



PETROPAVLOVSK

# Petropavlovsk PLC

Investor Presentation  
April 2021



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## Company Overview

A dual-listed Russian gold miner and processor with world-class technical capabilities

# 8.2Moz

Gold produced to date

# 16 year

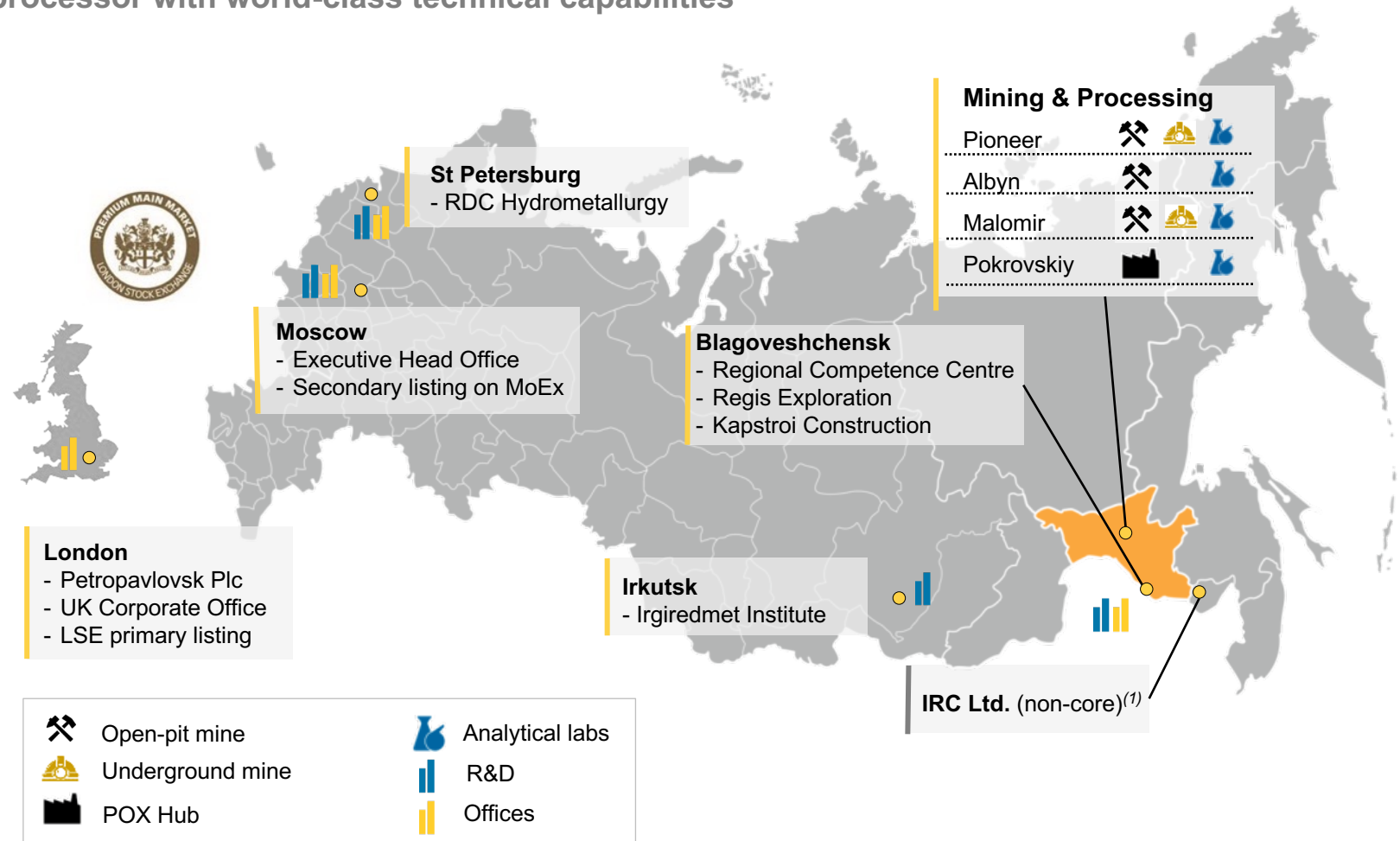
Average mine life

# 1

of only two POX plants in Russia

# 430 - 470koz

2021e gold production guidance



(1) 31.1% equity interest, Hong Kong listed

# Investment Highlights

## 01 A leader in refractory gold processing technology

Petropavlovsk has invested significantly in pressure oxidation technology, commissioning the Pressure Oxidation Hub (POX Hub) in late 2018. The POX Hub is a world-class facility with the unique ability to treat a variety of complex concentrates and is one of only two in Russia

## 02 Long-life, sustainable, asset base

Long-life resource base with a history of resource and reserve replacement. Average mine life stands at 16 years, with Pioneer having 17 years, Malomir 14 years and Albyn (Elginskoye), its newest mine having 17 years. The Group's gold licences are highly prospective and cover an area of > 3,200km<sup>2</sup>

## 03 Unique technical expertise

Petropavlovsk is well regarded among peers for its technological expertise and R&D capabilities. The Company's world-class institutes, Irgiredmet and NIC Gydrometallurgia (RDC Hydrometallurgy), are responsible for the innovative design of its processing plants and continuous improvement of its processing capabilities

## 04 Deleveraging and reducing the cost of debt

As at H1 2020, the Company's Net Debt / EBITDA, stood at 1.5x,<sup>(1)</sup> the lowest level in more than 5 years. Management views deleveraging and reducing the cost of debt as a priority to both strengthen the Company's balance sheet and improve shareholder returns

## 05 Cost reduction

In order to control and reduce operating costs, management intend to simplify the Group's complex corporate structure and introduce a more robust and up-to-date system of controls, while purchasing, logistics and contracting will be reviewed to identify cost savings

## 06 Sustainability principles

Sustainable development and responsible business practices are integral to our operations. The Group is signatory to a number of international sustainability initiatives, including the UN Global Compact, and seeks to adhere to high standards of sustainability and environmental compliance

(1) Based on LTM EBITDA and 30 June 2020 Net Debt

# Premium Listing on the London Stock Exchange

Secondary listing on the Moscow Exchange since June 2020

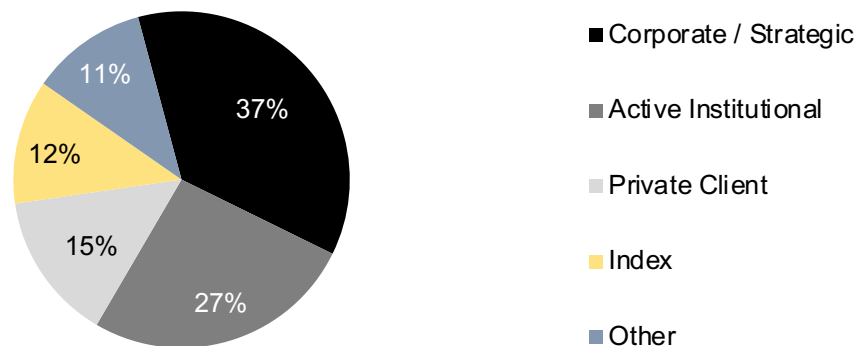
## Share price and key market drivers<sup>(1)</sup>

Price (GBP, pence)	24.45p
52 Week Range	18.82p – 39.80p
Avg. Daily Vol (1 year)	17.6m
Shares outstanding	3,957,270,254
Market Cap.	£968m (US\$1,327m)
EV	£1,409m (US\$1,912m)

Gold PM Fix	\$1,726/oz
52 Week Range	US\$1,577/oz - US\$2,067/oz

USD:RUB FX	74.39
52 Week Range	68.20 – 80.53

## Shareholder structure<sup>(2)</sup>



(1) As at 24 Mar 2021 (2) As at 31 Jan 2021. Data based on shareholder analysis by Equiniti PLC

## Share price and trading volumes<sup>(1)</sup>



## Board of Directors

Diverse and experienced Board, with the search for additional independent non-executive directors (INEDs) well advanced<sup>(1)</sup>



**James W Cameron Jr**  
Non-Executive Chairman

- Appointed as an independent NED in Oct 2018 and as Chairman in Aug 2020
- A US qualified lawyer, Mr Cameron has extensive international experience, providing expertise and consulting services for companies particularly in the natural resources sector within Russia and the former Soviet Union, since 1988
- Formerly Founder, CEO and Chairman of Occupational Urgent Care Systems Inc., a company traded on the NASDAQ until its sale in 1992



**Denis Alexandrov**  
CEO and Executive Director

- Appointed CEO / Executive Director in Dec 2020
- Highly experienced mining / natural resources executive with a strong track record
- From 2016 to 2020, was CEO of Highland Gold
- Prior to this, held senior positions at natural resources companies, including as CEO of Auriant Mining AB (Swedish company focused on gold production in Russia), MD at A1 Investment Company and CFO at Arlan Investment Company, both of which had substantial mining sector holdings



**Charlotte Philipps**  
Senior Independent Non-Executive Director

- Appointed as a NED in Nov 2019 and as Snr. independent NED in Aug 2020
- Ms Philipps is a qualified lawyer with 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



**Malay Mukherjee**  
Independent Non-Executive Director

- Appointed as independent NED in Aug 2020
- Over 40 years of experience in a range of technical, commercial and managerial roles with leading companies in the mining and steel industries
- Currently lead independent NED at JSW Steel Ltd., a leading Indian steel company
- Prior to this, Mr Mukherjee held a variety of senior positions at Arcelor Mittal (Snr. Executive VP and also Member of the Group Management Board) and Essar Steel Global (CEO)



