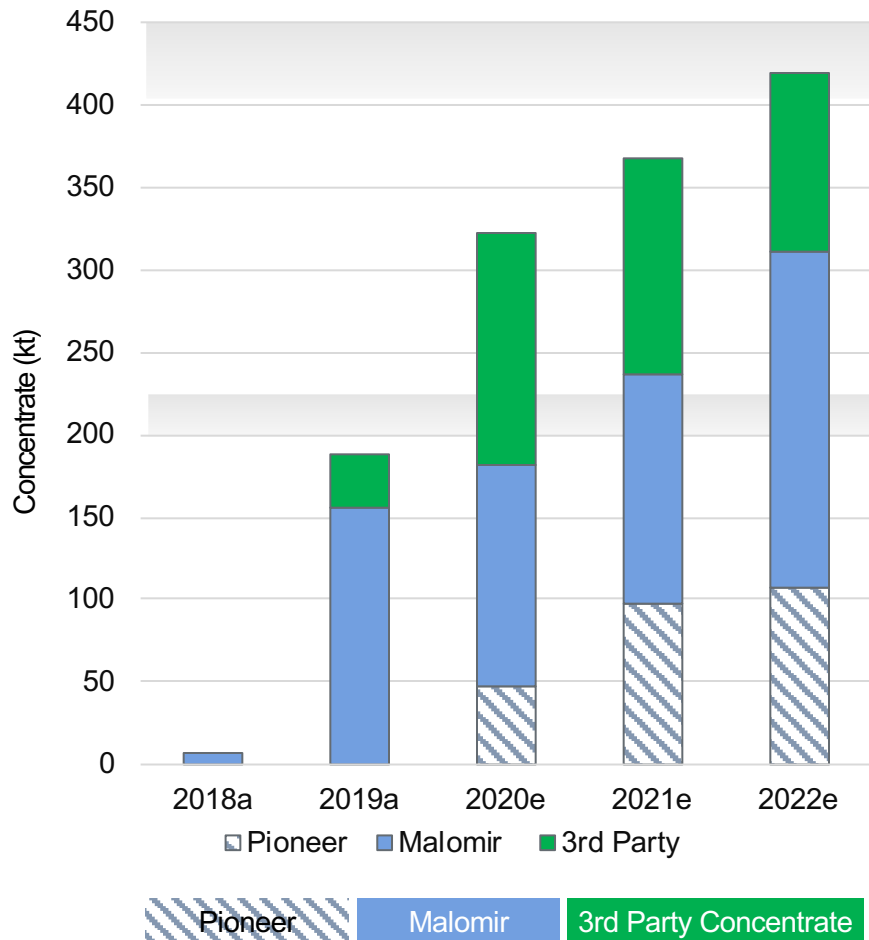
Once operating at full capacity, the new flotation plant will double the Group's flotation capacity from 3.6Mtpa (2 x existing lines at Malomir) to 7.2Mtpa



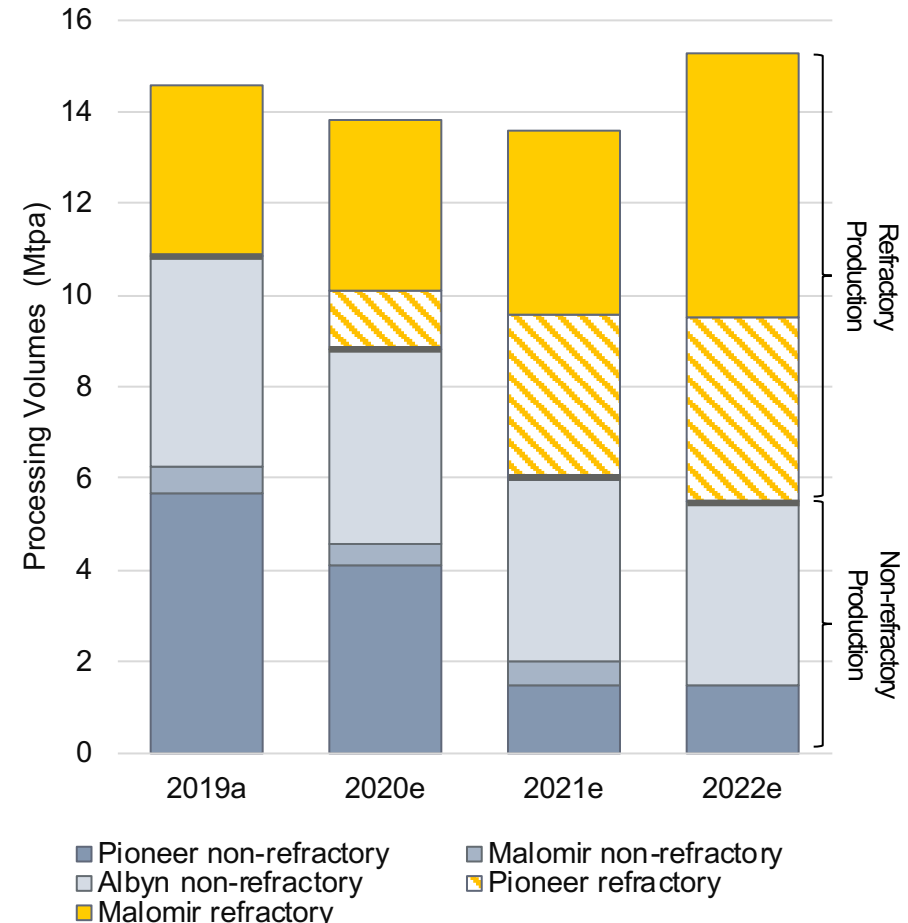
POX: The Heart of Our Future Strategy

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⁾



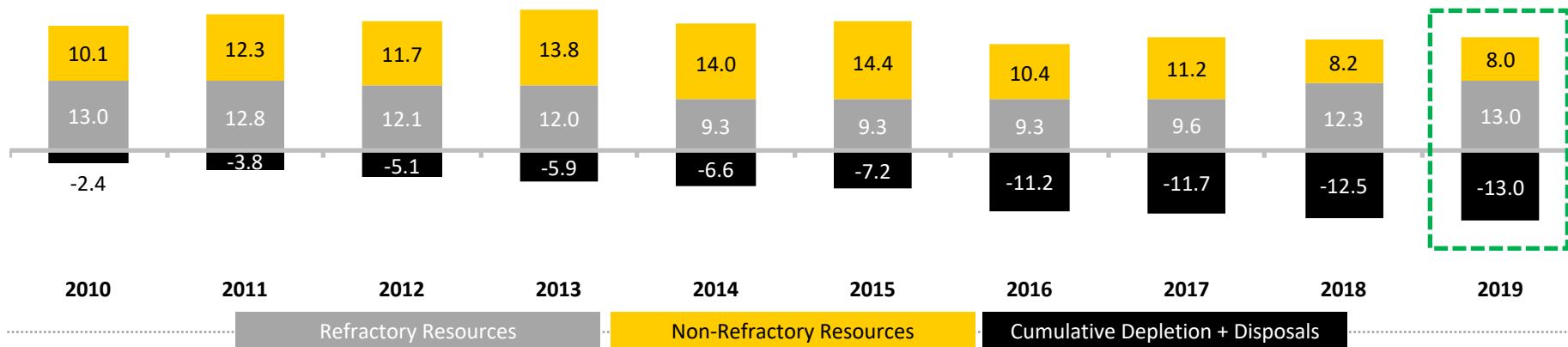
Contribution of Ores from Malomir, Pioneer and Albyn (Mtpa)⁽¹⁾



