



PETROPAVLOVSK

# Petropavlovsk PLC

FY 2020 Financial Results  
17 May 2021

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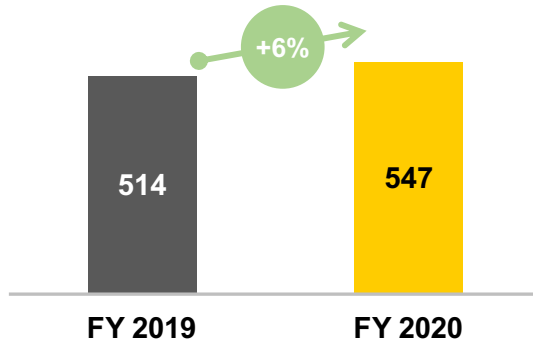
## 2020 Overview



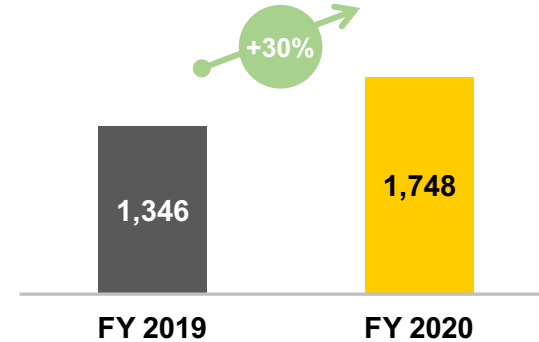
## Financial Results Highlights

An increase in the amount of gold sold at a higher price, resulted in improved revenues and EBITDA yoy. Loss for the period ultimately due to various non-cash charges, incl. impairment in relation to Albyn + a write-off to the carrying value of IRC following its reclassification as an asset-held-for-sale

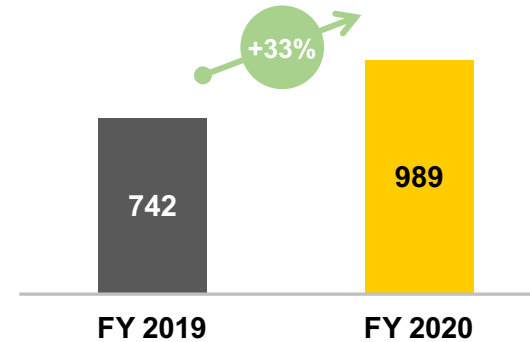
Gold Sold (koz)



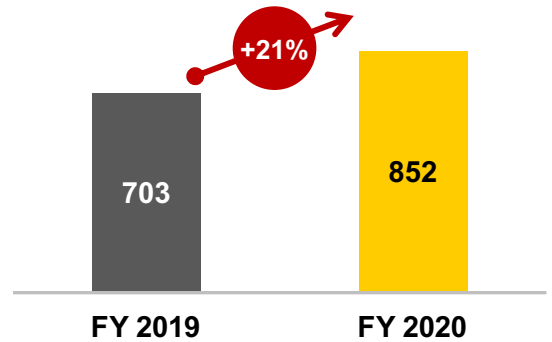
Avg. Realised Gold Price (US\$/oz)



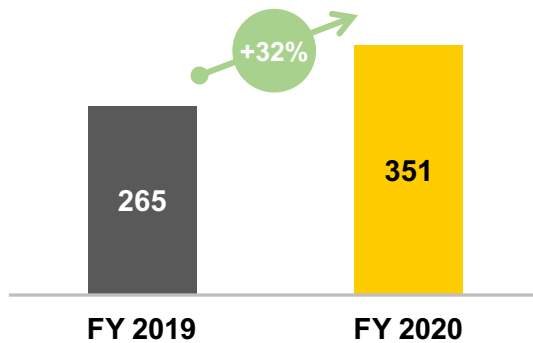
Group Revenue (US\$m)



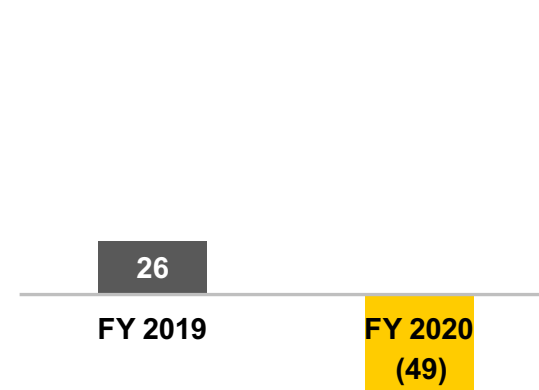
Own Gold TCC (US\$/oz)



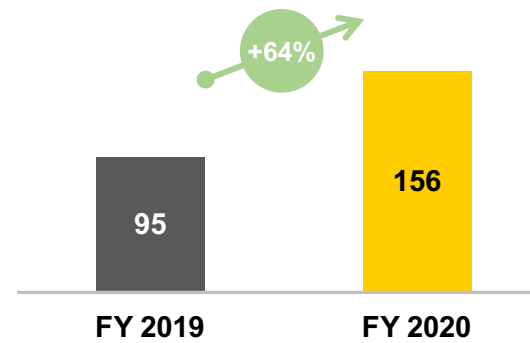
Underlying EBITDA (US\$m)



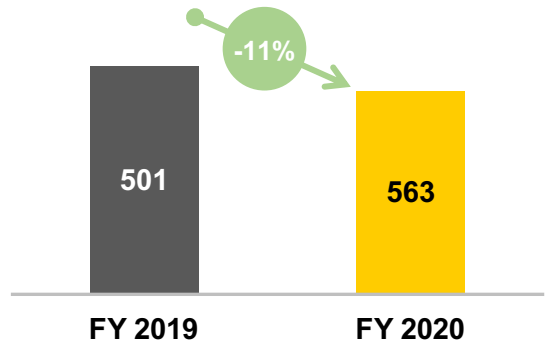
Profit / (Loss) for the Period (US\$m)<sup>(1)</sup>



Net Cash From Operating Activities (US\$m)



Net Debt (US\$m)



(1) Loss for the period is as a result of three non-cash items: (a) US\$42.8m loss on the fair value re-measurement of the convertible option of the convertible bonds (2019: US\$31.1m) (b) US\$74.9m impairment of Albyn's mining assets driven by an adjustment to the valuation of Albyn / Elginskoye projects (2019: nil) (c) US\$55.8m write-down in relation to the carrying value of IRC Ltd (2019: nil)

## 2020 Key Takeaways

A challenging year: lower own mine production (offset by higher 3<sup>rd</sup> party gold), higher costs, delays to Pioneer flotation plant commissioning and governance issues. 2021 is an opportunity to reposition the business

### 01 Production

- Total production **+6%** (548koz) thanks to **+256%** increase in 3rd party gold output
- Own gold output **-18%** yoy (386koz), due to some operational challenges
- POX Hub utilisation rate increased to c.50% (245Kt of refractory gold concentrate processed)
- POX recovery rates consistently high at >91%

### 02 Financials

- Higher revenue + EBITDA mainly due to a 30% increase in gold sales prices, but bottom line affected by various non-cash charges
- Own TCC higher due to lower grades, inflation, effect of mining tax rates
- Deleveraging continues: Net Debt / EBITDA reaching a multi-year low of 1.4x
- Ongoing settlement of interest-bearing gold prepaids

### 03 Development

- Pioneer flotation launch postponed to Q2 2021
- Malomir flotation plant expansion scheduled for commissioning in Q3 2022

### 04 JORC Reserves & Resources<sup>(1)</sup>

- Mineral Resources: 19.5Moz at 0.76g/t (67% refractory)
- Ore Reserves: 7.2Moz at 0.98g/t (75% refractory)
- 16-year average mine life
- Exploration focus primarily around existing operations

### 05 Health, Safety, Environment

- Zero work-related fatal injuries
- LTIFR of 1.50<sup>(2)</sup>
- 91% of water recycled + reused
- 8% improvement in energy efficiency
- COVID-19: effective mitigation measures to protect staff and contractors