**Maxim Kharin**  
Non-Executive Director

- Appointed as NED in April 2020, nominated by UGC, Petropavlovsk's largest shareholder
- Currently Director for Economics and Finance at UGC, a role he has held since 2012 and where he also served as Chairman of its Board since 2018
- Prior to joining UGC as CFO, Mr Kharin held several roles in the International Audit Department at Moore Stephens, where he was responsible for the independent audit of companies across a range of sectors, including mining

<sup>(1)</sup> Petropavlovsk has engaged an external consultant to assist with the search and appointment of new Board members. The intended final composition of the Board will comprise of a minimum of seven Directors, the majority of whom will be independent

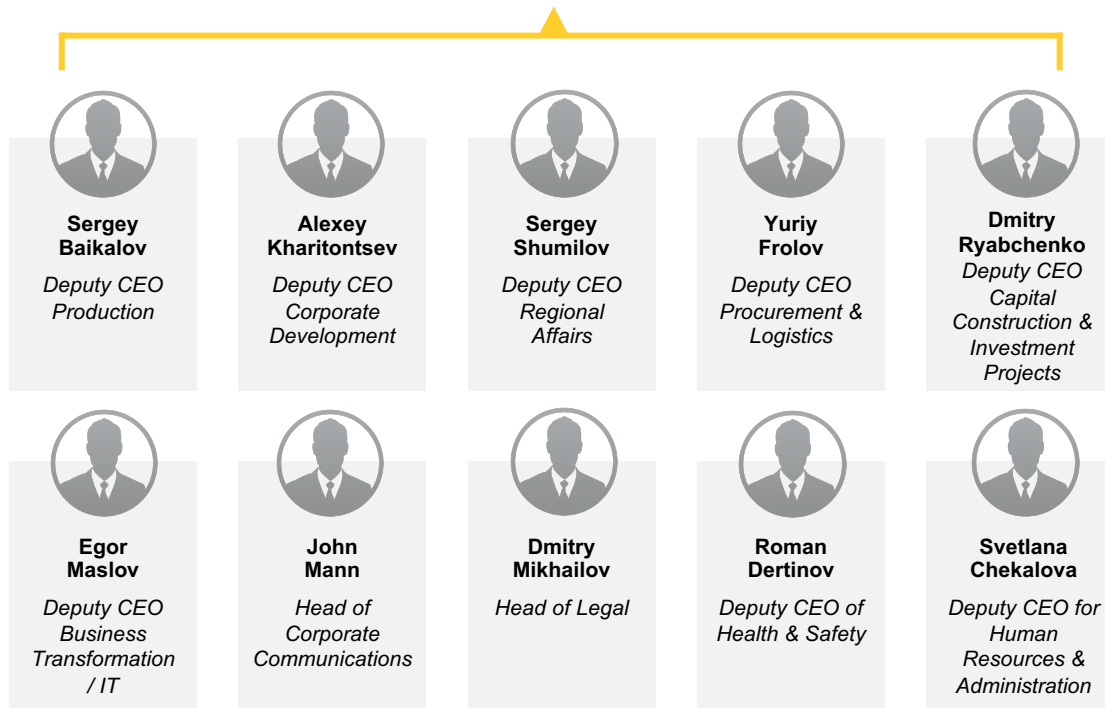
## Immediate Management Priorities

10 x new executives joined Petropavlovsk commencing Jan 2021. Several previously worked with Petropavlovsk's new CEO, Denis Alexandrov, while at Highland Gold



**Denis Alexandrov**

CEO and Executive Director



### New team is assessing the business across various functions



- 2021 budget delivered following review, incl. capex + production outlook
- Completion of a full management restructuring by end of Q2 2021
- New medium-term corporate development strategy delivered by Q3 2021

Action	Outcome
Simplify corporate structure + review non-core assets	Cost savings, increased transparency and accountability
Standardize processes + policies across the Group	Institute international best practices and better management systems
Upgrade core internal competencies	New team of experienced professionals bring a broad range of competencies / fresh perspective
Introduce a fairer and more transparent remuneration system	Improve motivation levels and retain qualified staff
Upgrade working and living conditions for mine employees	Reduce staff turnover and increase employee satisfaction
Improve transparency and information flow within the Group	Encourage better exchange of information and feedback
Streamline purchasing, logistics and contracting	Identify cost savings and reduce waste
Outline a clear and sustainable pathway to growth	Improve existing assets, exploration process, consider accretive M&A opportunities

## 2021 Guidance

Total gold output of 430 – 470koz, with increased production at Pioneer counterbalanced by lower production at Albyn and reduced volumes / grades of low-margin 3<sup>rd</sup> party concentrate to be processed compared to FY 2020

Gold production: 370 – 390koz of own gold, broadly in line with 2020 + 60 – 80koz of 3<sup>rd</sup> party gold = 430 – 470koz total

### Pioneer

Production to increase vs. 2020, driven by higher grades + commissioning of 3.6Mtpa flotation plant by end of Q2 2021

### Malomir

Processed volumes, grades and recoveries expected to be broadly in line with 2020

### Albyn

Lower production vs. 2020 due to lower volumes + lower recoveries resulting from switch to processing harder and more complex Elginskoye ore

### 3<sup>rd</sup> party refractory gold concentrate

Reduced volumes of concentrate available for purchase at lower grades vs. 2020 due to management disruption last year

## Liquidity Management

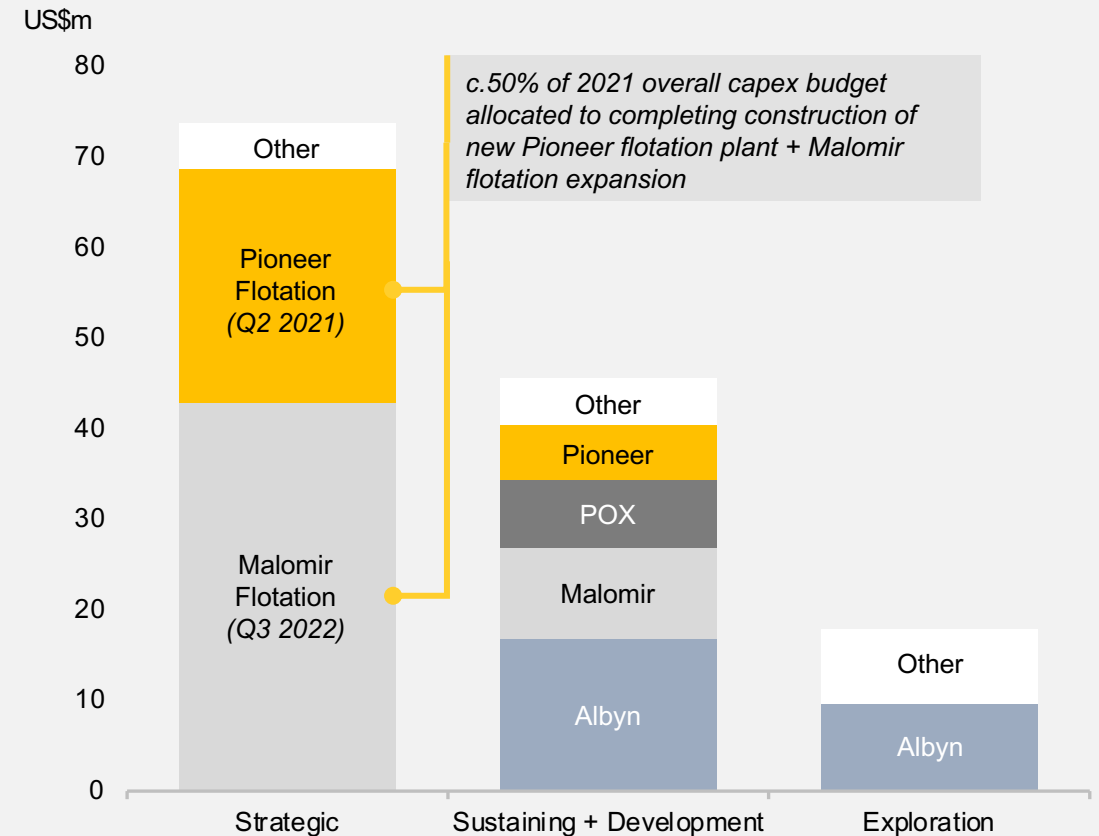
### Gold prepay

- c.US\$64m as at year end 2020
- Pre-pays to be settled by year end 2021, converting gold credit limits currently in place into a standard credit line to support liquidity

### US\$500m notes

- Work has commenced to refinance senior notes maturing November 2022 with the aim of reducing the size + cost of servicing debt

Capex: c.US\$120m sustaining / development capex + c.US\$20m exploration spend = c.US\$140m