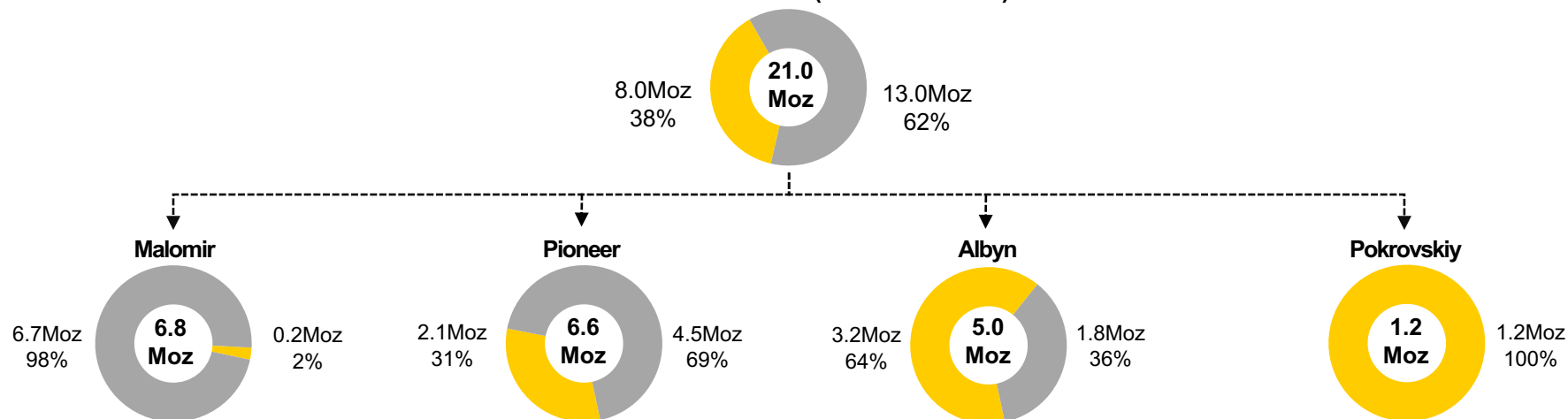
Track Record of Resource Growth

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)

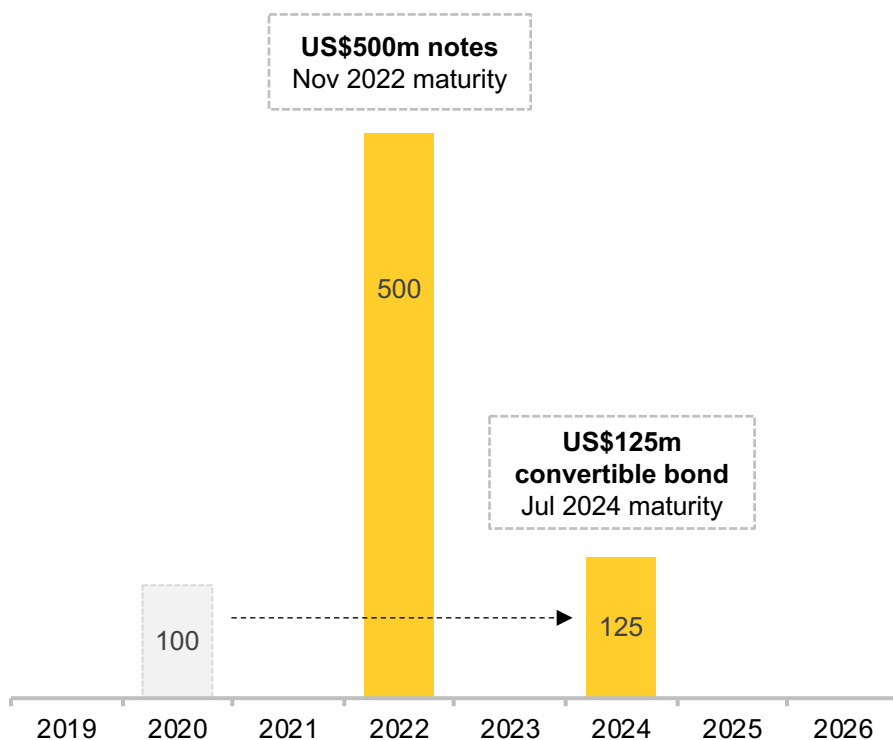


A Significant De-risking of the Balance Sheet is Underway

ND / EBITDA ratio has decreased to 2.1x as at YE 2019 (YE 2018: 3.1x), targeting < 2.0x in the near term

Group fixed income debt maturity schedule

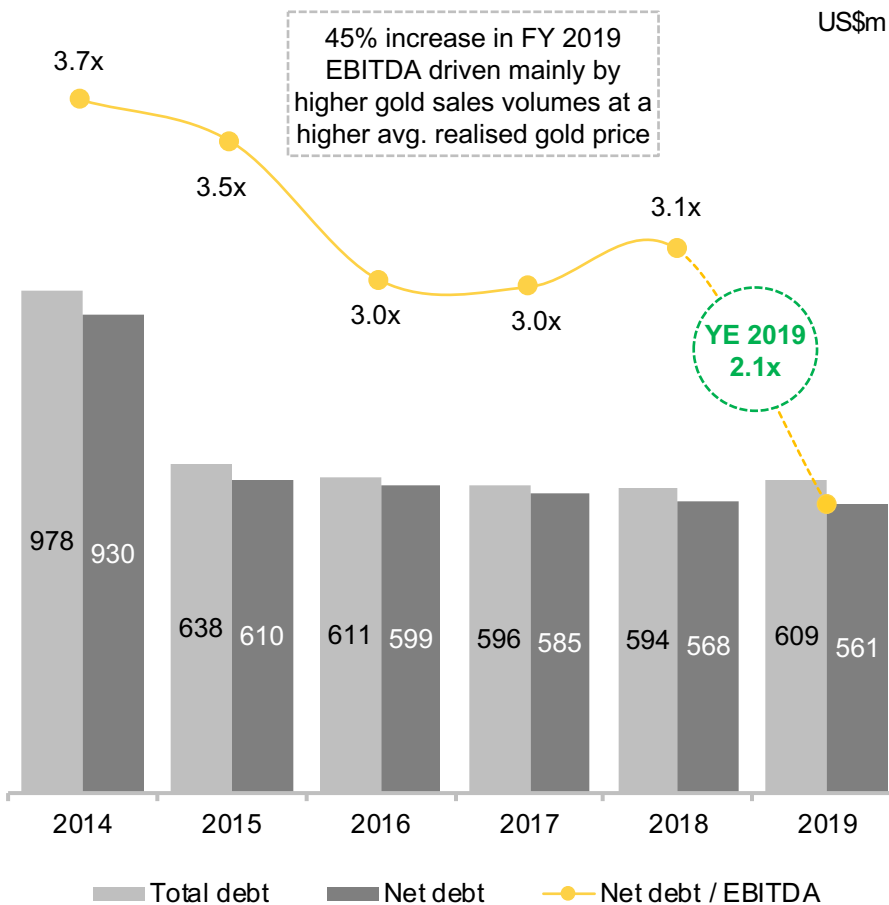
US\$m



- Improved maturity schedule strengthens near-term liquidity position + optimises repayment profile
- New US\$125m convertible offering in June 2019 has strengthened near-term liquidity position

Targeting near-term Net Debt / EBITDA of < 2.0x

US\$m



- The Board is actively considering liability management options with the aim of reducing leverage / cost of debt

Guidance and Outlook

A conservative strategy focused on long-term shareholder returns

2020 Guidance

Production

- **620 – 720Koz**, which includes processing of 3rd party refractory concentrates
- **430 – 460Koz** will be production from the Group's own ore