### 06 Corporate Governance

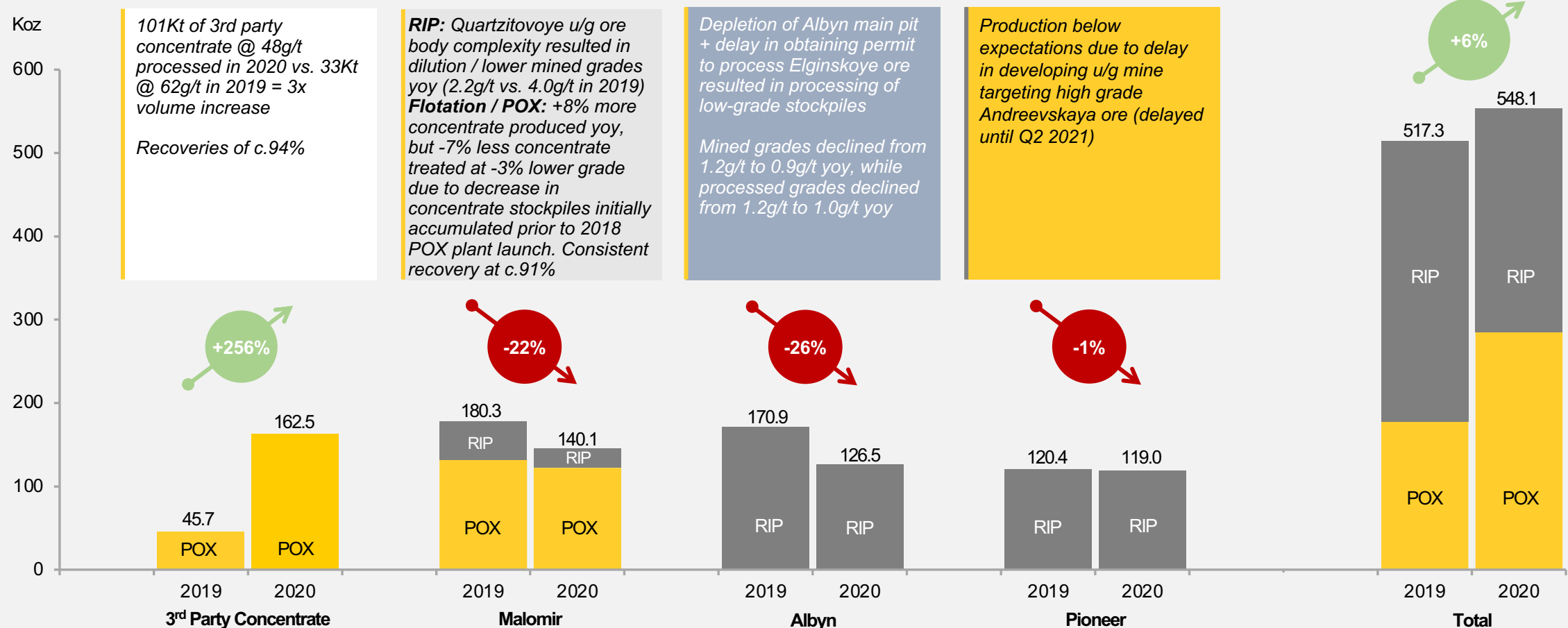
- Leadership / control restored following corporate changes in Aug 2020
- Commitment to a diverse, experienced, independent board
- Review of governance framework announced Oct 2020
- KPMG appointed to examine historic related party transactions, in accordance with shareholder instructions

(1) Mineral Resources are shown inclusive of Ore Reserves (2) Number of accidents with lost time per million hours worked

## 2020 Operational Performance

Operational challenges lead to an **-18%** yoy decrease in own mine gold production (385.6koz), compensated by a **3x** increase in gold produced from processing 3rd party refractory concentrate (162.5koz), resulting in total output of 548.1koz, **+6%** yoy

### FY 2020 vs. FY 2019 production by operation



# Management Priorities



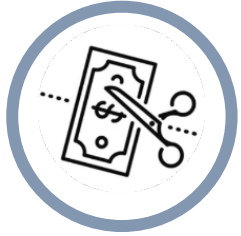
# Developing a Clear Pathway to Shareholder Value and Sustainable Growth

Having achieved co-operation and control across the business, there are a number of near-term priorities



## Increase gold production from own sources

- Maximise POX Hub utilisation by commissioning Pioneer + Malomir flotation plants
- Accelerate development opportunities of existing assets by converting resources into reserves (eg. Elginskoye)



## Cut costs

- Focus on operational efficiency + reduction / elimination of wastage, duplication + unnecessary costs
- Introduce up-to-date systems and controls + instill a culture of continuous improvement



## Continue to deleverage balance sheet

- Decrease cost / size of debt by refinancing US\$500m bond issue on better terms
- Eliminate IRC loan guarantee<sup>(1)</sup>



## Improve corporate governance and oversight

- Enhance transparency, operational governance and oversight incl. appointment of an additional board member
- Improve budgeting, guidance + market engagement capabilities



## Shareholder support for long-term goals

- Historical failure to deliver value to shareholders despite excellent assets
- New leadership team to drive change, ensuring share price better reflects substantial underlying worth / potential of the business
- Propose dividend policy that balances returns to shareholders with investment in the business

<sup>(1)</sup> US\$199m outstanding as at 31 Mar 2021, of which Petropavlovsk guarantees US\$160m based on the current guarantee structure

## 2021 Guidance: Production and Costs

Total 2021 output of 430 to 470koz at own gold TCC of US\$870/oz to US\$970/oz

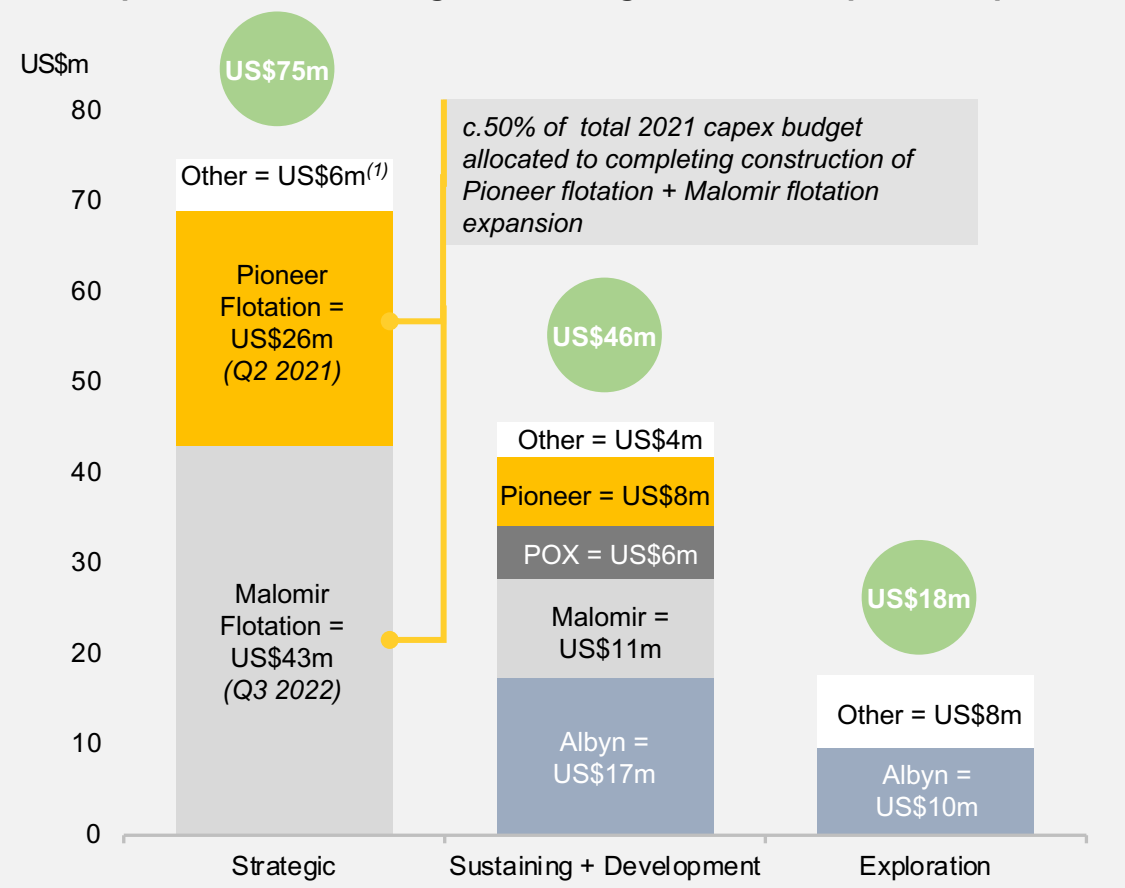
Production (koz)				Total Cash Costs (US\$/oz, unless stated otherwise)			
	2021e	2020a	2021 vs. 2020 Explanation		2021e	2020a	2021 vs. 2020 Explanation
Malomir	140 – 145	140	= Processing volumes, grades + recoveries broadly in line with 2020		760 – 860	761	▲ Mining vols up 30% yoy, along with higher stripping ratio + slightly lower grades to be processed at plant
Pioneer	135 – 140	119	▲ Production increase vs. 2020 driven by higher grades + launch of 3.6Mtpa flotation plant		1,100 – 1,200	1,092	▲ Higher processing costs as Pioneer starts processing refractory ore via flotation, partially offset by lower mining costs
Albyn	95 – 105	127	▼ Lower volumes / recoveries resulting from switch to processing more complex Elginskoye ore		690 - 790	727	= Reduced yoy production + higher costs due to increased mining + processing expense associated with challenging composition of Elginskoye ore Additional cost of transporting Elginskoye ore to Albyn RIP plant
Own gold	370 - 390	386	= Own gold production in line with 2020		870 - 970	852	▲
3rd party	60 - 80	163	▼ Reduced volumes of concentrate available for purchase + lower grades vs. 2020 high of 101Kt at 48g/t		Processing cost: c.US\$180/t	US\$182/t	= While lower concentrate grade increases per ounce cost, processing costs on a per tonne basis will not increase materially vs. 2020 as overall POX utilisation capacity increases due to Pioneer flotation launch
					Margin: c.US\$200/oz <sup>(1)</sup>	US\$274/oz	▼ Concentrate purchase price directly depends on gold price - large portion of 3rd party concentrate secured for processed in 2021 was already purchased at a higher price point in 2020
Total	430 - 470	548	▼ Total output lower due to reduced 3rd party concentrate production				