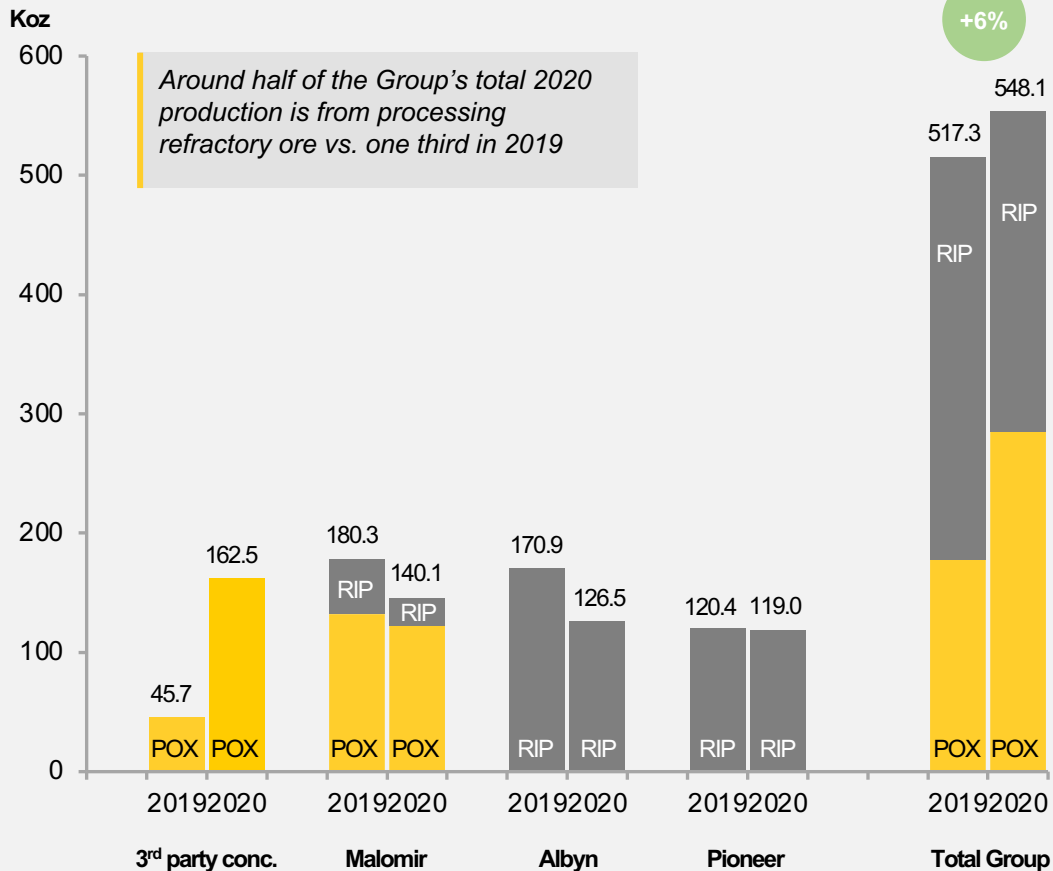




# FY 2020 Operational Performance

+6% yoy production increase despite several challenges

FY 2020 vs. FY 2019 production by operation



**Total Group production of 548.1koz +6% vs. 2019 (517.3koz)**

- Of which own mined gold = 385.6koz (70%)

**Malomir (FY 2020: 140.1koz)**

- c.85% of production output was from processing refractory ore, with performance largely in line with expectations
- Non-refractory gold production below expectations due to underground dilution issues

**Albyn (FY 2020: 126.5koz)**

- Production down 26% due to depletion of Albyn deposit and transition to mining Elginskoye satellite deposit
- Delay in treating Elginskoye ore resulted in more low-grade stockpiled ore being processed by the plant in H2 2020 vs. budget

**Pioneer (FY 2020: 119.0koz)**

- No material change in total production yoy, although flotation circuit commissioning delay resulted in processing of non-refractory ore with slightly lower grades as opposed to refractory ore
- Additionally, underground contractor delays and COVID delayed the start of high-grade underground mining at Andreevskaya ore zone from Q4 2020 to Q1 2021

**3rd party concentrate (FY 2020: 162.5koz)**

- Production increased more than 3.5x vs. FY 2019, notwithstanding the impact of COVID on supply interruptions
- 101Kt of concentrate processed @ c.48g/t (c.94% recovery)

# Flotation Concentrate Production Expansion

Nominal flotation concentrate processing capacity to more than double from current 3.6Mtpa to 9.0Mtpa by end of Q3 2022

*c.60% of the Group's JORC Resources are refractory in nature. Increasing flotation concentrate production capacity at Malomir and Pioneer will enable Petropavlovsk to process and monetise more of its own refractory material through processing at the POX Hub, decreasing reliance on low-margin 3rd party refractory concentrate*



## Pioneer: new flotation plant scheduled for commissioning by end of Q2 2021

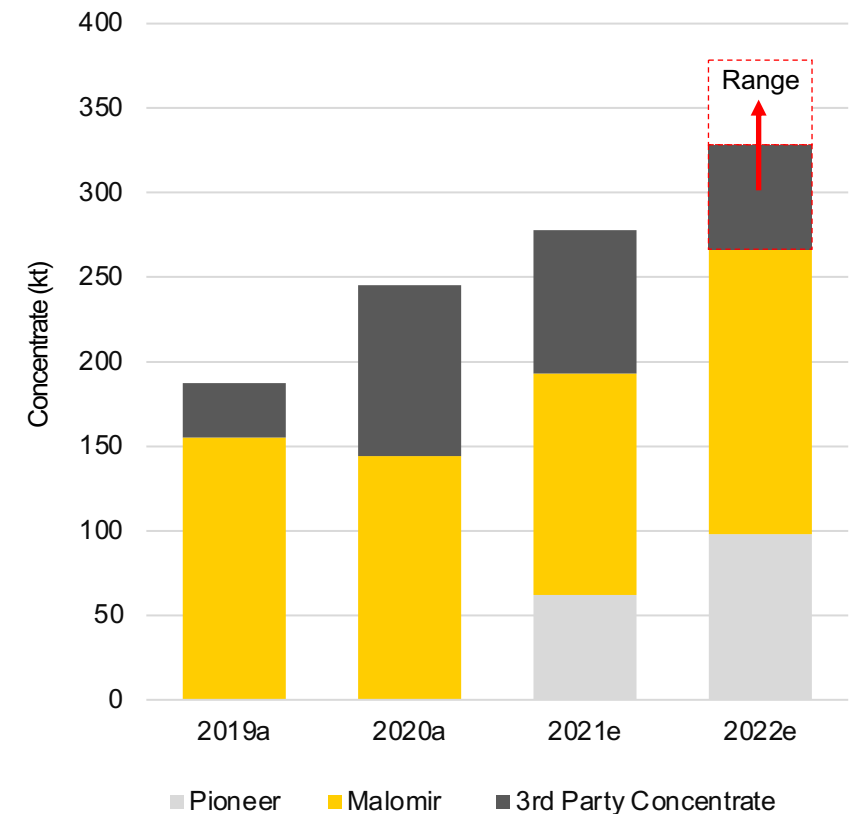
- 3.6Mtpa nominal flotation processing capacity across 2 lines
- Will enable Group to process abundant refractory Resources located at Pioneer (69% / 4.5Moz is refractory)
- At an assumed nominal capacity of 3.6Mtpa and a concentrate yield of 2.7%, up to c.100Kt of refractory concentrate is estimated to be produced in 2022



## Malomir: construction of line 3 will add an additional 1.8Mtpa of capacity from Q3 2022

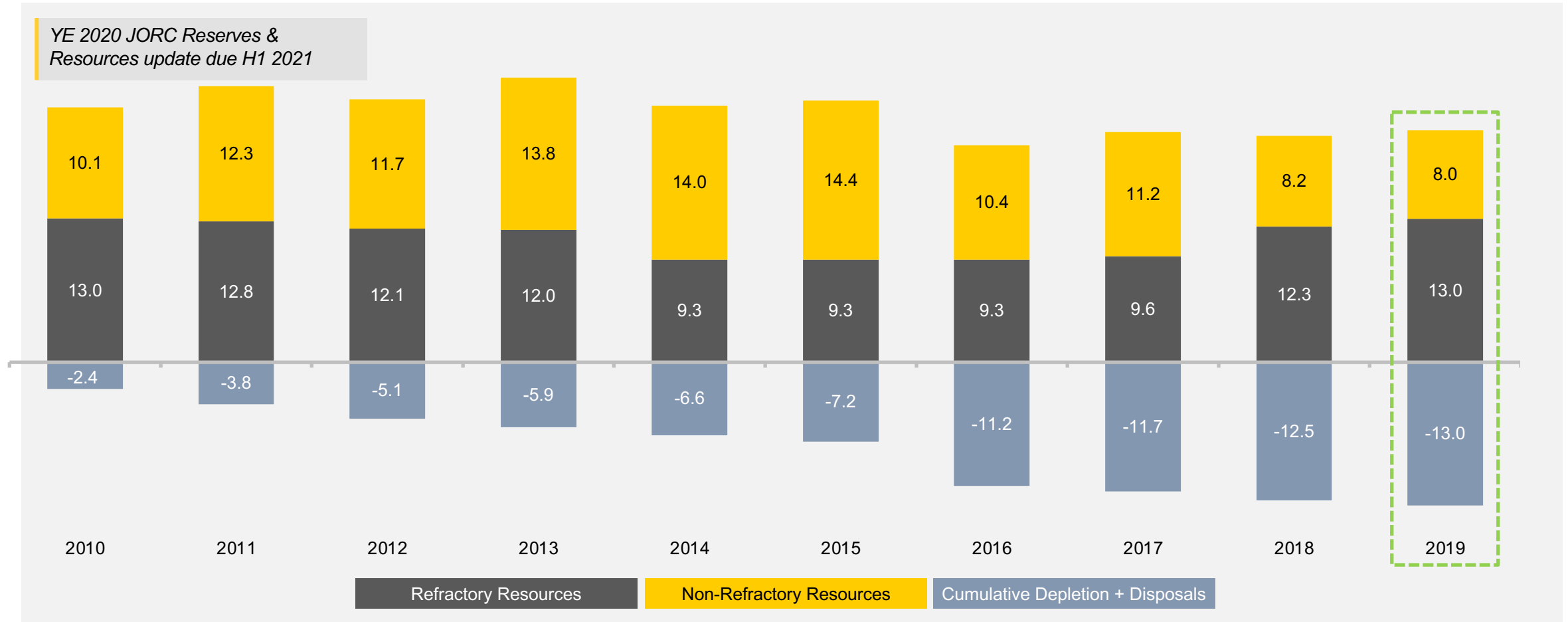
- 2 x 1.8Mtpa lines currently operating at full capacity (143Kt of flotation concentrate produced in 2020, +8% vs. 2019)
- Launch of 3<sup>rd</sup> line to add a further 1.8Mtpa
- 98% / 6.7Moz of Malomir's Resources are refractory in nature
- At an assumed nominal capacity of 5.4Mtpa and a concentrate yield of 3.5%, up to c.170Kt of refractory concentrate is estimated to be produced in 2022