Total Cash Costs

- **US\$700 – US\$800/oz TCC** for our own gold production (based on current USD / RUB FX rates)
- **Production costs of third parties** concentrate depend on the prevailing gold price

Capex

- **US\$70m – US\$80m**, split between US\$60m – US\$65m of development capex + US\$10m – US\$15m of exploration spend

Development

- **Pioneer flotation plant** on track for Q4 2020 launch
- Once at full capacity, the flotation plant will double the Group's flotation capacity from 3.6 to 7.2Mtpa

2021 – 2024 Outlook

Production

- On average, the Group will target **c.600koz-700koz of gold production** annually over 2021 – 2024 period by processing its own refractory + non-refractory ores, as well as high-grade 3rd party refractory concentrates
- **450koz-500koz of gold** will be produced from the Group's own ore

Total Cash Costs

- **US\$800 – US\$900/oz TCC** for our own gold production⁽¹⁾

Capex

- Average capex spend of **US\$45m a year**, comprising of development and exploration spend



A Conservative Strategy Focused on Shareholder Returns

Group's strategy is to create superior value for shareholders

1 Cost optimisation + operational efficiencies

- Focus on operational efficiencies and cost optimisation at existing operations
- Track record of applying unique R&D capabilities to enhance gold processing / recovery techniques

2 Increase refractory concentrate production, unlocking POX Hub value creation

- Construction of new Pioneer flotation to double existing flotation capacity (Q4 2020 launch)
- Malomir 3rd flotation line planned for 2022, but may be accelerated
- Pioneer 3rd flotation line 2023

3 Balance sheet strengthening

- Improved cash generation via POX ramp-up
- Proactive liability management in relation to the Company's fixed income instruments
- Net Debt / EBTIDA of below 2.0x

4 IRC: realising value from non-core assets

- Preliminary agreement for the proposed termination of IRC guarantees and disposal of 29.9% of Petropavlovsk's interest in IRC for US\$10m entered into

5 Maintain / expand JORC reserves and resources

- Acquisition of outstanding 25% of TEMI
- Continue to generate maximum value from core assets via ongoing surface + u/g exploration
- Potential exploration at existing infrastructure



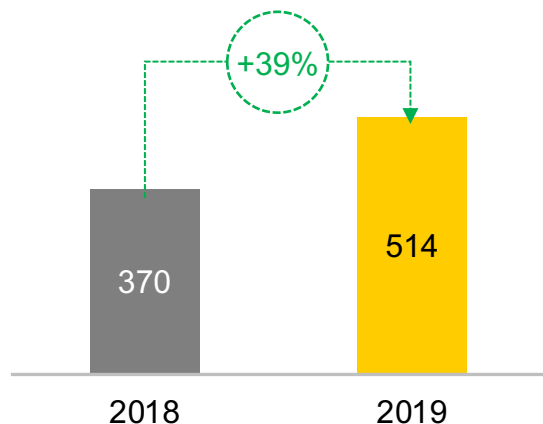
FY 2019 Financial Results

2019 Financial Results Highlights

Overall, a strong set of results, with higher gold sales, increased EBITDA and profits, while costs controlled

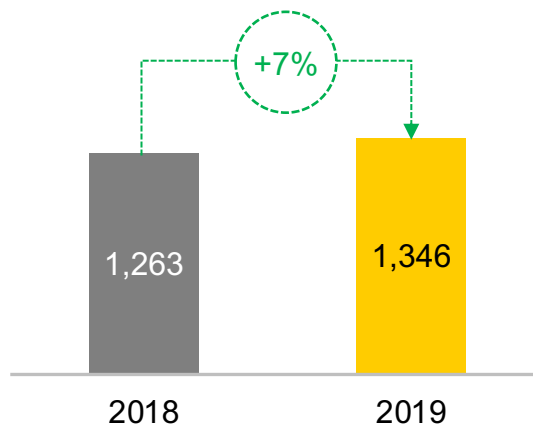
1

Gold Sold (koz)



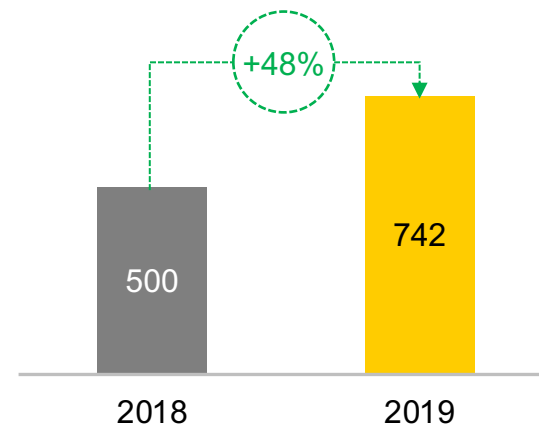
2

Avg. Realised Gold Price (US\$/oz)



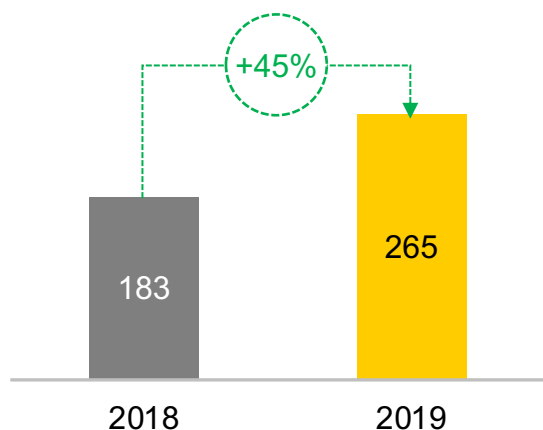
3

Group Revenue (US\$m)



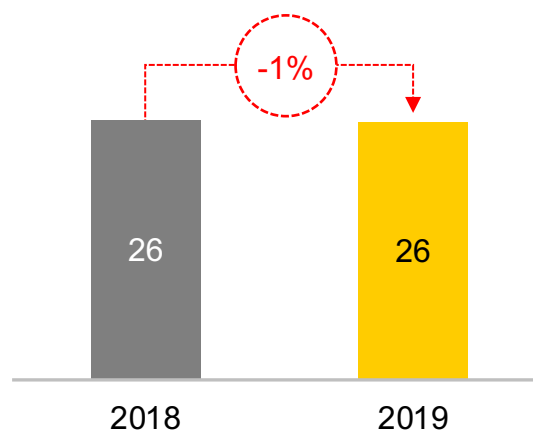
4

Underlying EBITDA (US\$m)



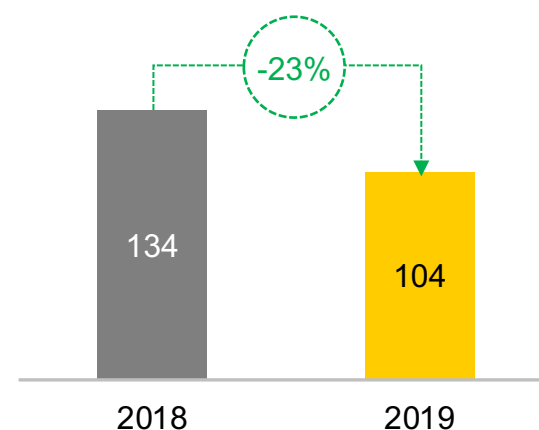
5

Profit for the year (US\$m)



6

Capital Expenditure (US\$m)⁽¹⁾



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(1) Capital Expenditure exceeded 2019 guidance due to US\$17.1m of additional capital expenditure at the POX Hub used to improve plant efficiency, and US\$5.3m used to advance the construction of a road between Albyn and Elginskoye