(1) Based on an estimated average 2021 gold sales price of US\$1,750/oz

## 2021 Guidance: Capex

Flotation related capex spend to peak in 2021 with c.50% of overall capex budget allocated to completing construction of Pioneer flotation plant + expanding Malomir flotation

2021 capex: c.US\$120m strategic / sustaining + c.US\$20m exploration spend



(1) Other non-flotation / non-POX related

Flotation related capex spend to peak in 2021

	2019a	2020a	2021e	2022e	Total by Asset
Pioneer flotation (2 x 1.8Mtpa lines)	US\$15m	US\$23m	US\$26m	-	US\$64m
Malomir flotation expansion (1 x 1.8Mtpa line)	-	US\$11m	US\$43m	US\$11m	US\$65m
<b>Total by Year</b>	<b>US\$15m</b>	<b>US\$34m</b>	<b>US\$69m</b>	<b>US\$11m</b>	<b>US\$129m</b>

# Flotation Concentrate Production Expansion at Pioneer in 2021 (and at Malomir in 2022)

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

Over 65% of the group's JORC Resources are refractory in nature. Increasing flotation concentrate production capacity 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

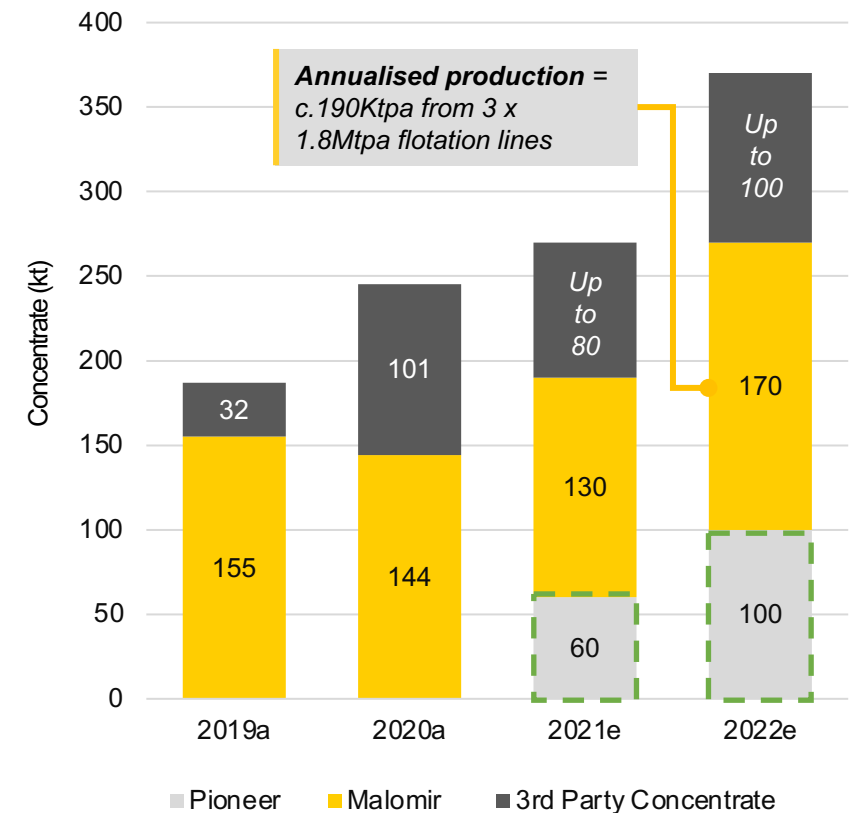
- 3.6Mtpa nominal flotation processing capacity across 2 lines
- Will enable group to process abundant refractory Resources located at Pioneer (72% / 5.3Moz is refractory)
- At an assumed nominal capacity of 3.6Mtpa and a concentrate yield of 2.7%, up to 100Kt of refractory concentrate is estimated to 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% / 6.5Moz of Malomir's Resources are refractory in nature
- At assumed nominal capacity of 5.4Mtpa and a concentrate yield of 3.5%, up to 170Kt of refractory concentrate is estimated to be produced in 2022 (based on Q3 2022 launch)

## POX Hub Utilisation (Ktpa)

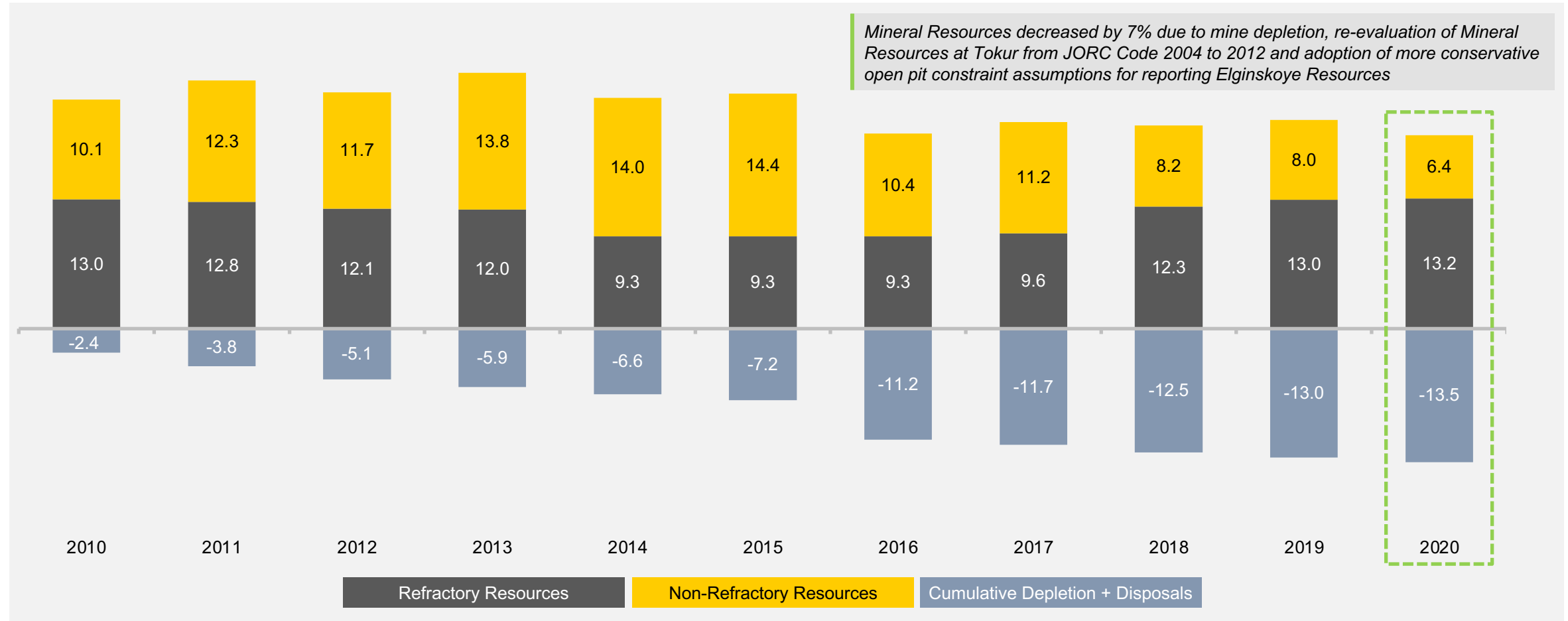


# JORC Reserves & Resources



## JORC Reserves and Resources

As at 31 Dec 2020, JORC Mineral Reserves & Resources amounted to 19.5Moz<sup>(1)</sup> Au, of which 7.2Moz Au are Ore Reserves



(1) Mineral Resources are inclusive of Ore Reserves

## Currently Elginskoye accounts for c.50% of Albyn's total JORC Resources

Elginskoye has potential to become a third source of refractory gold supply to the POX Hub. In 2021, c.US\$10m will be spent at Albyn on exploration, to convert resources to reserves and to better understand the nature of the Elginskoye ore body