## POX Hub Utilisation (ktpa)



# A Track Record of Resource Replacement

Group Reserves & Resources total 21.0Moz Au, with Reserves of 8.5Moz Au



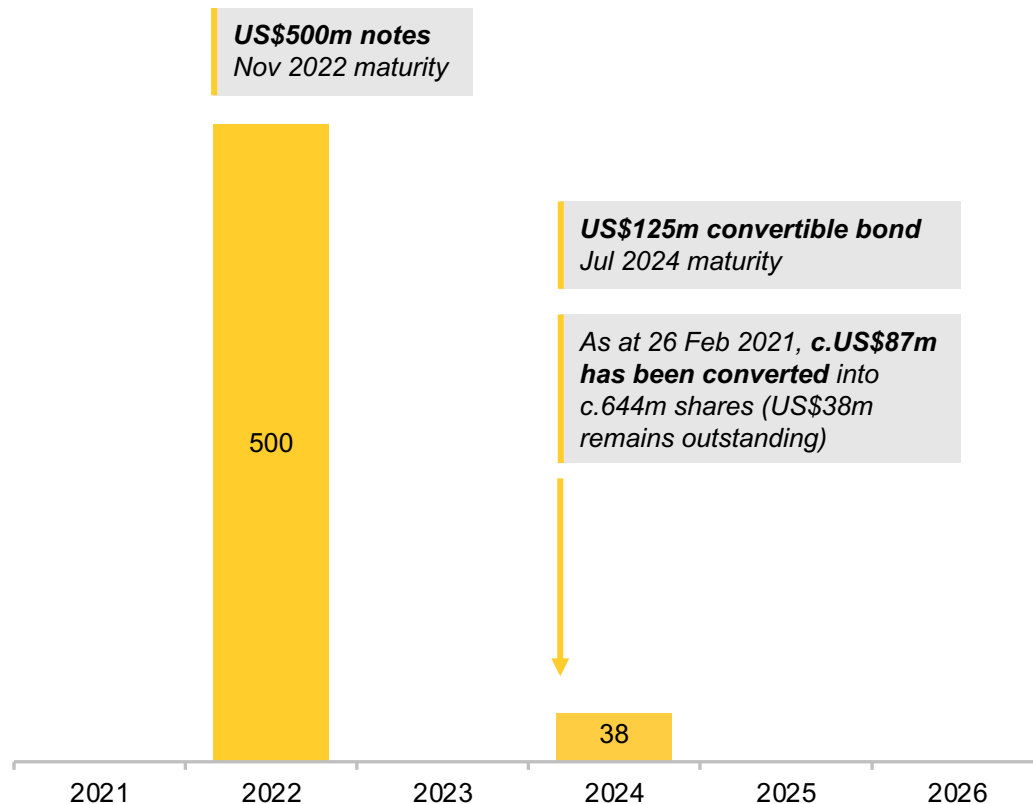


# It is the Company's Intention to Deleverage and Reduce the Cost of Debt

Net Debt / EBITDA ratio decreased to 2.1x as at YE 2019 and is expected to fall below 1.5x as at YE 2020

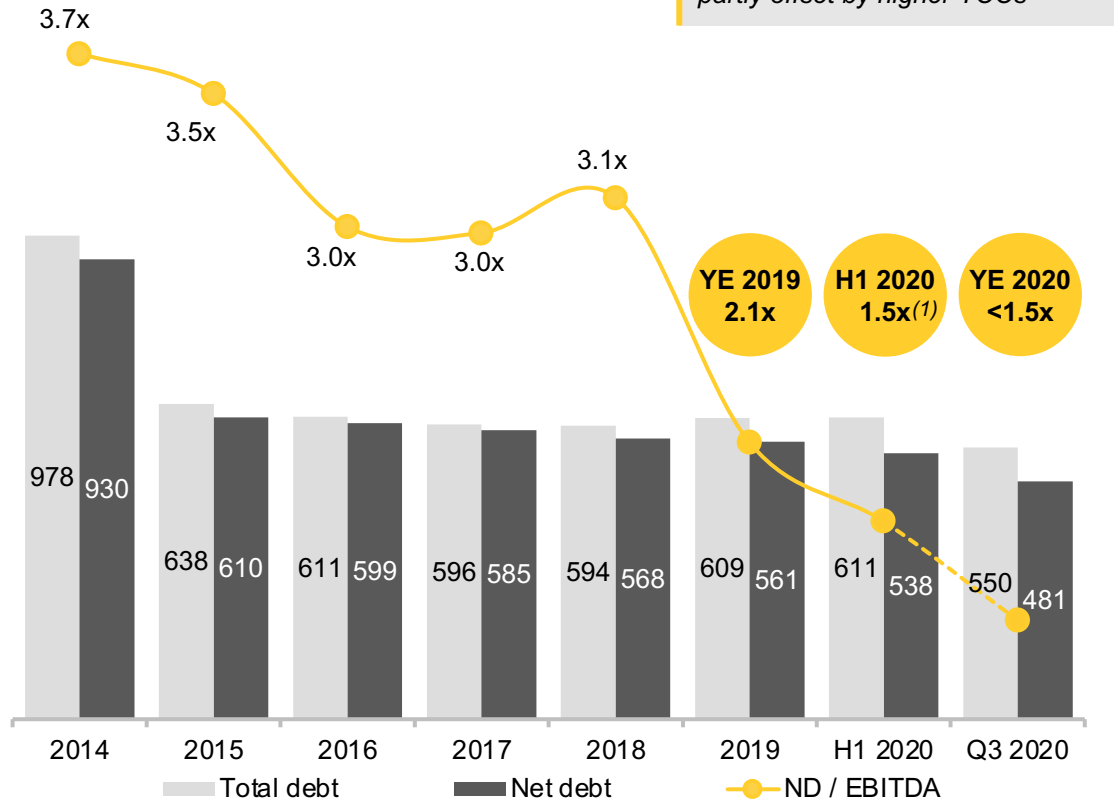
## Group fixed income debt maturity schedule

US\$m



## Net Debt / EBITDA Evolution

US\$m



(1) Based on LTM EBITDA and 30 June 2020 Net Debt

## Credit Rating View

An improved credit rating will enable the company reduce its cost of capital

### S&P Global

Rating:

B- (stable)

Last Review:

Nov 2020

### FitchRatings

Rating:

B (negative)

Last Review:

Dec 2020

Highlights	<ul style="list-style-type: none"> <li>Publication of H1 2020 financials eliminated technical default on the US\$500m notes</li> <li>FY 2020 results supported by top-cycle gold prices</li> <li>Governance issues not fully resolved, although it is expected they gradually will be</li> <li>Stable outlook reflects expectation Petropavlovsk will continue to deliver on its production / costs guidance, as well as its ND / EBITDA target of below 2.0x</li> <li>Assume adequate liquidity will be maintained and US\$500m bond proactively refinanced</li> <li>B- rating affirmed, removed from CreditWatch negative</li> </ul>	<ul style="list-style-type: none"> <li>A continued lack of stability / effectiveness in management / Board for a protracted period of time could impact operations, increasing US\$500m notes refinancing risk and undermining recent improvement in operational and financial profile</li> <li>Conversion of c.70% of the US\$125m convertible bond seen as credit positive due to its impact on leverage and reduction of interest payments</li> <li>Gold prepay facilities and IRC guarantee treated as debt</li> <li>Failure to deleverage by end-2021 would make refinancing difficult under stressed capital markets circumstances</li> </ul>
Upside Triggers	<ul style="list-style-type: none"> <li>↑ Resolution of all governance issues (a must before being considering for an upgrade to B), including agreement over the Company's strategic direction, additional Board hires, resolution of legal issues at subsidiary level</li> <li>↑ Meaningful improvement in cash costs (company has built a track record of mostly under-delivering on TCC guidance)</li> </ul>	<ul style="list-style-type: none"> <li>↑ A track record of stability and effectiveness in management, Board, auditor and operations in line with revised production expectations</li> <li>↑ FFO gross leverage consistently remaining below 3x (2019: 4.3x), accompanied by consistent improvement in governance practices</li> <li>↑ Successful release of IRC guarantee considered a credit positive</li> </ul>
Downside Triggers	<ul style="list-style-type: none"> <li>↓ Deterioration in production, gold prices or costs, leading to sharp EBITDA decline</li> <li>↓ Payment of an unexpected dividend or M&amp;A that pushes leverage up</li> <li>↓ Failure to refinance US\$500m notes at least around 1 yr before maturity</li> <li>↓ A drastic departure of strategy from that of previous management, especially where it would result in a significant increase in leverage</li> <li>↓ Inability to increase own gold production to maximize use of the POX facility</li> </ul>	<ul style="list-style-type: none"> <li>↓ Continued changes in Board / management composition making refinancing of US\$500m notes less likely and / or impacting operations</li> <li>↓ FFO gross leverage remaining above 4.0x on a sustained basis</li> <li>↓ Introduction of aggressive dividend policies</li> </ul>