2019 Financial Results Highlights

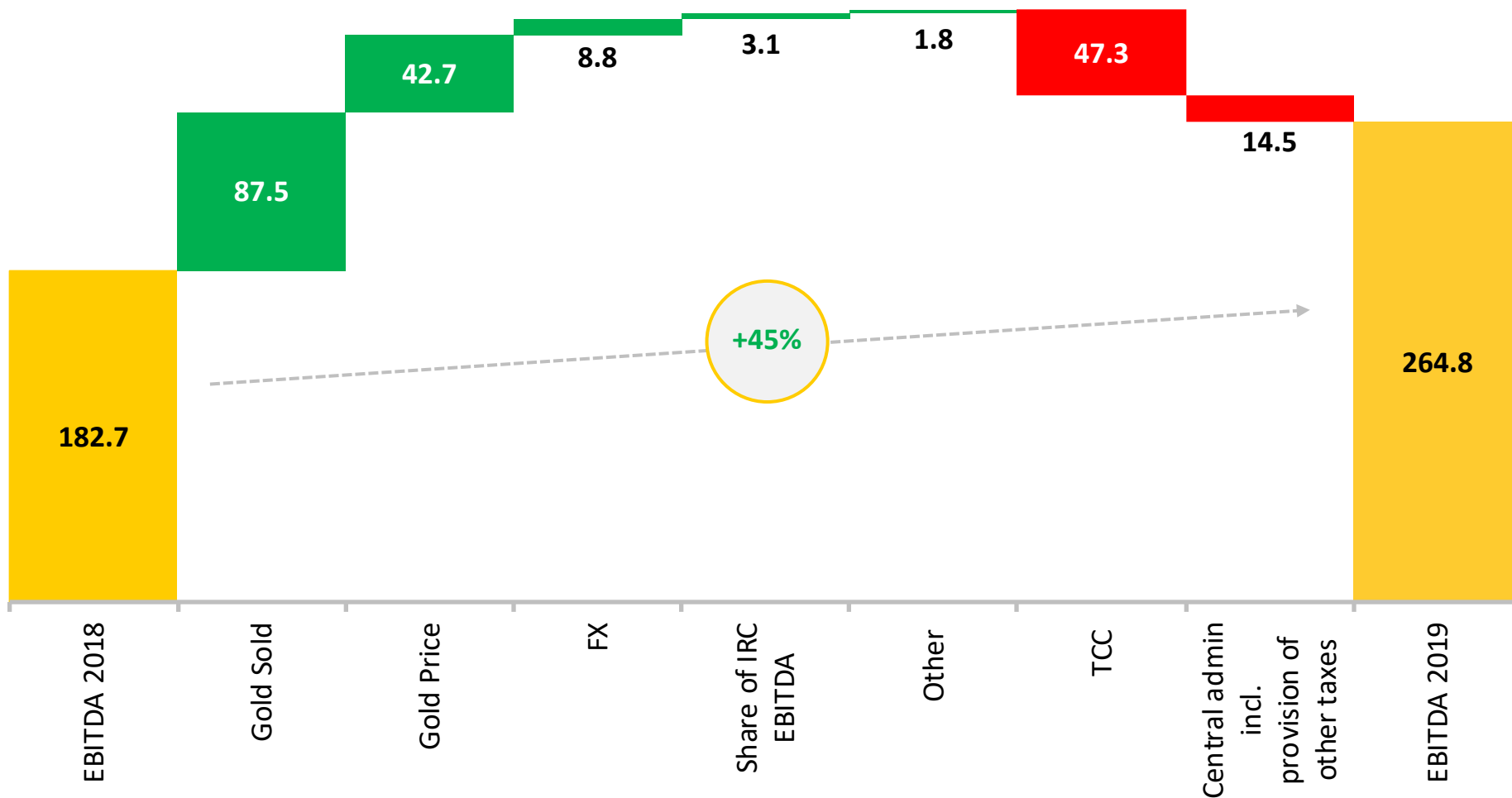
Strong operational performance resulted in higher volumes of gold produced and sold, at a higher average gold sales price than in 2018

	Units	2019	2018	Change
Gold production	Koz	517.3	422.3 ⁽¹⁾	+22%
Gold sold	Koz	514.0	369.6	+39%
Avg. realised gold price	US\$/oz	1,346	1,263	+7%
Group revenue	US\$m	741.6	499.8	+48%
Total cash costs (TCC)	US\$/oz	749	678	+10%
All-in sustaining costs (AISC)	US\$/oz	1,020	1,079	(5%)
Operating profit	US\$m	138.7	126.6	+10%
Underlying EBITDA	US\$m	264.8	182.7	+45%
Profit for the year	US\$m	25.7	25.9	(-1%)
Profit attributable to Petropavlovsk equity shareholders	US\$m	26.9	24.5	+10%
Cash generated from operations before w/c changes	US\$m	250.5	162.3	+54%
Net debt (as at 31 Dec)	US\$m	(561.3)	(568.0)	(1%)
Development capex	US\$m	89.6	112.7	(21%)
Exploration capex	US\$m	14.2	21.6	(34%)

FY 2019 EBITDA

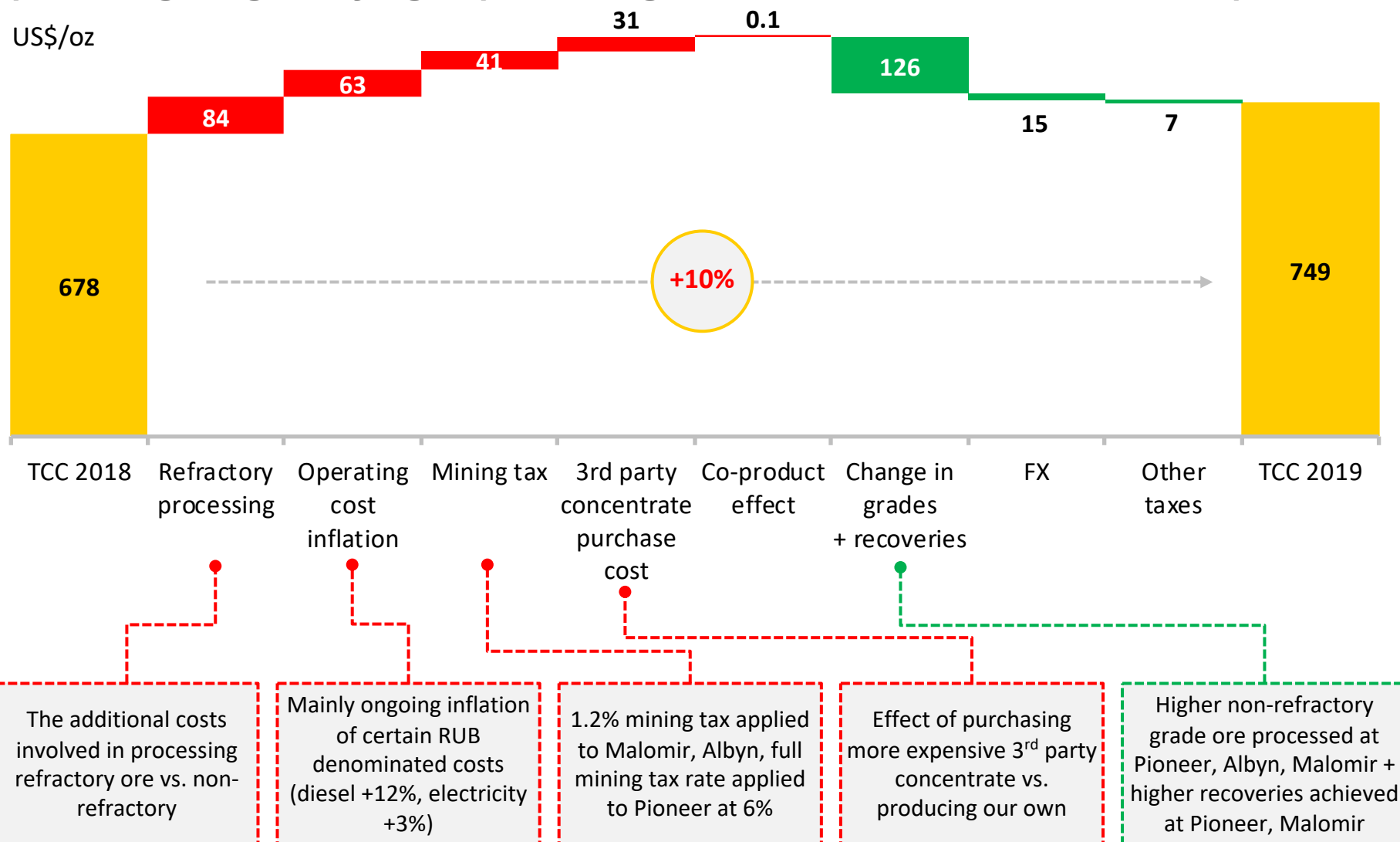
45% yoy EBITDA increase driven by higher gold sales at a higher average gold sales price
negatively affected by an increase in TCC