### Albyn: 2020 operational recap

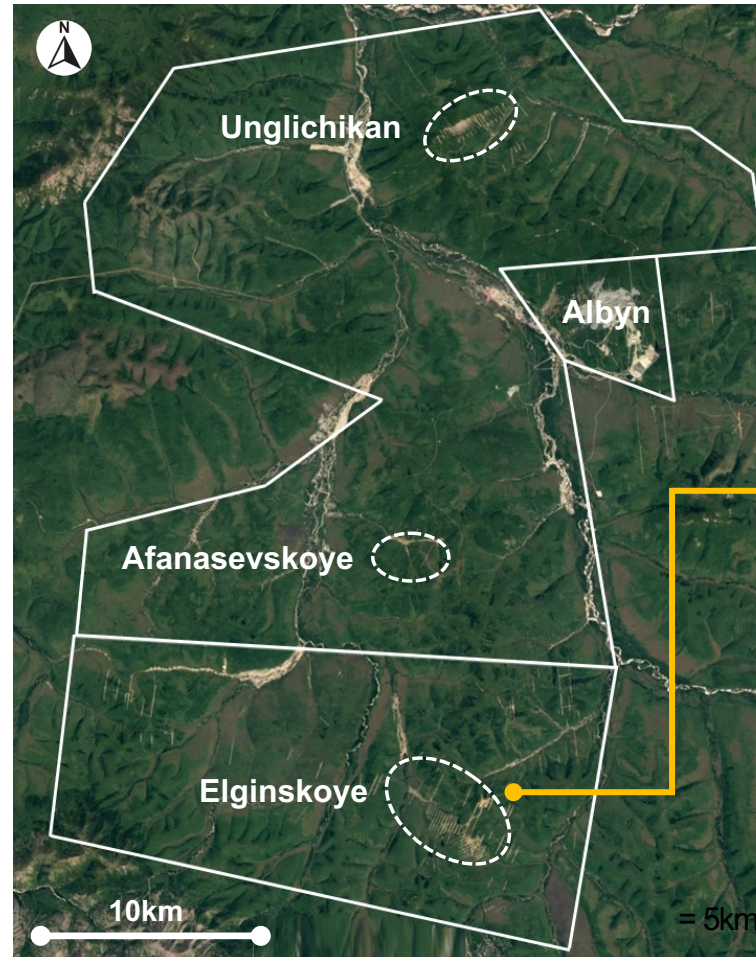
- Production **-26%** yoy due to completion of Albyn main pit + delay in processing Elginskoye ore (permit issue)
- Main source of ore: main pit central zone + low grade stockpiles
- From 2021, Elginskoye replaces depleted Albyn main pit

### FY 2020 US\$75m impairment charge

- Valuation adjustment due to additional exploration / geological modelling demonstrating that an earlier switch to refractory processing at Elginskoye is required → higher proportion / uneven distribution of refractory ore as part of overall deposit

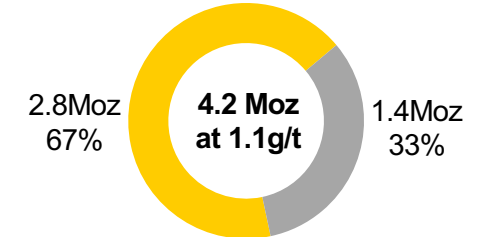
### Elginskoye: future potential source of refractory ore

- 2021: significant exploration work targeting conversion of resources to reserves + increasing resources / clarifying metallurgical composition of ore
- Material changes to be expected to current production plan at Albyn
- Initial studies indicate that an increasing portion of Elginskoye ore body appears to respond better to gravity-flotation-POX vs. traditional RIP processing
- From 2028: opportunity to install flotation plant at Albyn to concentrate refractory ores prior to transportation to POX for further processing / gold recovery

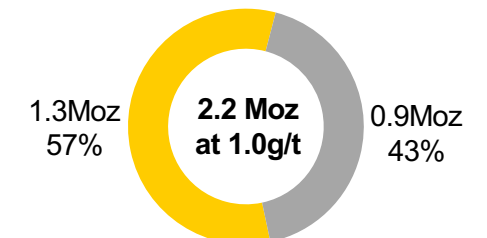


### Albyn JORC Resources<sup>(1)</sup>

- Elginskoye accounts for c.50% of Albyn's total resources



### Elginskoye JORC Resources



Non-Refractory Resources

Refractory Resources

(1) As at 31 Dec 2020, on a consolidated basis

# Corporate Governance



## Board of Directors

Diverse and experienced board, with the search for an additional independent non-executive director in progress<sup>(1)</sup>



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

- Appointed as an INED 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



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

- Appointed as an INED 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



**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



**Malay Mukherjee**  
Independent Non-Executive Director

- Appointed as an INED 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)



**Mikhail Irzhevsky**  
Independent Non-Executive Director

- Appointed as an INED in Apr 2021
- Over 25 years of commercial experience with significant expertise in internal controls, governance, corporate law and M&A transactions, including in resources sector and in Russia
- Joined the Board of Bank Trust in 2018 and served as Chairman of Audit Committee since 2019
- Prior to this, Mr Irzhevsky was VP for Legal Affairs at PJSC Rostelecom from 2013 to 2018 and in 2016 – 2017 served on its Board



**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

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

# Sustainable Development



# Environmental Stewardship

Notwithstanding the ongoing commitment to effectively manage, reduce and mitigate any environmental impacts from our operations, the group is set to carry out an independent environmental audit in H2 2021

## Sustainability Highlights 2020

**91%**

of water recycled and reused

**ZERO**

water discharge

**ZERO**

major environmental incidents

**ISO14001**

certified EMS

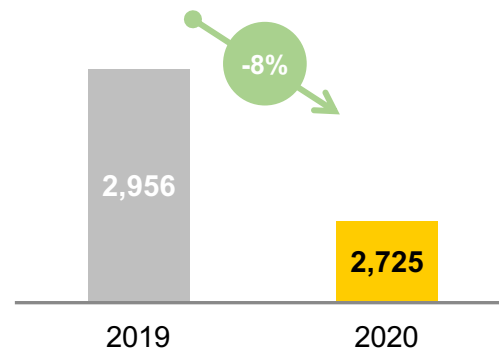
**50%**

replacement of fossil fuels by electricity in overall energy mix

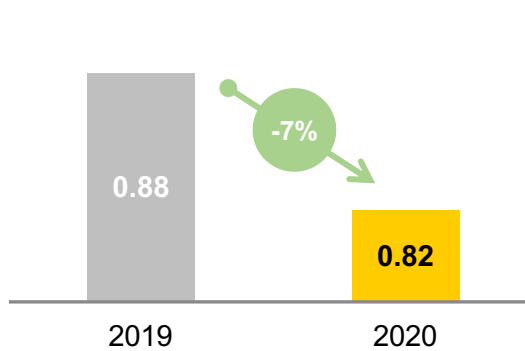
**40,000**

carp hatchlings released to local waterbodies

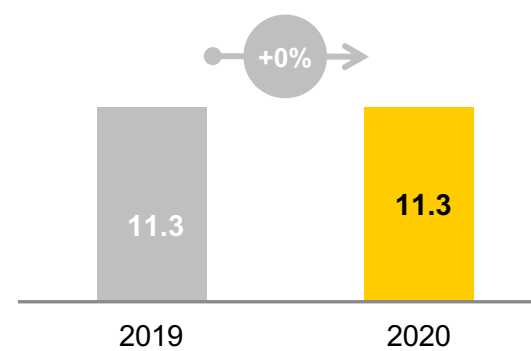
## Energy Efficiency (GJ/oz)



## Carbon Intensity (t CO<sub>2</sub>e/oz)



## Freshwater Consumption (m<sup>3</sup>/oz)



## Increase in environmental provisions



- Assisted by external advisors, the group will carry out an environmental review in H2 2021
- Provisions have been made in relation to site rehabilitation + water treatment

# Looking After Our People

New management team fully committed to responsible employment practices, talent development and promotion of equal opportunity and diversity within the group