# COVID-19: Comprehensive Action Plan Implemented

Proactive response to COVID-19 pandemic and promotion of vaccines readily available through government programmes to protect the health and wellbeing of all 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**



## No material COVID-19 outbreaks occurred at our operations in 2020

- All affected employees have been self-isolating or receiving medical care



## Minor supply chain / logistical delays, with ongoing monitoring and all necessary precautions in place to secure business continuity

- Supply channels remain functional with production inputs / materials mainly 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 preventative procedures in place at all production sites with staff regularly reminded regarding symptoms, prevention and personal precaution measures
- ✓ Employees encouraged to take advantage of the availability of vaccines via government initiatives / state-run clinics
- ✓ Mine shift pattern adjustments to lower frequency of new teams arriving onsite
- ✓ Employees and contractors arriving from other regions undertake 14 days quarantine
- ✓ At least 2 x rounds of COVID-19 testing for all employees (1) upon arrival to site for quarantine (2) prior to start of each shift, with additional testing carries out if required
- ✓ Daily check of staff temperature at start of each shift and temperature checks for 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. dinning areas, kitchens), utensils and food undergoes thorough disinfection
- ✓ Purchase and distribution of PPE and disinfectants
- ✓ Local community support with distribution of masks and hand sanitiser among local businesses

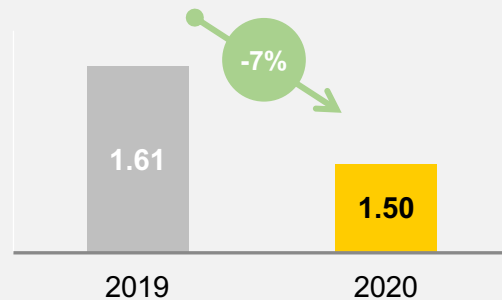


## HSE: Further Improvements Across HSE Parameters in 2020

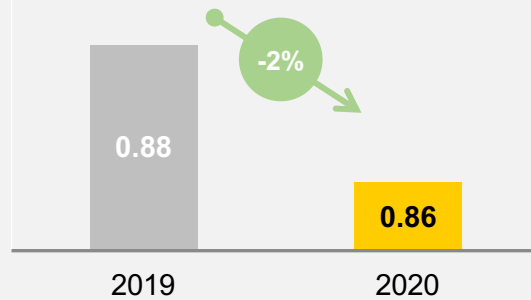
HSE is as a key priority for the new management team, with an ongoing focus on safety improvement across all the group's operations, underpinned by accurate reporting

### Key Performance Indicators

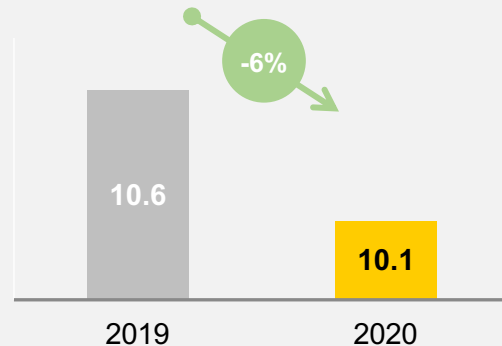
LTIFR (accidents per million hours)



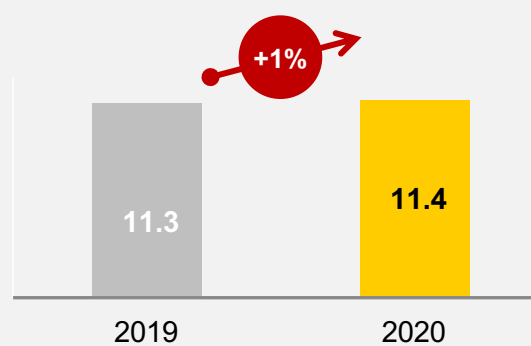
GHG emissions (t/oz)



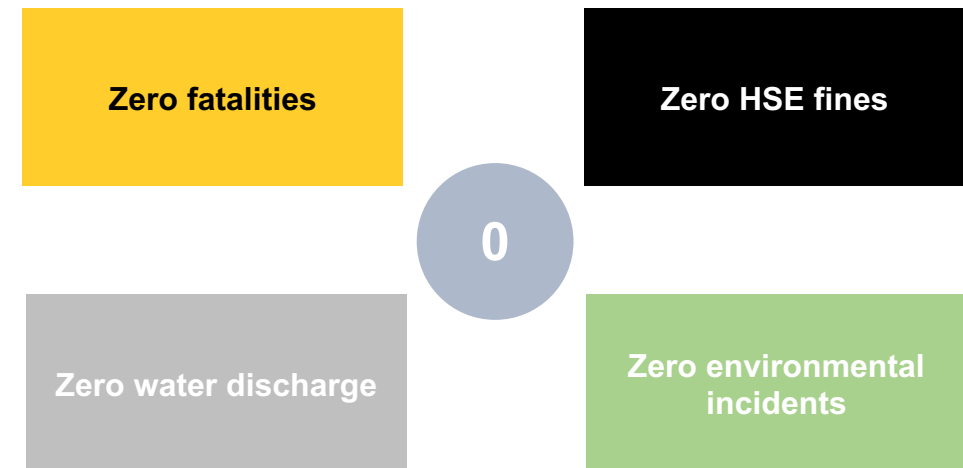
Energy consumption (GJ/oz)



Freshwater consumption (m3/oz)



### Key Facts 2020



### Supported International Initiatives



(1) Environmental incidents: major or moderate (2) Water discharge: surface or underground water bodies

## Appendix



## Executive Committee

Focused and experienced senior executive team manage the Group on a day-to-day basis



**Denis Alexandrov**

*CEO and Executive Director*

- Appointed CEO / Executive Director in Dec 2020
- Highly experienced mining / natural resources executive with a strong track record
- From 2016 to 2020, was CEO of Highland Gold
- Prior to this, held senior positions at natural resources companies, including as CEO of Auriant Mining AB (Swedish company focused on gold production in Russia), MD at A1 Investment Company and CFO at Arlan Investment Company, both of which had substantial mining sector holdings



**Danila Kotlyarov**

*CFO*

- Appointed CFO in Feb 2020
- From 2016 to 2020, was CFO and executive Board member at IRC
- Prior, was Deputy General Director for Finance at Aricom (predecessor of IRC), became Deputy CEO of IRC in 2010, following its Hong Kong IPO
- Remains a NED at IRC
- Considerable financial and commercial experience, gained from senior roles at a number of international and Russian companies, including Rusagro and Wimm Bill Dann (PepsiCo)



**Dmitrii Chekashkin**

*Group Executive, Business Transformation and Operational Efficiency*

- Mr Chekashkin is a qualified engineer with more than 25 years' experience in the gold mining industry, initially joining the Group in 2003, and holding various senior positions during his tenure, including Group Head of Precious Metals and COO
- Appointed to the Board and as COO in 2013, stepping down in 2015 when the number of Board Directors was reduced
- Left the Group in Oct 2018, returning to his new position in Oct 2019
- In addition, Mr Chekashkin serves as the Group's Chief Risk Officer



**Alexey Kharitontsev**

*Deputy CEO for Corporate Development and Legal Affairs*

- Joined Dec 2020
- Over 20 years' experience in consulting and management in investment companies and extensive experience in law, cross-border investment projects and operational management in banking and mining
- From 2016 to 2020, was Deputy CEO for Corporate Development at Highland Gold
- Prior, Mr Kharitontsev held senior management and legal positions at a number of companies
- Mr Kharitontsev is a qualified lawyer in Russia



**John Mann**

*Head of Corporate Communications*

- Joined Feb 2021
- Over 25 years' experience in PR, public affairs and IR, with a focus on natural resources and over two decades based in the CIS
- Mr Mann was previously Head of Communications at Highland Gold and Head of PR at investment company Millhouse LLC
- Served as Head of International PR at Russian oil major, Sibneft (2002 – 2006)
- Prior to that, Mr Mann advised some of the world's largest natural resources, energy, and consumer products corporations via consulting positions



**Dorcas Murray**

*Group Company Secretary and Corporate Counsel*

- Joined Nov 2020
- A UK-qualified solicitor, with 20 years' experience of advising boards of multinational companies listed in the UK and USA
- From 2017 to 2020, Ms Murray was Group CoSec of Ferroglobe PLC, the NASDAQ listed metals and mining specialist
- Prior, she was Head of Special Operations at GlaxoSmithKline PLC and spent 16 years as Deputy Company Secretary and Inhouse Counsel at Premier Farnell PLC, the FTSE250 global electronic distribution company, until its 2016 de-listing



**John Smelt**

*Head of Corporate Affairs*

- Joined Oct 2020
- Mr Smelt brings over 20 years' mining sector experience, including as Head of Corporate Communications at KAZ Minerals and as Head of Investor Relations at Rio Tinto
- Prior to entering the corporate sector, Mr Smelt was a fund manager specialising in global mining equities