US\$m



TCC reported at below level of initial guided range of US\$850/oz – US\$950/oz⁽¹⁾

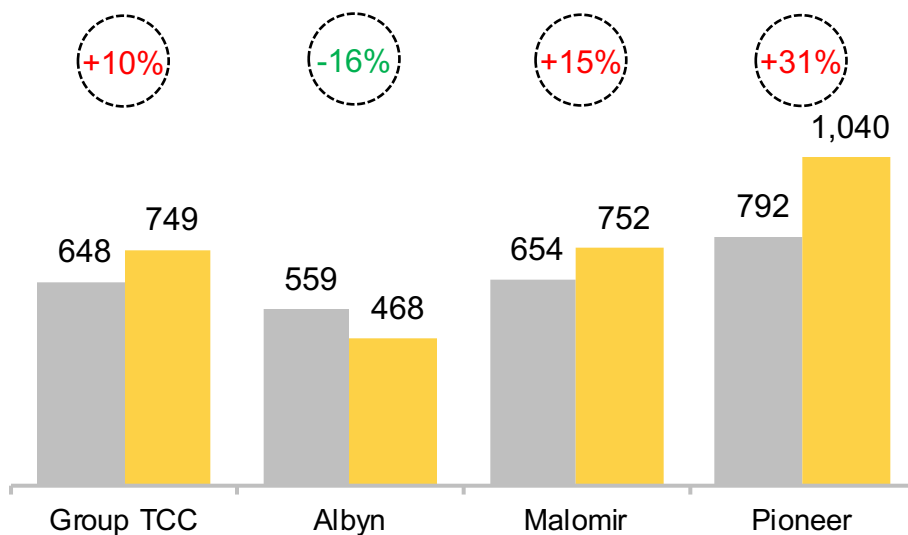
TCC affected by inflation of some RUB denominated costs and costs of refractory concentrate processing, mitigated by higher processed grades / recoveries, and effect of RUB depreciation



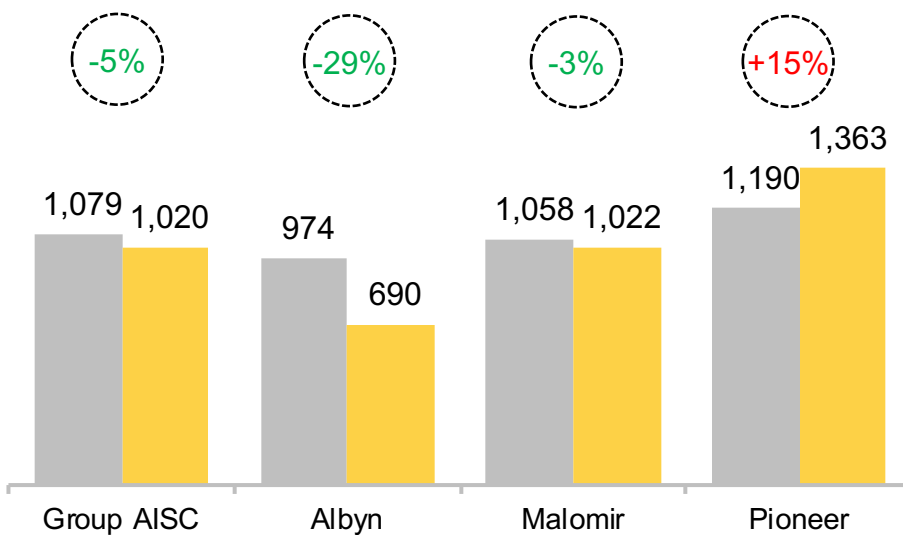
2019 Mine by Mine TCC and AISC

2019 TCC up by 10%, following successful ramp-up of POX, with AISC down by 5% reflecting partially lower sustaining exploration expenditure

2019 vs. 2018 TCC (US\$/oz)



2019 vs. 2018 AISC (US\$/oz)



General cost inflation offset by higher grades mined + processed, with recoveries at 93.9% for the year

Refractory ore processing costs: flotation, transportation and POX treatment

Includes 3rd party concentrate acquisition cost (which rises in line with gold price), general cost inflation, u/g mine capex

Lower overall TCC + significant decrease in capitalised stripping

Increase in TCC offset by decrease in capitalised stripping

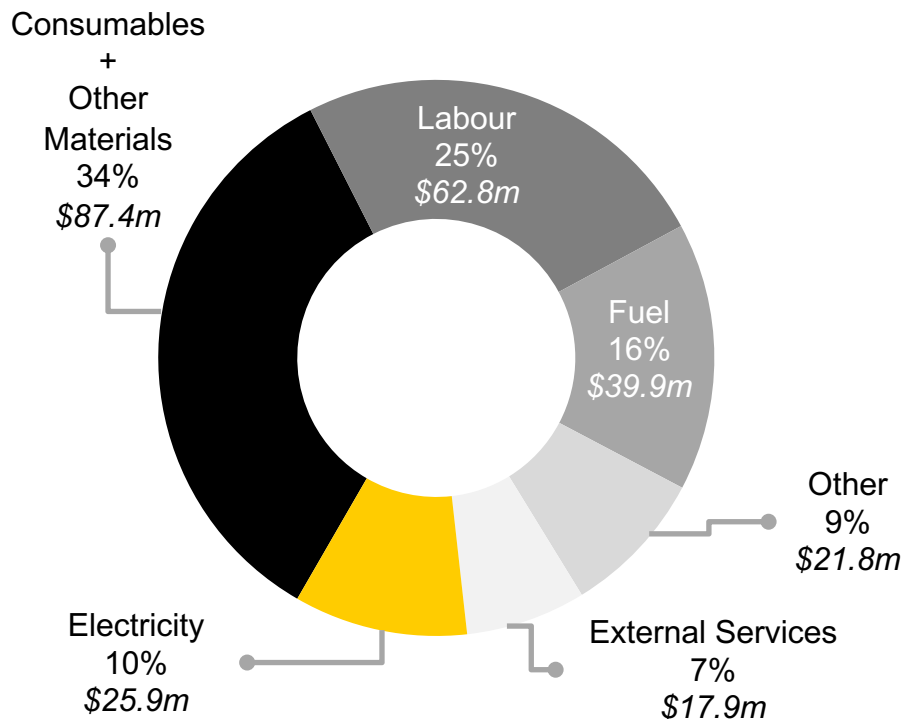
Increase in TCC partly offset by lower sustaining capex