Sustainability Highlights 2020

**ZERO**  
 Work-related fatal injuries

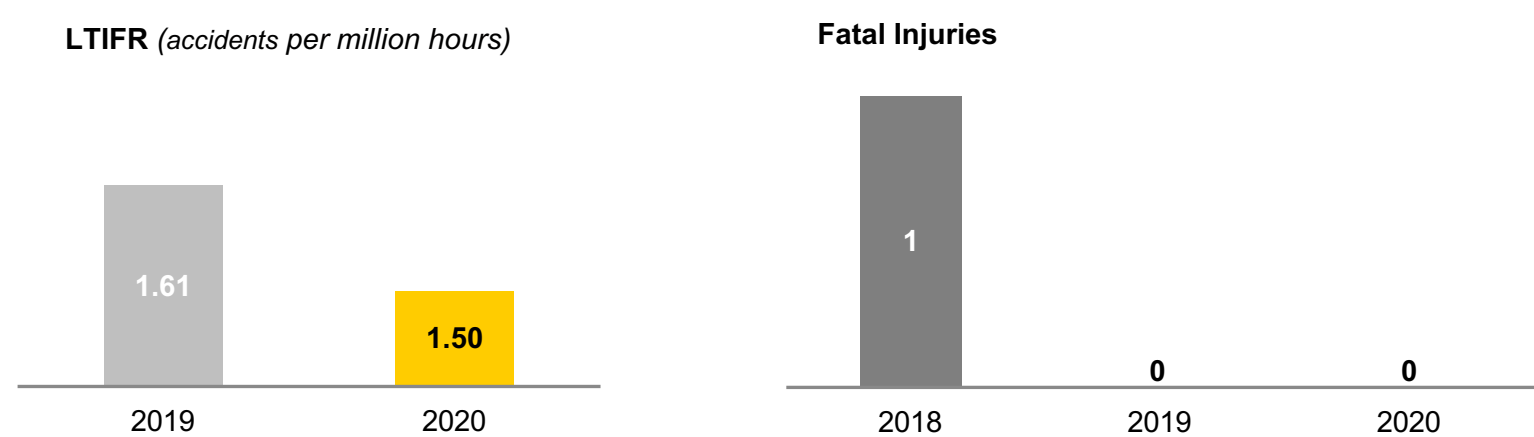
**US\$0.7m**  
 invested in local community projects in Russian Far East


**26%**  
 females amongst workforce

**89%**  
 of our employees are residents of the Russian Far East

**32%**  
 employees occupying management positions are female

**HSE Director**  
 Roman Dertinov appointed as *Head of Health & Safety*

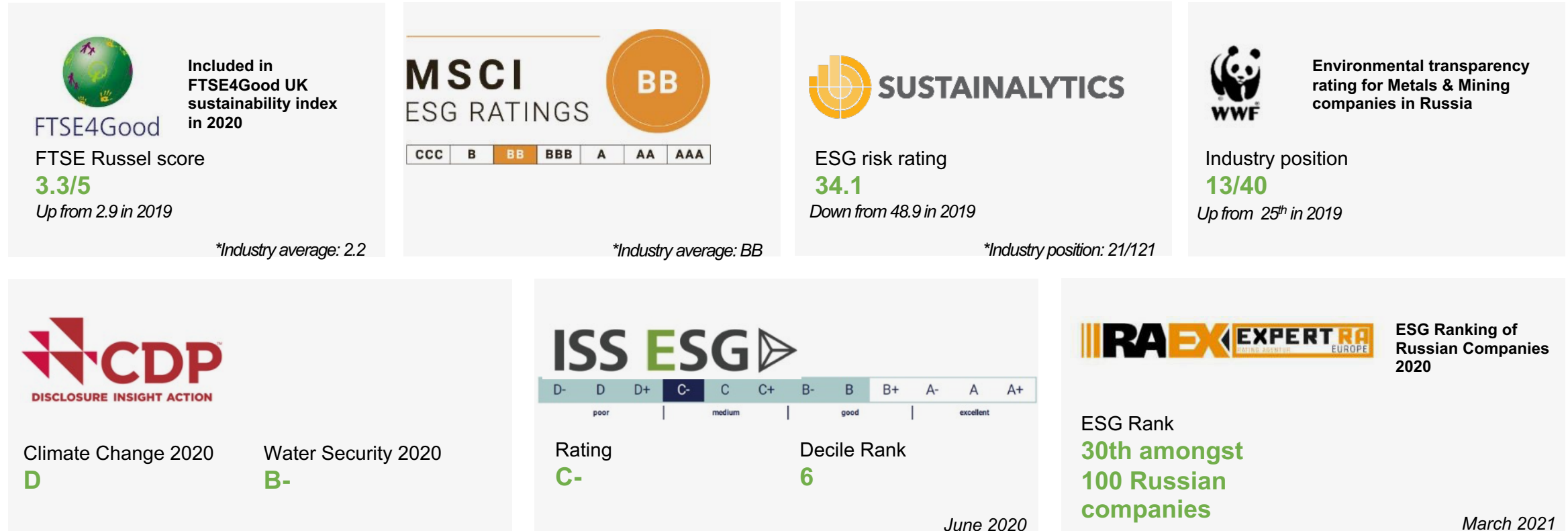



**Pokrovskiy Mining College**

- Founded in 2008, it is Petropavlovsk’s main centre of education, preparing qualified graduates to the group
- >14,500 people have graduated from the college to date

## ESG Ratings Performance

Continued improvement across major international ESG ratings achieved in 2020, reflecting Petropavlovsk's ongoing efforts to increase transparency and disclosure of non-financial information



### Alignment to UN Sustainable Development Goals (SDGs) and UN 2030 Agenda



In **December 2020** Petropavlovsk joined the **UN SDG Ambition Accelerator**, a global 6-month programme aimed at helping companies to access current performance, identify risk areas and take ambitious business action towards achieving the SDGs

# 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

- 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 chains remain functional with materials mainly sourced in Russia



## Risk mitigation strategies focused on protecting all employees

- Provision of regular medical advice and thorough reporting
- Appropriate resourcing to medical facilities across the group
- Vaccination programme

## 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
- ✓ 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 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
- ✓ Thorough disinfection and distribution of PPE and disinfectants
- ✓ Local community support with distribution of masks and hand sanitiser among local businesses

## **FY 2020 Financial Results**



## Financial Results

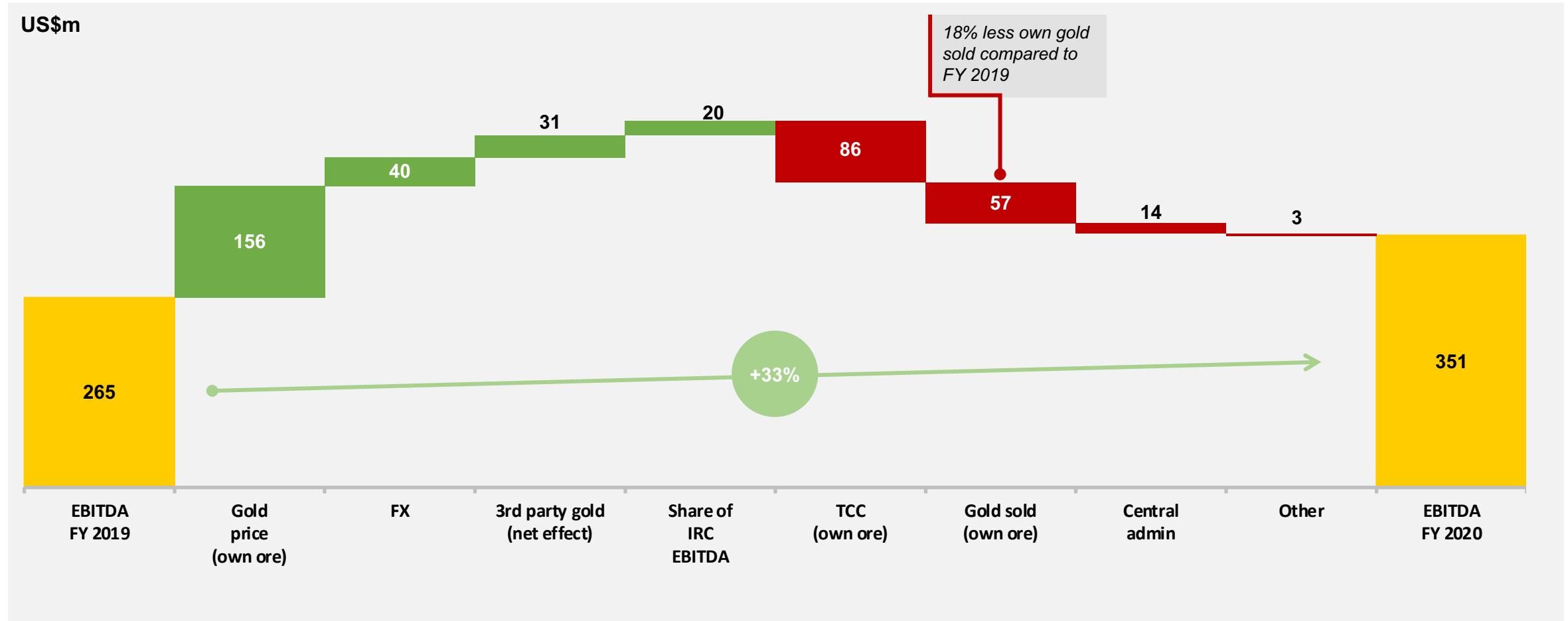
Notwithstanding lower own gold production and higher costs, higher gold prices positively impacted revenues and EBITDA, with cash generated from operations (before w/c changes) **+31%** yoy to US\$328.5m. Bottom line affected by various non-cash charges<sup>(1)</sup>