# Petropavlovsk acts as guarantor in relation to IRC's debt facility with Gazprombank

A key milestone in de-risking the Group's finances, with IRC continuing to pay down the loan in line with the repayment schedule

## The Gazprombank Debt Facility

- In Dec 2018, K&S (IRC subsidiary) entered into a US\$240m facility with Gazprombank (GPB)
- The GPB facility is secured by charges over the assets of K&S and is guaranteed by Petropavlovsk (approved by Petropavlovsk shareholders in Mar 2019)
- The GPB facility replaces an earlier facility with ICBC on more favourable terms:
  - Extended repayment period through to 2026
  - Principal repayment skewed to the latter part of the loan term
  - Amortisation schedule better aligned to the ramp-up of the K&S iron ore mine and expected revenues
- IRC continues to pay down GPB loan in line with schedule
  - Q4 2020: US\$8.6m repaid by IRC in principal and interest + US\$5.0m paid to Petropavlovsk as a guarantee fee
- As at 31 Dec 2020, c.US\$204m of the facility was outstanding

## Petropavlovsk Guarantee Structure

- New facility comprises of 5 guarantees which fluctuate over the life of the loan facility
- Current guarantee amount is US\$160m (Corporate Guarantee + Fixed Term Guarantee)
- The Corporate Guarantee will be removed (and the amount guaranteed by Petropavlovsk will be reduced to zero), subject to certain operational conditions at the K&S project being met

	Corporate Guarantee	Fixed Term Guarantee	Total Guarantee Liability
2019	US\$120m	US\$40m	US\$160m
2020		US\$40m	2021: US\$160m 2022: US\$40m
2021		US\$40m	US\$40m
2022		US\$40m	US\$40m
2023		US\$120m	US\$120m
2024			
2025			
2026			

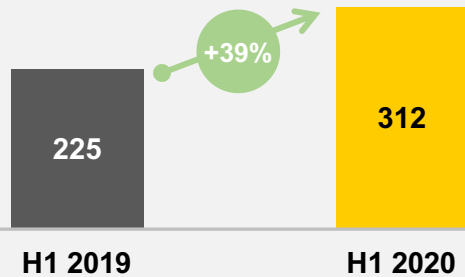
## Examples of Corporate Guarantee Conditions to be Satisfied in Due Course

- Obtain mining licence / operational permit to mine Sutara deposit (Q3 2021)
- Commission and commence production at the Sutara deposit (Q3 2021)
- Production of >200Kt of raw iron ore per month for 6 months at Sutara (Q2 2022)
- Net Debt / EBITDA of less than 3.0x at K&S for the last 12 months

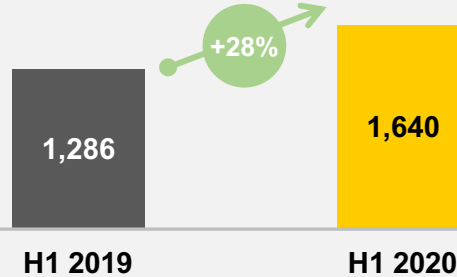
# H1 2020 Financial Results

Higher gold sales at a higher average realised price resulted in revenue growth of 71% and EBITDA growth of 96%, while operating profit increased by more than US\$140m

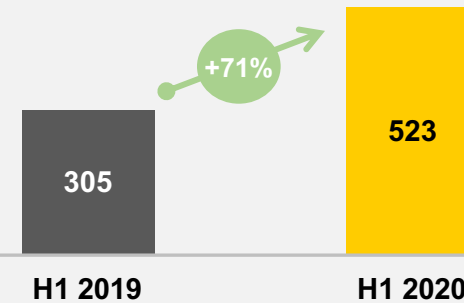
01 Gold Sold (koz)



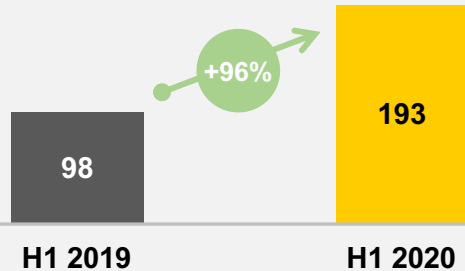
02 Avg. Realised Gold Price (US\$/oz)



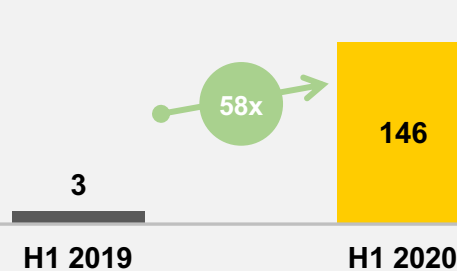
03 Group Revenue (US\$m)



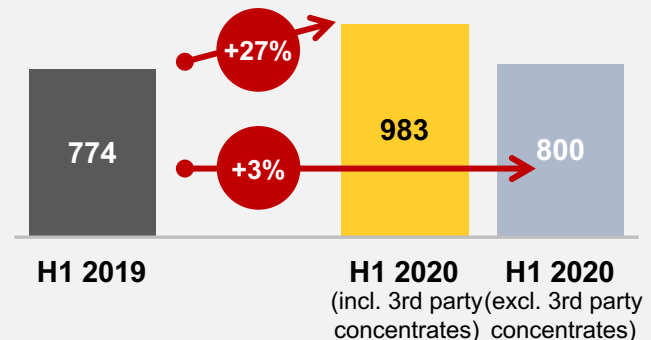
04 Underlying EBITDA (US\$m)



05 Operating Profit (US\$m)



06 Total Cash Costs (US\$/oz)<sup>(1)</sup>



(1) H1 2020 TCC for 3rd party concentrate amounted to US\$1,380/oz (H1 2019: no 3<sup>rd</sup> party concentrate processed). 3<sup>rd</sup> party concentrate TCC is directly dependent on global gold prices

# H1 2020 Financial Results Highlights

Strong operational performance resulted in higher volumes of gold produced / sold, at a higher average gold sales price vs. H1 2019, with production from POX making a material contribution

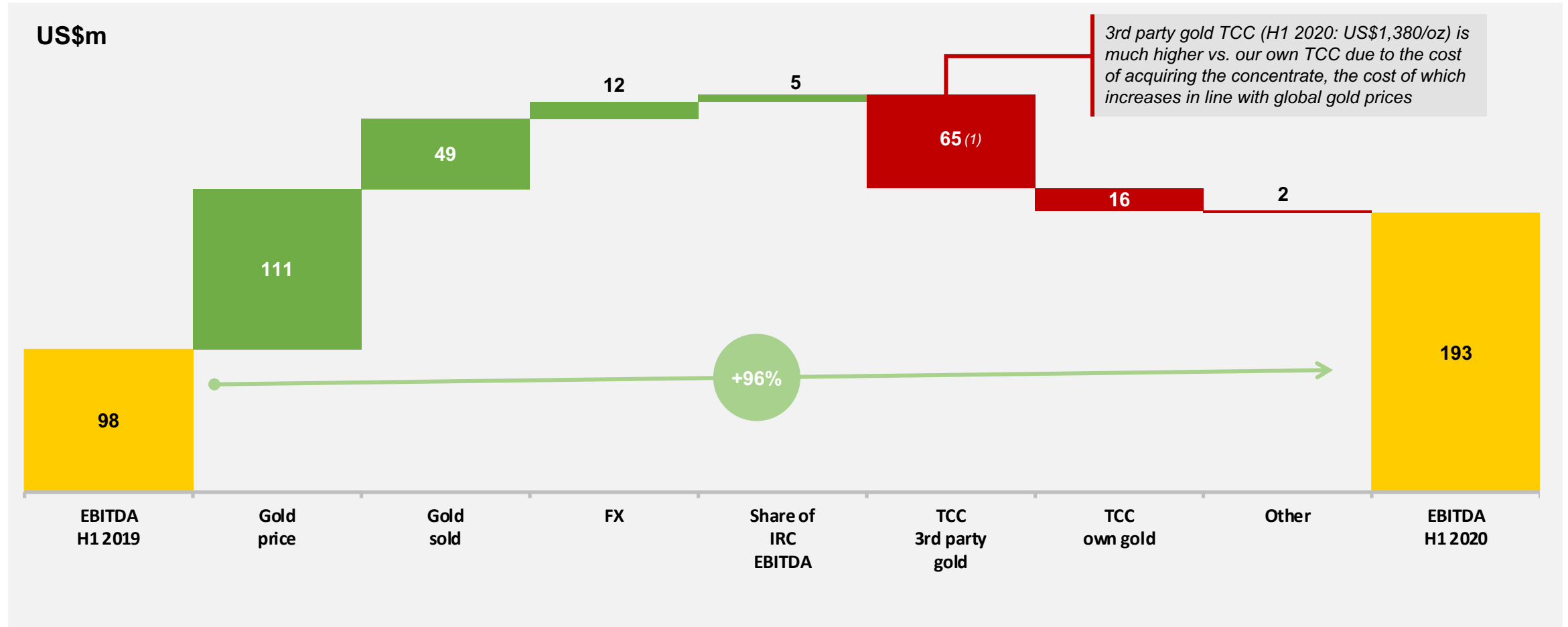
	Units	H1 2020	H1 2019	Change
Gold production	Koz	320.6 <sup>(1)</sup>	225.0 <sup>(2)</sup>	+42%
Gold sold	Koz	312.4	225.0	+39%
Avg. realised gold price	US\$/oz	1,640	1,286	+28%
Group revenue	US\$m	522.7	305.3	+71%
Total cash costs (TCC, incl. 3 <sup>rd</sup> party gold)	US\$/oz	983	774	+27%
Total cash costs (TCC, own gold only)	US\$/oz	800	774	+3%
All-in sustaining costs (AISC)	US\$/oz	1,220	1,029	+18%
Operating profit	US\$m	146.1	2.5	n/m
Underlying EBITDA	US\$m	192.6	98.5	+96%
(Loss) / profit for the period	US\$m	(22.0) <sup>(3)</sup>	3.9	n/m
Cash generated from operations	US\$m	172.8	55.2	+213%
Net debt (as at 30 June 2020 and 31 Dec 2019)	US\$m	(538.0)	(561.3)	(3%)
Development capex	US\$m	54.4	36.8	+48%
Exploration capex	US\$m	5.2	8.2	(37%)