Production operating cash expenses 2019 vs. 2018

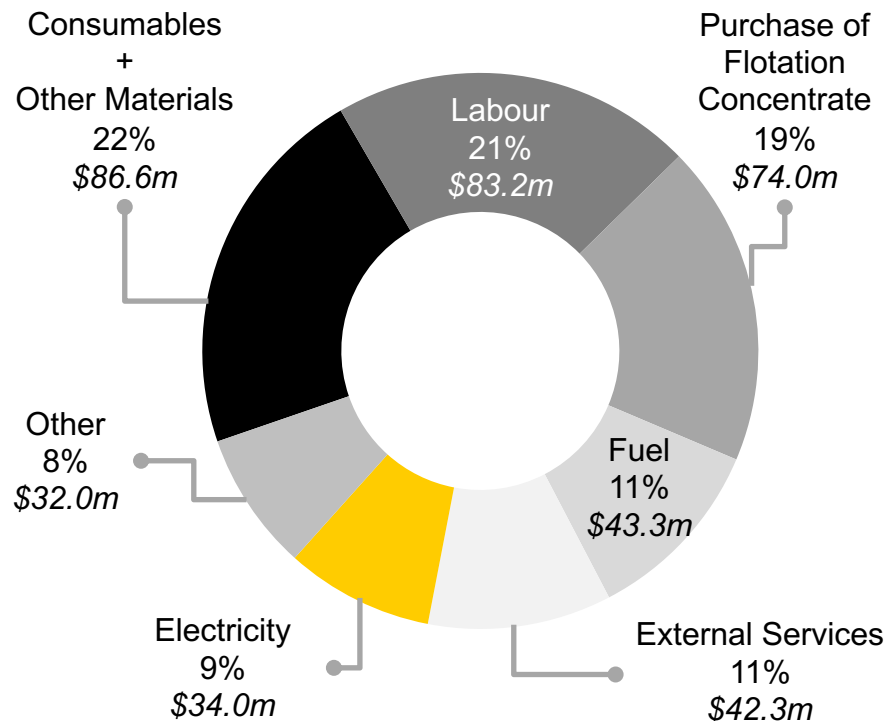
Increase mainly due to inflation of certain RUB costs and purchase of 3rd party concentrate

2018 Precious Metals Operating Cash Expenses



Total of **US\$255.7m** before movement in ore stockpiles, GIC and bullion in process of US\$8.6m

2019 Precious Metals Operating Cash Expenses



Total of **US\$395.5m** before movement in ore stockpiles, GIC, flotation concentrate and bullion in process of US\$60.8m

Avg. RUB/US\$ FX

Avg. Gold PM Fix US\$/oz

2019	2018	Change
64.7	62.7	+3%
1,392	1,268	+10%



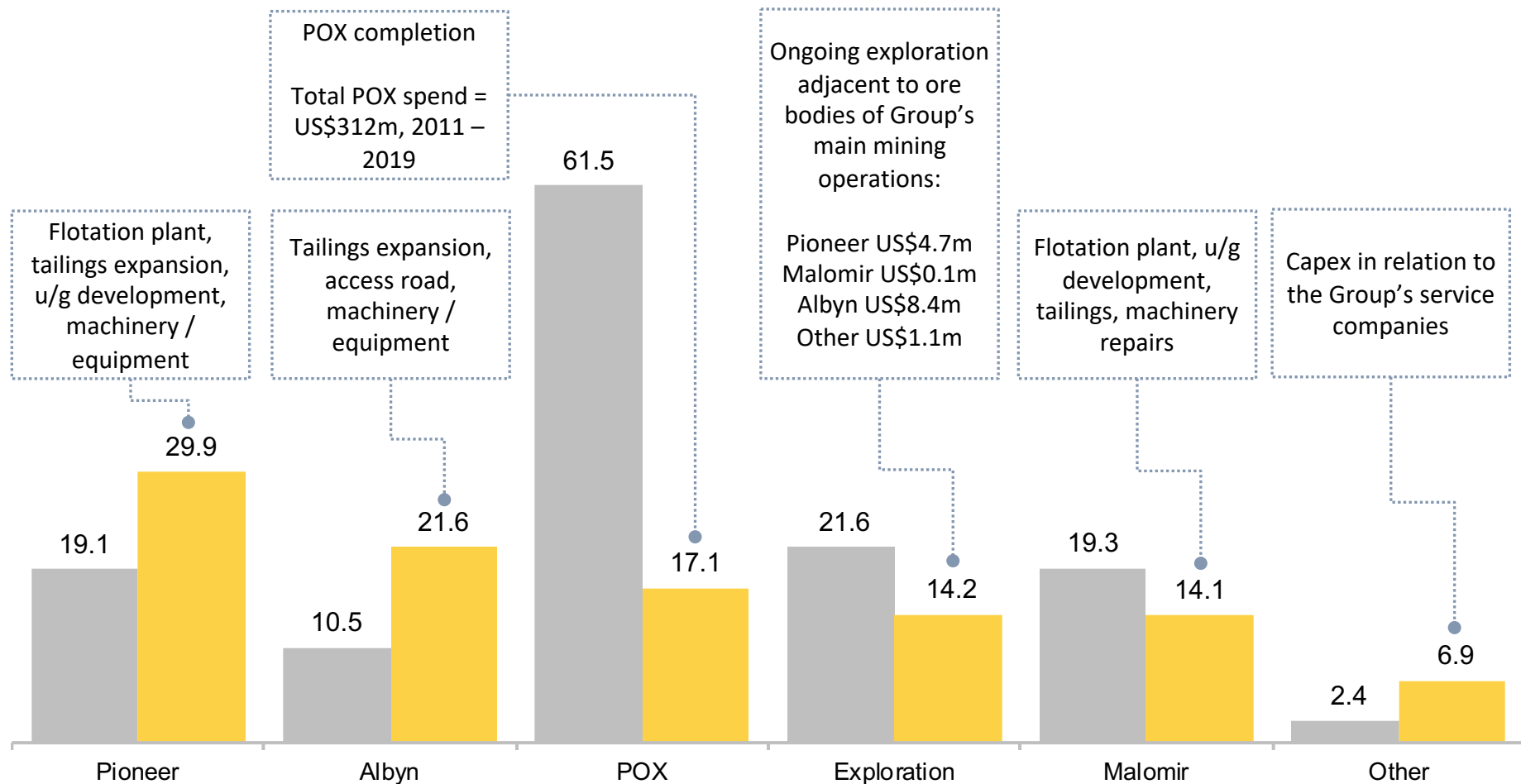
2019 Total Capex Spend

23% yoy decrease in capex as POX is now in operation and most of the related development spend is complete

US\$m

2018 Total Capex US\$134.4m

2019 Total Capex US\$103.8m



Liquidity

Risk mitigation measures in place to actively manage gold price / FX volatility and gold sales

Hedging and price protection

- **Previous gold hedging programme expired 31 Dec 2019**
 - Entered into at the request of the banks at a lower level of gold prices vs. now
 - Gold forward contracts were primarily used, limiting price upside participation
- **Commencing Apr 2020, the Company entered into the following arrangements (maturing Dec 2021)**
 - Zero cost collar with a RUB:USD price floor of RUB75.0 and a cap of RUB96.2 for US\$7m a month to secure a preferred RUB/USD FX rate to fund the Group's RUB denominated operating expenses
 - Zero cost collar with a gold price floor of \$1,600/oz and a cap of \$1,832/oz for 3.5koz a month to secure a preferred gold price level while leaving upside price increase potential
 - Hedging policy is under consideration, taking into account gold's current upward price trend and the Group's viability analysis