	Units	FY 2020	FY 2019	Change
Gold production (own gold only)	Koz	385.6	471.6	-18%
Gold production (3 <sup>rd</sup> party gold)	Koz	162.5	45.7	+256%
Gold production (own + 3 <sup>rd</sup> party)	Koz	548.1 <sup>(1)</sup>	517.3 <sup>(2)</sup>	+6%
Total gold sales	Koz	546.5	514.0	+6%
Avg. realised gold price	US\$/oz	1,748	1,346	+30%
Group revenue	US\$m	988.5	741.6	+33%
TCC (own gold only)	US\$/oz	852	703	+21%
TCC (3 <sup>rd</sup> party gold)	US\$/oz	1,474	1,260	+17%
TCC (own gold + 3 <sup>rd</sup> party)	US\$/oz	1,034	749	+38%
AISC (own gold + 3 <sup>rd</sup> party)	US\$/oz	1,312	1,020	+29%
Operating profit	US\$m	148.0	150.7	-2%
Underlying EBITDA	US\$m	350.7	264.8	+32%
(Loss) / profit for the period	US\$m	(48.9) <sup>(3)</sup>	25.7	n/m
Cash generated from operations (before working capital changes)	US\$m	328.5	250.5	+31%
Net cash from operating activities	US\$m	156.3	95.4	+64%
Net debt (as at 31 Dec)	US\$m	(500.6)	(561.3)	(11%)
Development capex	US\$m	108.0	89.6	+21%
Exploration capex	US\$m	9.7	14.2	(32%)

(1) Incl. 162.5koz from the processing of 3rd party refractory gold concentrates at the POX Hub (2) Incl. 45.7koz from the processing of 3rd party refractory gold concentrates at the POX Hub (3) Loss for the period is as a result of 3 non-cash items: (a) US\$42.8m loss on the fair value re-measurement of the convertible option of the convertible bonds (2019: US\$31.1m) (b) US\$74.9m impairment of Albyn's mining assets driven by an adjustment to the valuation of Albyn / Elginskoye projects (2019: nil) (c) US\$55.8m write-down in relation to the carrying value of IRC Ltd (2019: nil)

# EBITDA

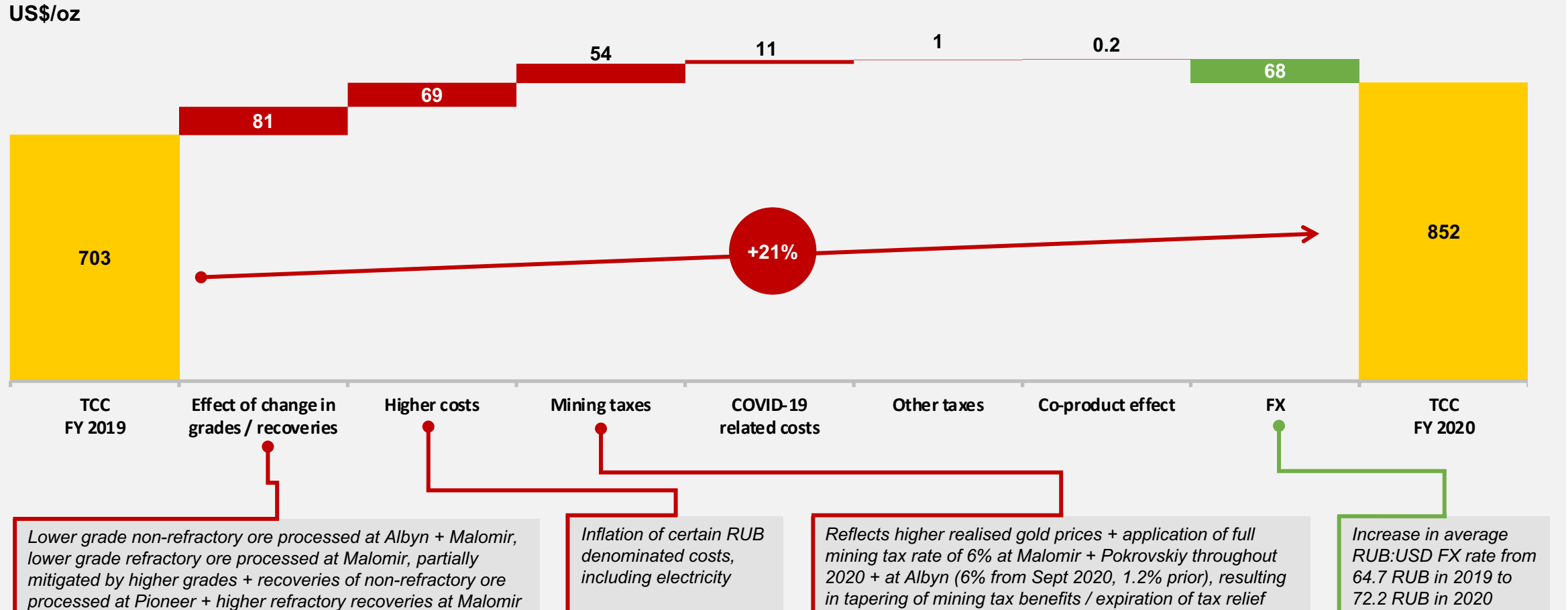
32% EBITDA increase driven by higher gold sales at a higher average gold sales price and weaker RUB, partly offset by higher operating costs and central admin



Note: figures may not sum up due to effect of rounding

## Own TCC Breakdown

Own gold TCC **+21%**, reflecting **-18%** decline in own gold sold, lower processed grades (Albyn + Malomir), inflation of certain RUB denominated costs and higher mining taxes following expiration of reliefs, partially mitigated by RUB depreciation

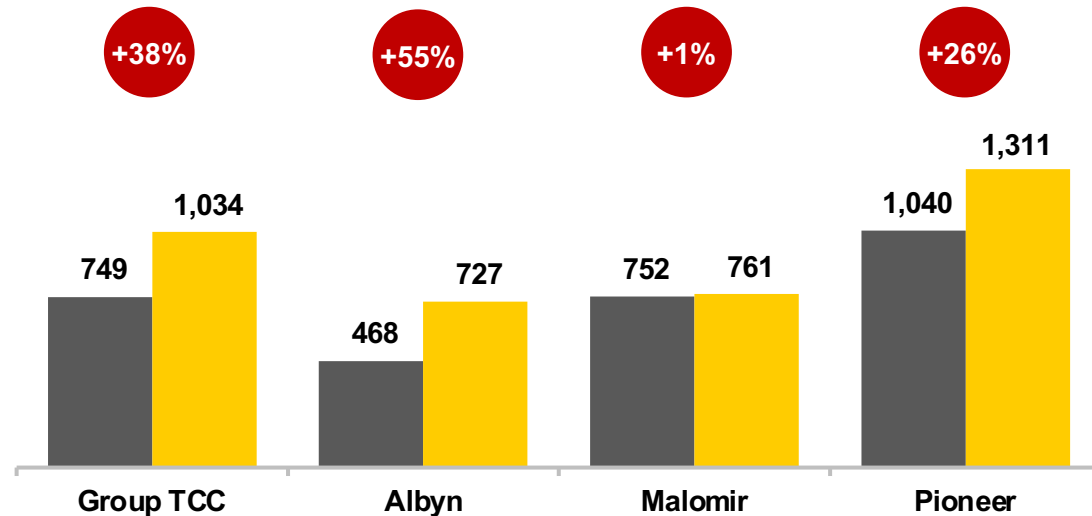


Note: figures may not sum up due to effect of rounding

## Mine by Mine TCC and AISC

Higher AISC primarily due to increased TCC, with sustaining capex for existing operations, underground projects, POX, Malomir flotation and capitalised stripping at Malomir and Pioneer at similar levels to 2019

TCC (US\$/oz)