(1) Incl. 178.0koz from the processing of own and third-party refractory gold concentrates at the POX Hub. (2) Incl. 61.3koz from the processing of own and third-party refractory gold concentrates at the POX Hub. (3) The fair value loss on the conversion option of US\$122m reflects the increase in the company's share price being far above the bond conversion price (c.£0.11). The majority of this loss will not materially impact FY 2020 financial results, since at the date of this presentation, c.US\$87m of the bond has been converted. All conversions to date took place in H2 2020



## H1 2020 EBITDA

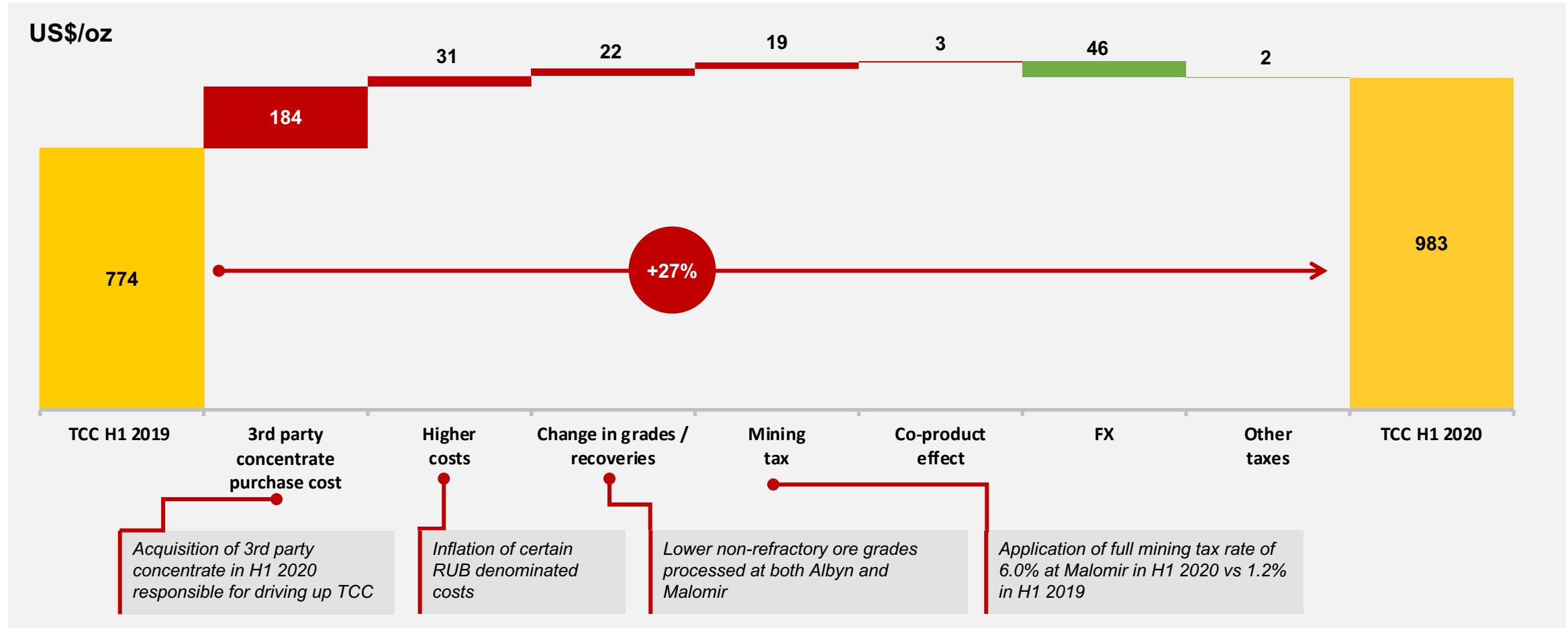
96% EBITDA increase driven by higher gold sales at a higher average gold sales price, partly offset by the purchase cost of 3<sup>rd</sup> party refractory gold concentrate



(1) The considerable increase in overall group TCC is primarily driven by the purchasing and processing of 3rd party concentrate in H1 2020, whereas no 3rd party concentrate was processed in H1 2019. 3rd party concentrate TCC is higher vs. own metal TCC because 3rd party TCC includes the purchase cost of the concentrate, directly linked to the gold price. However, 3rd party gold (TCC H1 2020: US\$1,380/oz) is profitable at the average realised H1 2020 gold price of US\$1,640/oz.

## H1 2020 TCC Breakdown

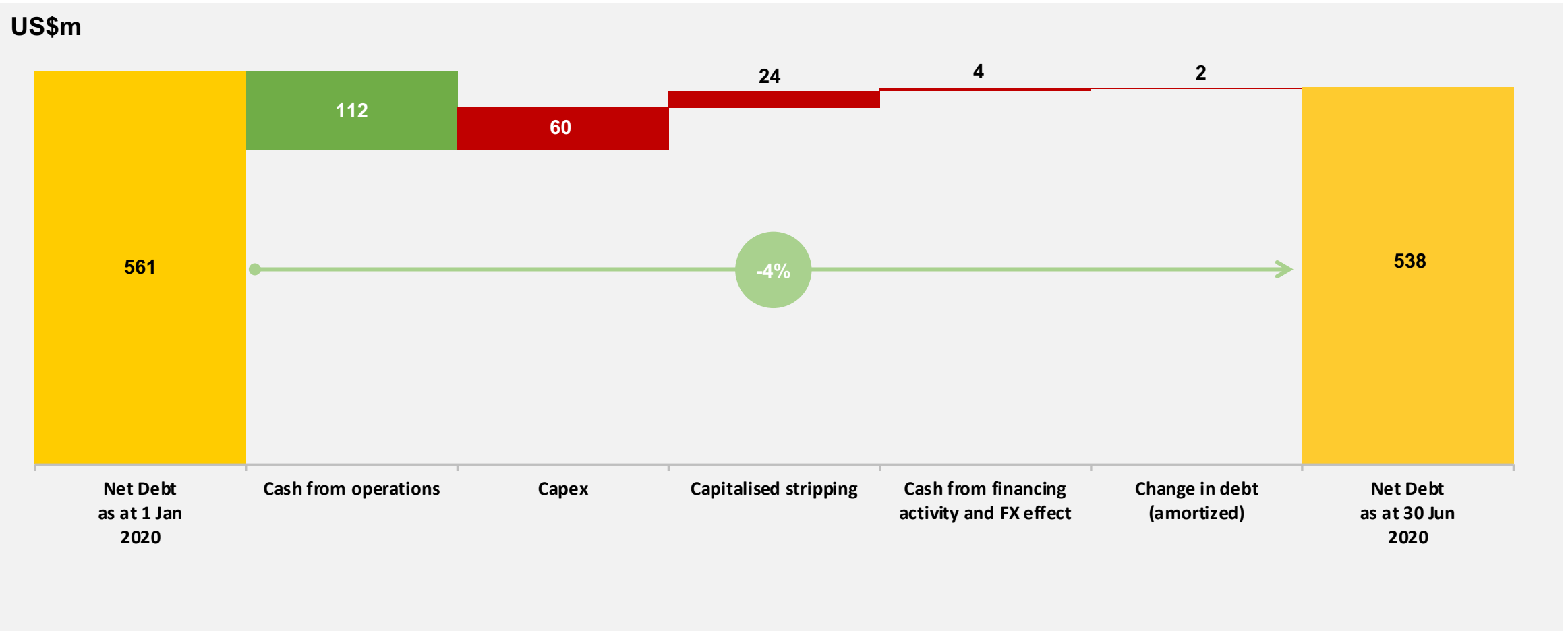
Majority of the TCC increase is attributable to costs associated with the purchase of 3rd party refractory gold concentrate, the price of which increases in line with higher global gold prices