Gazprombank gold sales agreement

- Gazprombank has approved gold sales prepay limit valid through to the end of May 2024, allowing Petropavlovsk to receive prepays for 70% worth of gold to be shipped within 24 months of prepay receipt
- The Company's total prepay limit with respect to future gold shipments at any one point in time is limited by either volume (c.392koz Au) or amount (33.9bn RUB, c.US\$470m)
- Prepays to be settled using proceeds at the prevailing gold price at the date of shipment





Sustainable Development

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

UN Global Compact and SDGs

Petropavlovsk is committed to UNGC corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption

SDGs



Petropavlovsk Contribution

Maintaining healthy workplaces at all times and promote wellbeing among all our stakeholders

Contributing to education and learning in the region in which we operate, both by providing professional training opportunities for our employees and assisting local schools and educational facilities

Investigating and bringing into operation new, underground drinking water sources which can be used both by our operations and local community, and strive to minimise our impact on water resources

Developing infrastructure for the stable operation of our mines and the sustainable development of local settlements

Protecting forests and restoring biodiversity

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

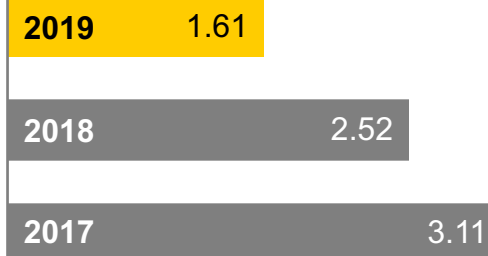
30 hrs
On average of safety training per employee

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

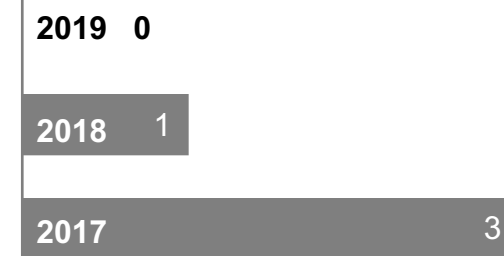
20%
increase in the number of employees involved
in mentoring programmes

91%
of workforce is from the Russian Far East

LTIFR

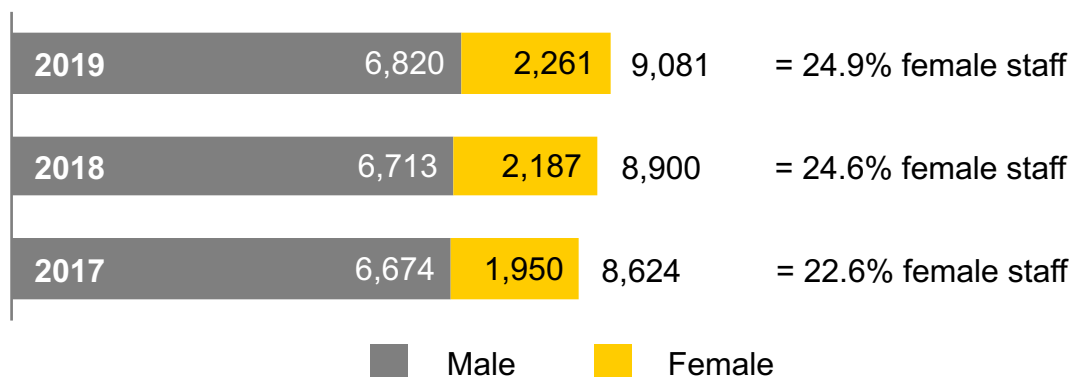


Fatalities



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



Environmental Stewardship

In 2019, we recorded no serious or moderate environmental accidents, while the number of minor incidents was c.3x less than in 2018