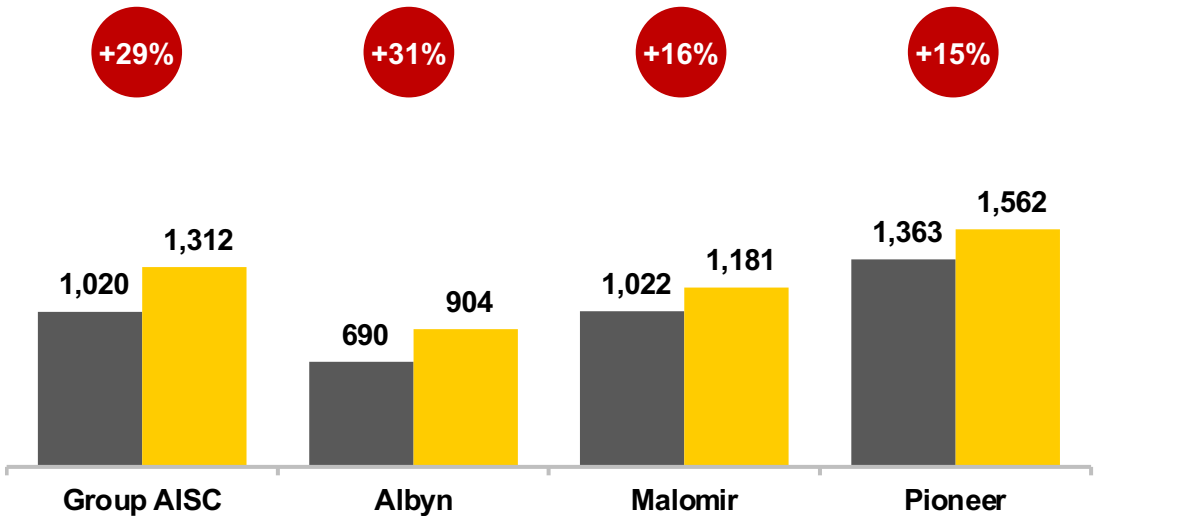


Depletion of Albyn deposit resulting in lower production volumes, lower processed non-refractory ore grades (-29% yoy), inflation of certain RUB denominated costs + higher mining tax rate due to expiry of tax subsidy

Lower production volumes, lower processed grades, inflation of certain RUB denominated costs, higher mining tax rate as tax subsidy expired, partly mitigated by better refractory ore recoveries

Mainly due to higher cost of purchasing 3rd party concentrates + inflation of certain RUB denominated costs, partly offset by higher grades + recoveries of non-refractory ore

AISC (US\$/oz)



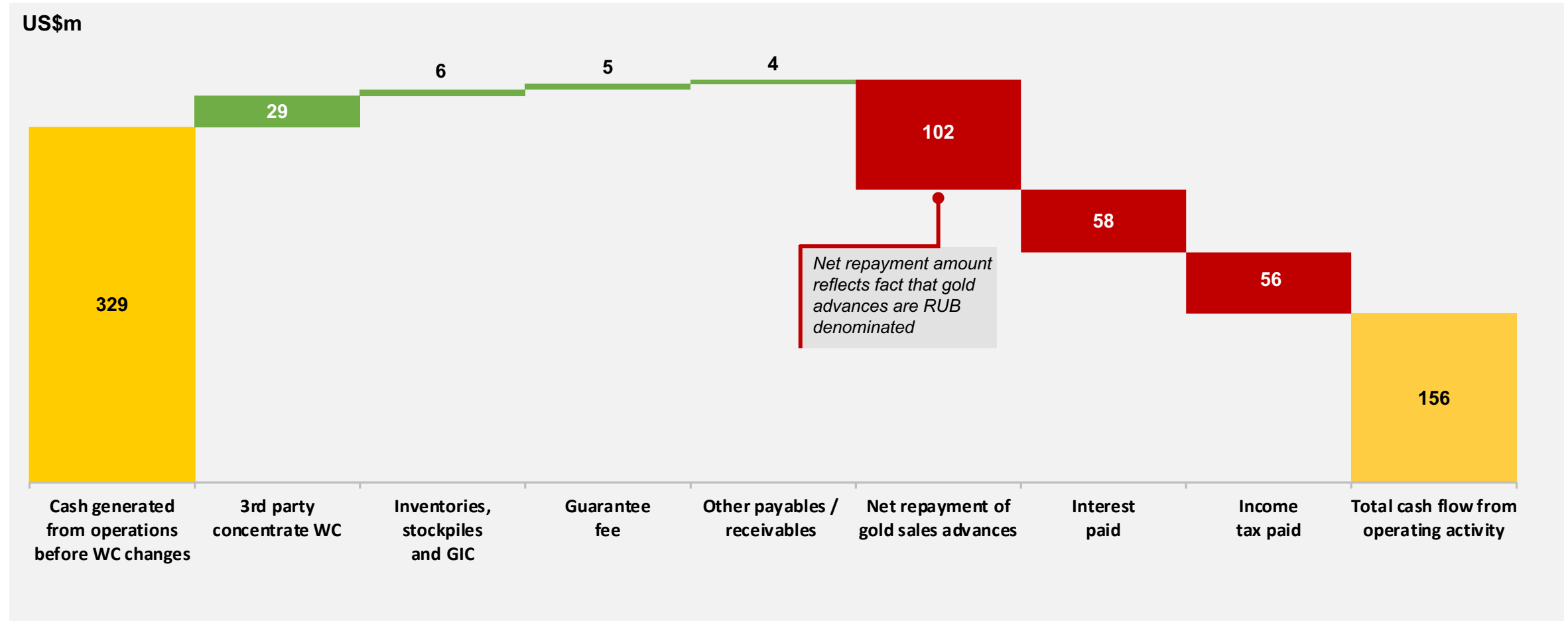
Higher TCC + higher central admin costs offset by a reduction in sustaining capex

Higher TCC + increase in capitalised stripping costs, sustaining capex and higher central admin

Higher TCC + higher central admin expense, offset by lower sustaining capex and a lower capitalised stripping costs + sustaining exploration expenditure

## Operating Cashflow Breakdown

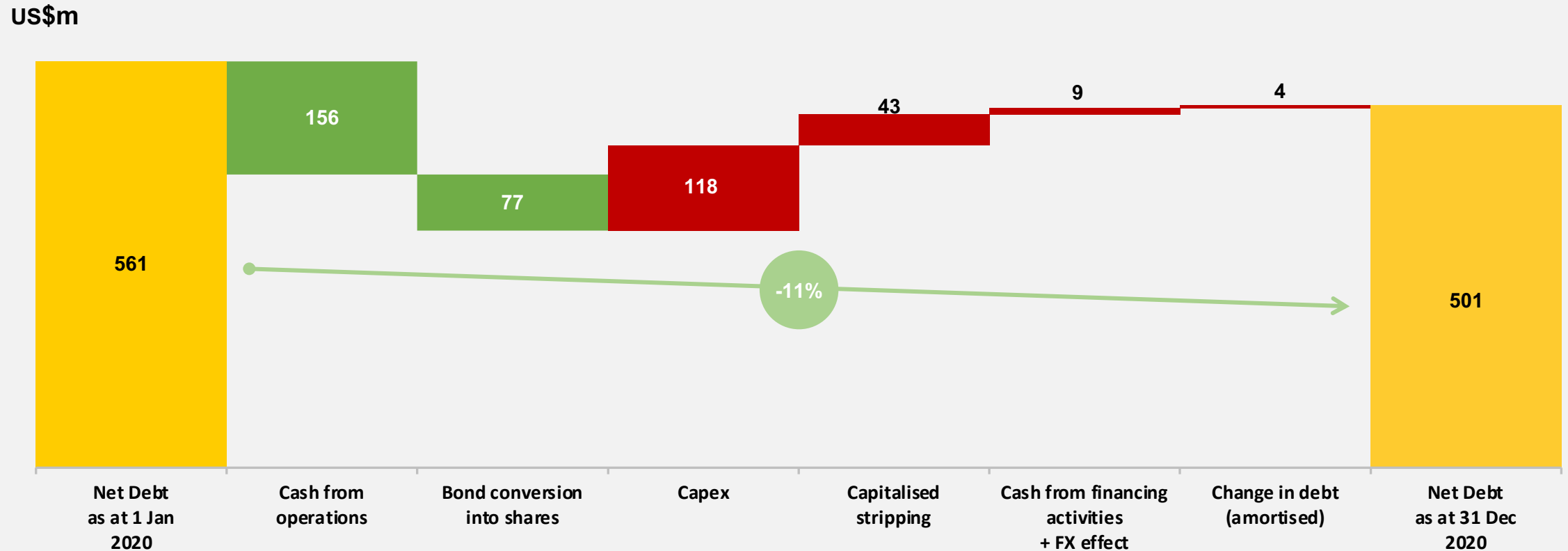
The company continues to reduce the size of the outstanding prepay position, with a net movement of US\$102m in 2020. As at 31 Dec 2020, US\$64m was outstanding (31 Dec 2019: US\$187m)