## H1 2020 Change in Net Debt

Net Debt<sup>(1)</sup> down by US\$23m in H1 to US\$538m

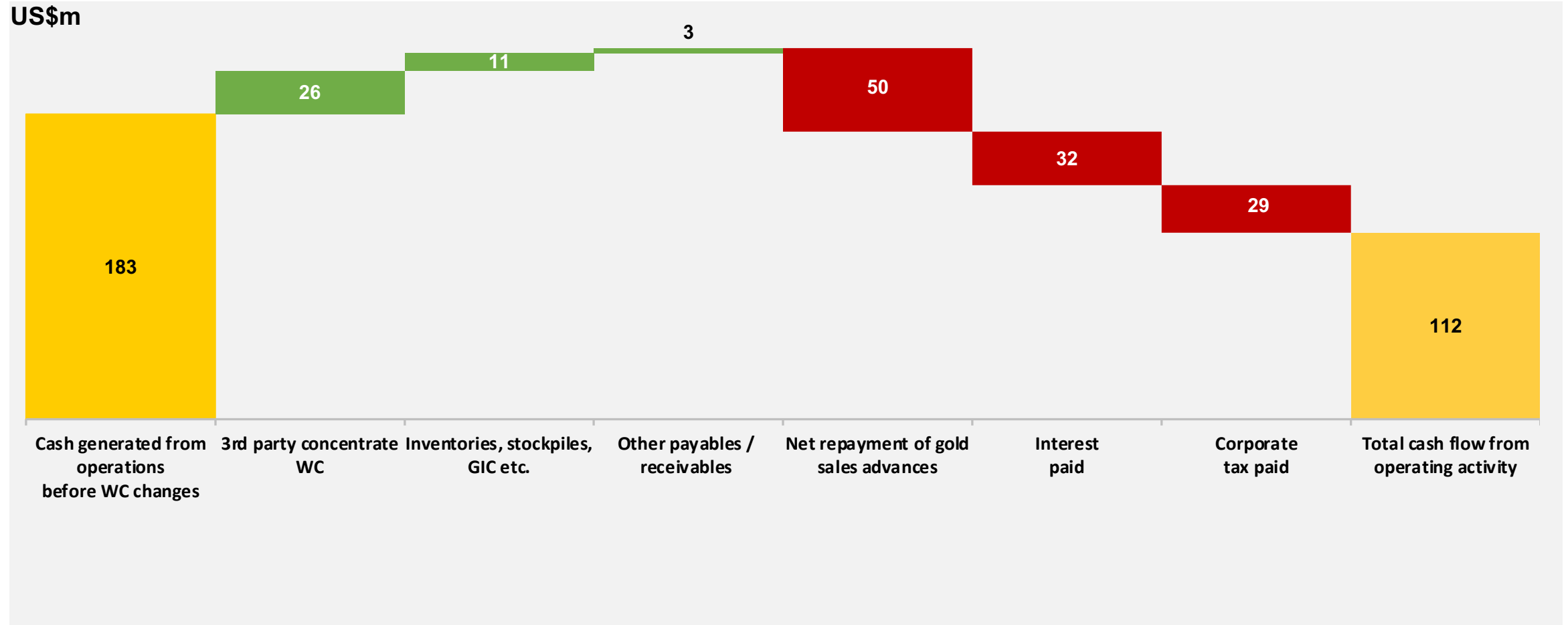
US\$m



(1) Net Debt = amortised debt less any cash at the end of the period

## H1 2020 Operating Cashflow Breakdown

The company continues to reduce the size of the outstanding prepay position, with a net movement of US\$50m in H1 2020. As at 30 June 2020, US\$121m was outstanding (US\$64m as at 31 Dec 2020)

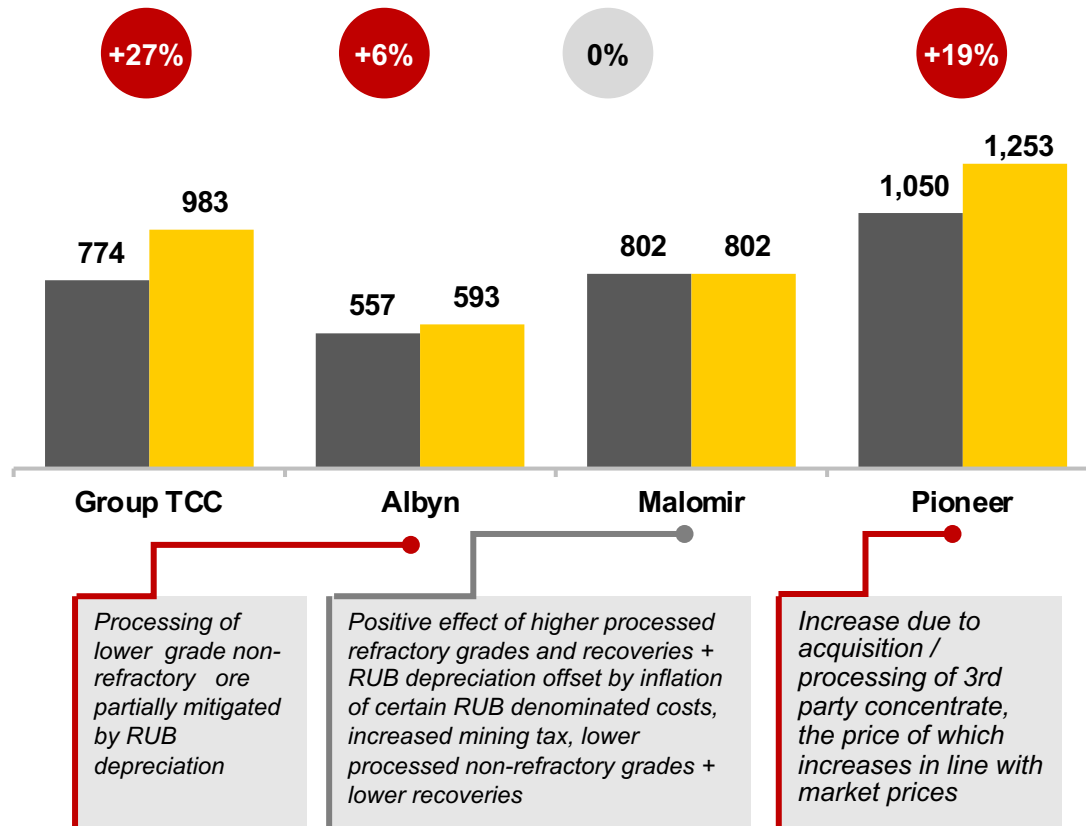




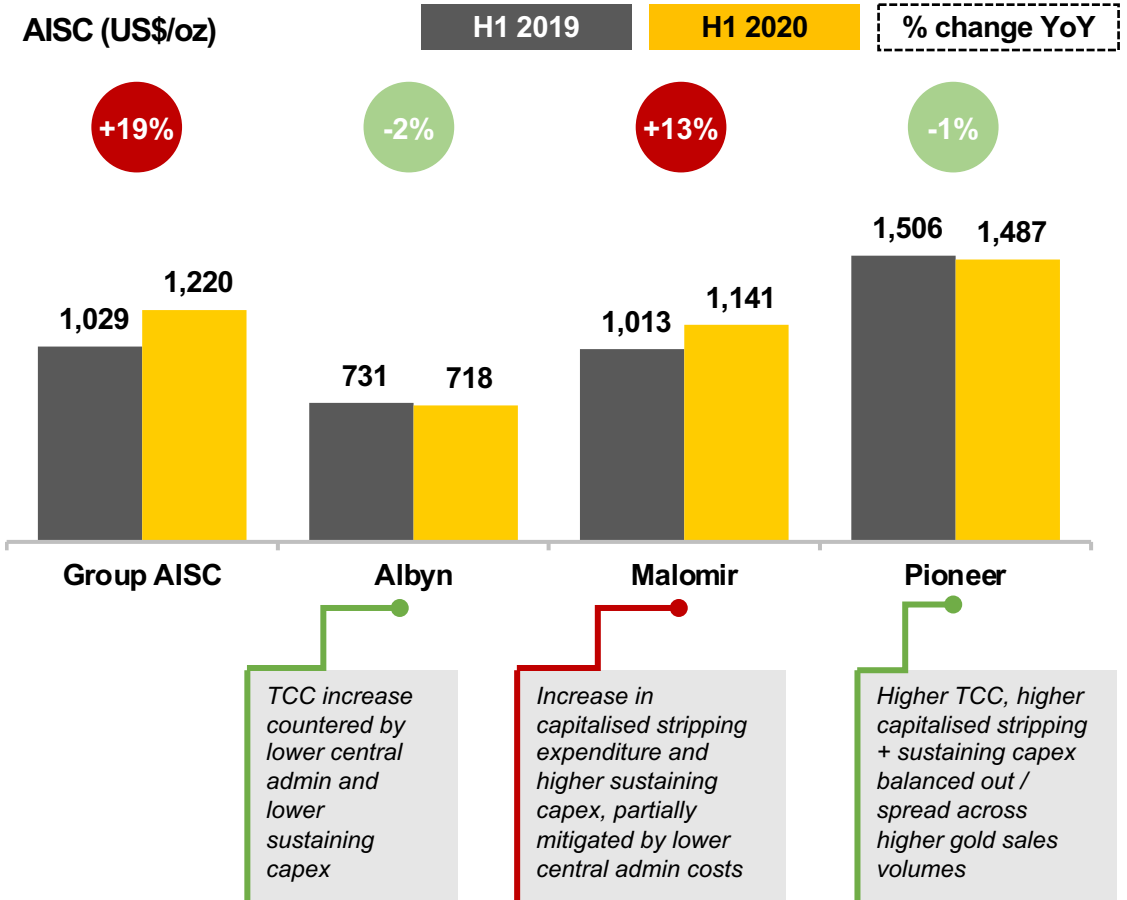
## H1 2020 Mine by Mine TCC and AISC

Higher AISC due to increased TCC and increased capitalized stripping expenses at Pioneer and Malomir, partially offset by material improvement in H1 2020 gold sales volumes

TCC (US\$/oz)



AISC (US\$/oz)



## H1 2020 Total Capex Spend

Expenditure was focused on construction of Pioneer and Malomir flotation plants, Pioneer underground development work and exploration at Elginskoye