Key Facts 2019

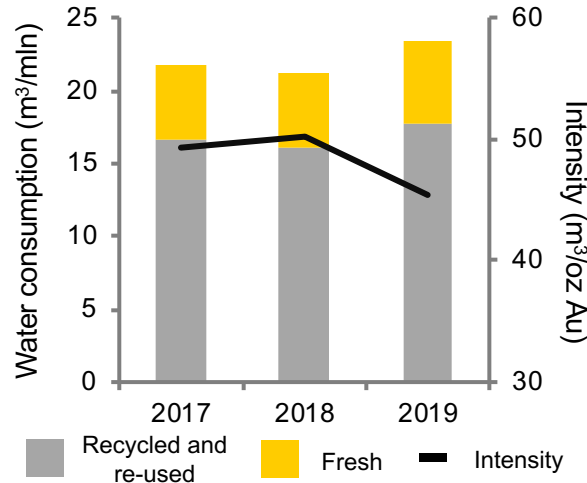
13%
Reduction GHG emissions intensity

0
Water discharge

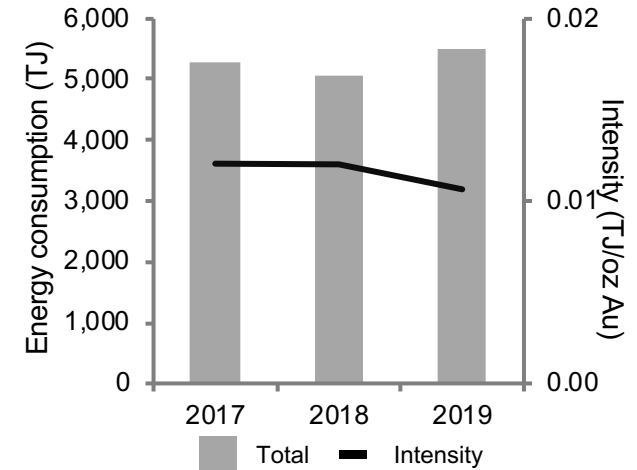
54%
Of waste rock re-used

0
Environmental fines

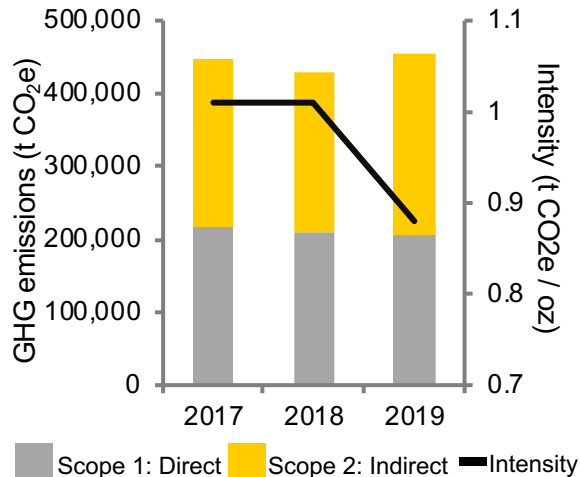
Water Consumption



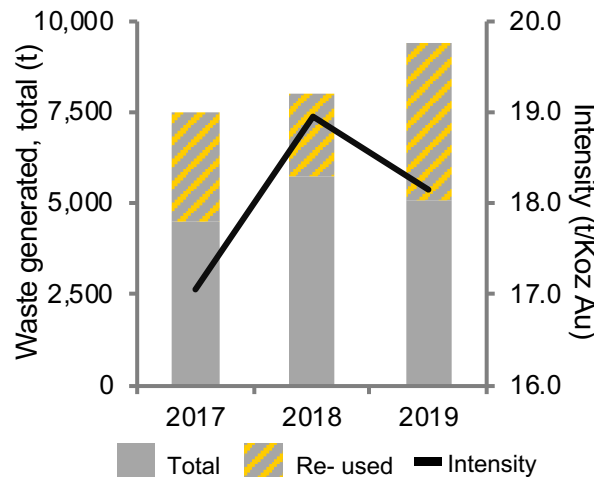
Energy Consumption



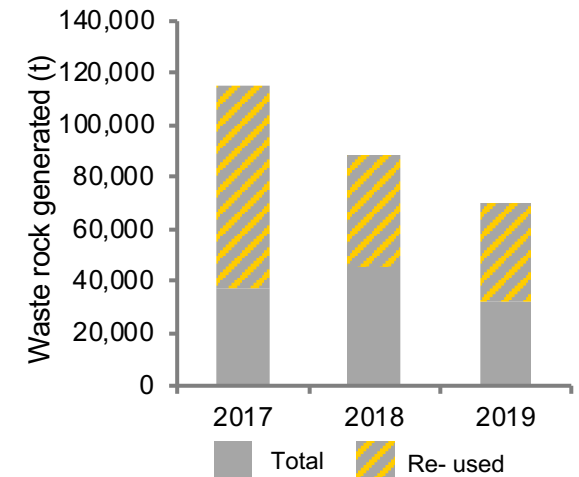
GHG Emissions



Waste Generated

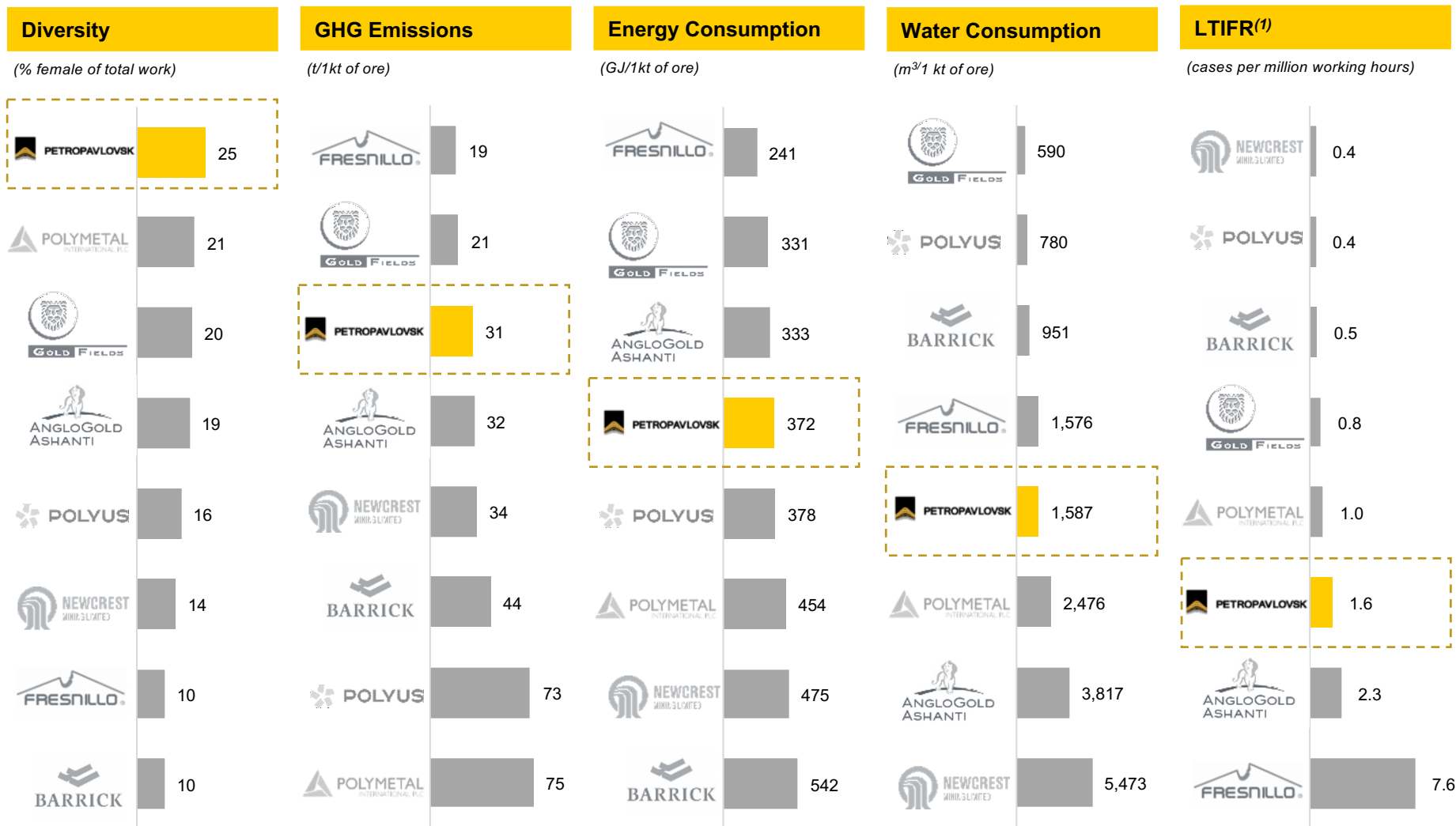


Waste Rock Generated



ESG Performance Benchmarking

Consistent and well positioned among peers in terms of ESG standards



PETROPAVLOVSK

(1) Reporting standards vary, it is not always apparent whether all accidents are reported by a company. Petrovsk reports accidents at all facilities while Russian legislation dictates to report the accidents at hazardous facilities only

Going Forward

Sustainability Goals and Plans 2020

	Objective	2020 Goals and Plans
Health and Safety	Safety Performance Improvement	— Sustain / improve on LTIFR of 1.61
	H&S Framework Development	— Further review and strengthen policies and standards across all operations
	Safety Culture Development	— Continue with Group-wide training programm
Corporate Social Responsibility	Stakeholder Relationship Building	<ul style="list-style-type: none"> — Develop direct engagement channels between management and personnel as a part of employee satisfaction monitoring — Enhance opportunities for open dialogue by holding community consultations — Conduct further social impact assessments at our operations — Review and update our local communities' strategy
	CSR Framework Development	<ul style="list-style-type: none"> — Conduct information campaigns to implement policies across all sites — Review and update Code of Business Conduct and Ethics
Environmental Management	Carbon Footprint Reduction	<ul style="list-style-type: none"> — Upgrade WHR system to reduce energy consumption by supplying heat to shift camp — Reduce GHG emissions intensity by at least 1% and formalise medium and long-term targets
	Water Management	— Maintain zero water discharge



The image shows three rectangular metal ingots resting on a dark, textured surface. One ingot is silver and is positioned at the top, slightly behind the other two. The other two ingots are a bright yellow color and are positioned in the foreground, one to the left and one to the right. The ingots have a rough, crystalline texture. A semi-transparent yellow horizontal band is overlaid across the middle of the image, containing the word "Appendix" in bold black text.

Appendix

FY 2019 IRC Results

Strong FY performance due to successful continuation of K&S ramp-up and refinancing of ICBC project finance facility

Financials

- Revenue (after hedging) +17% to US\$177.2m (2018: US\$151.5m)
- EBITDA (excl. FX) +39% to US\$33.3m (2018: US\$23.9m)
- Net loss of US\$38.7m (2018: Profit of US\$68.2m after impairment reversal effect)
- During 2019, a total of US\$30.9m was paid to Gazprombank as principal / interest in relation to US\$240m loan facility, of which c.US\$225m was outstanding as at YE 2019

Operations

- K&S operated at 81% capacity in 2019, producing a record 2,576Kt of iron ore concentrate (2018: 2,235Kt)
- Sales +11% to 2,464Kt (2018: 2,224Kt)
- K&S achieved 100% production capacity in October, average capacity in Q4 2019 of 87%

Corporate

- Refinancing of ICBC loan completed
- New Gazprombank facility better repayment terms that align with K&S ramp up

Amur bridge

- Russian + Chinese sections of Amur river bridge successfully connected
- The construction of the railway bridge anticipated to be finished by end of 2020