Note: figures may not sum up due to effect of rounding

## Change in Net Debt

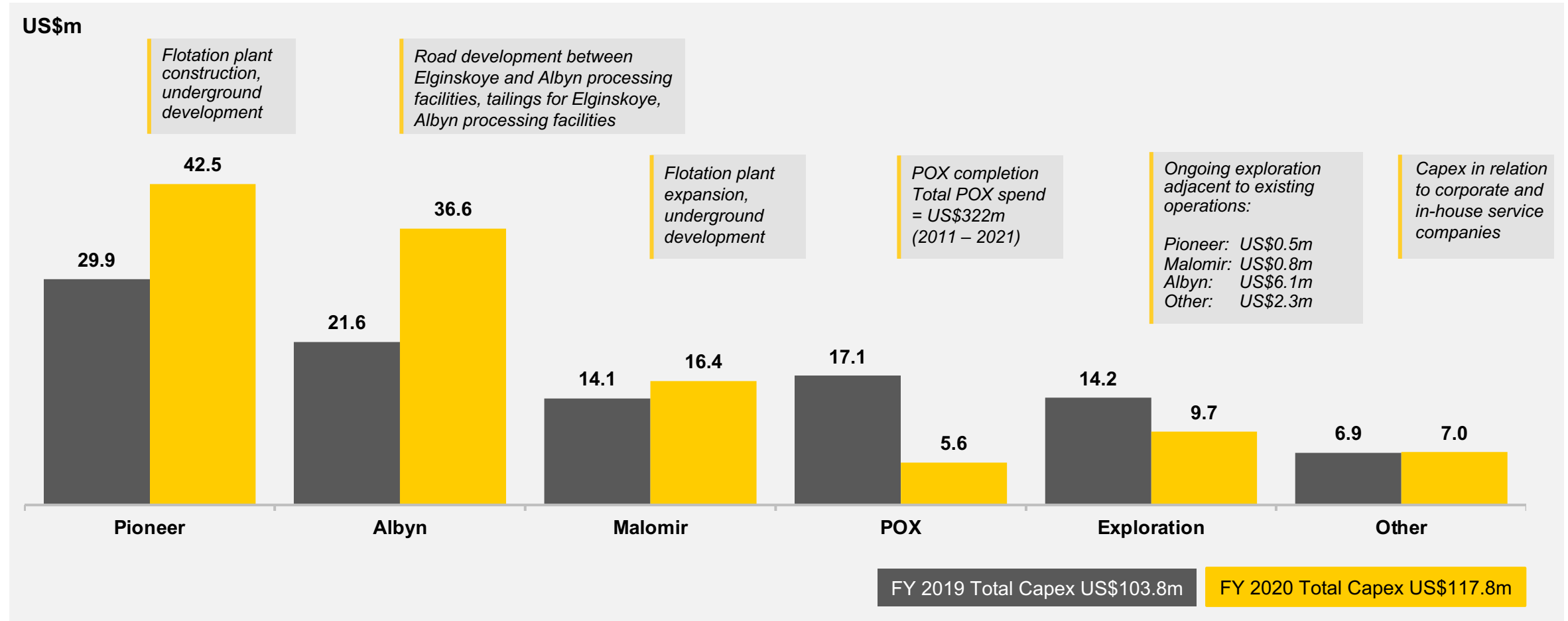
YE 2020 Net Debt down by 11% / US\$61m to US\$501m



Note: figures may not sum up due to effect of rounding

## Total Capex Spend

Development expenditure was focused on the construction of Pioneer and Malomir flotation plants as well as work at Elginskoye

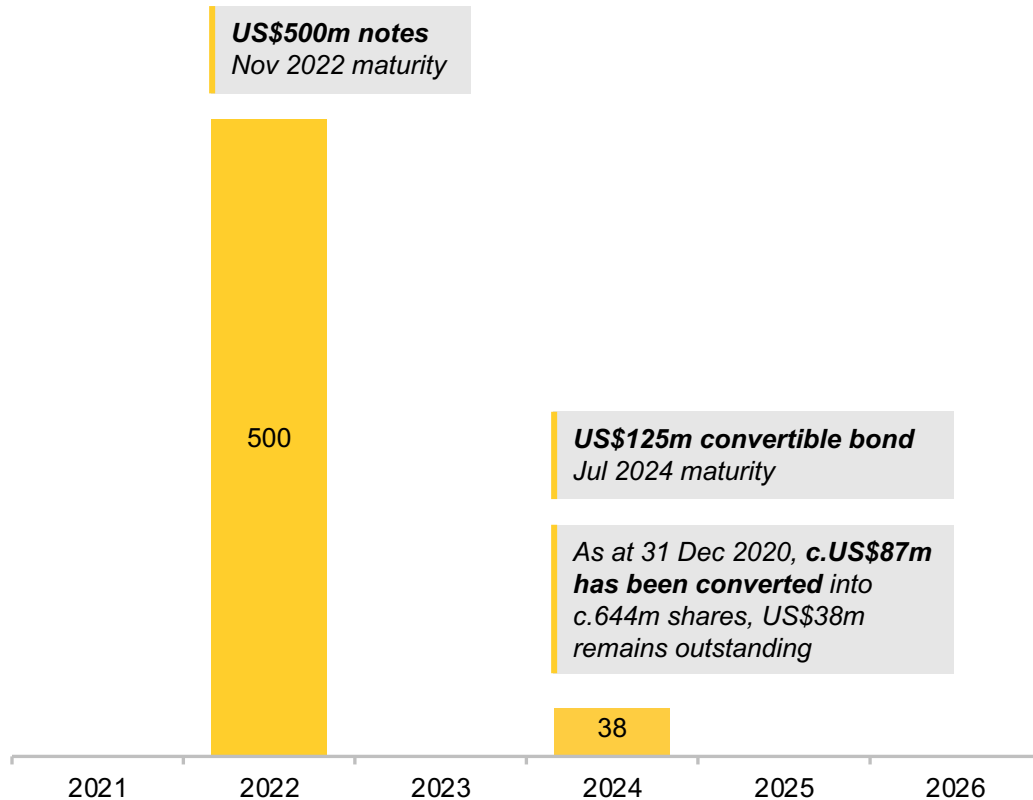


## Intention to Continue Deleveraging and Reduce the Cost of Debt

Net Debt / EBITDA ratio decreased to 1.4x as at YE 2020. Strengthening the company's balance sheet will allow the group to refinance its US\$500m notes due on more favourable terms

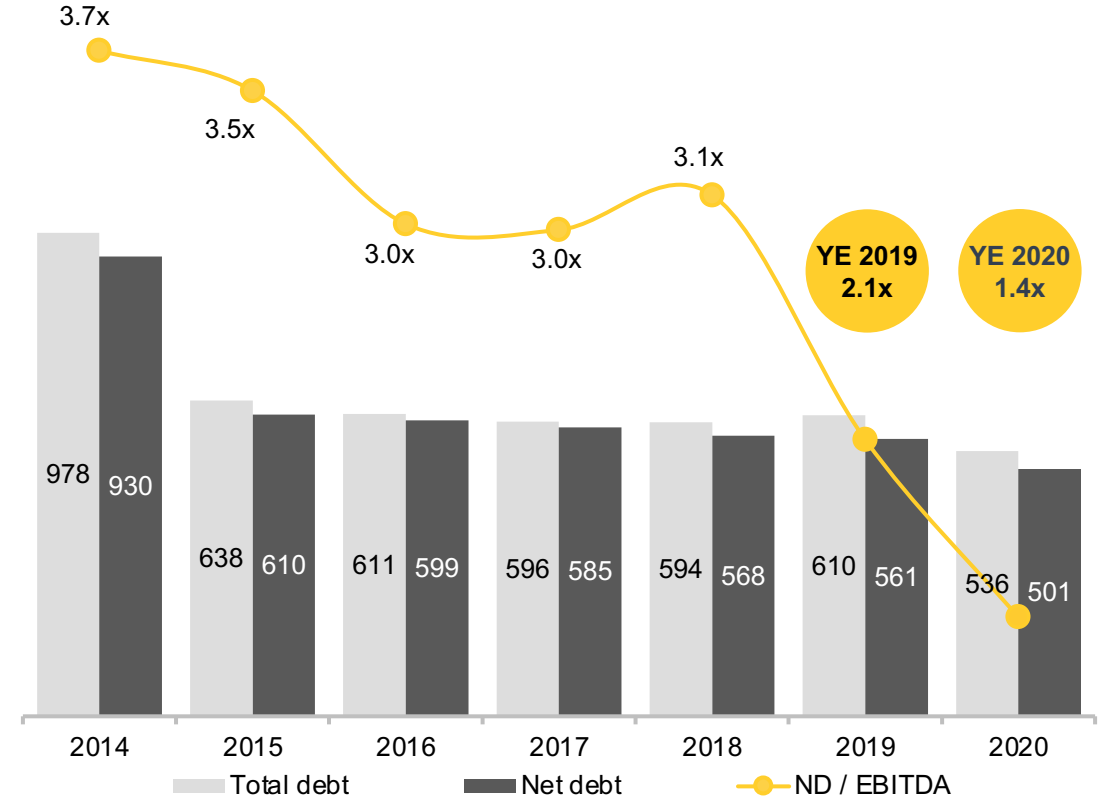
### Group fixed income debt maturity schedule

US\$m



### Net Debt / EBITDA Evolution

US\$m



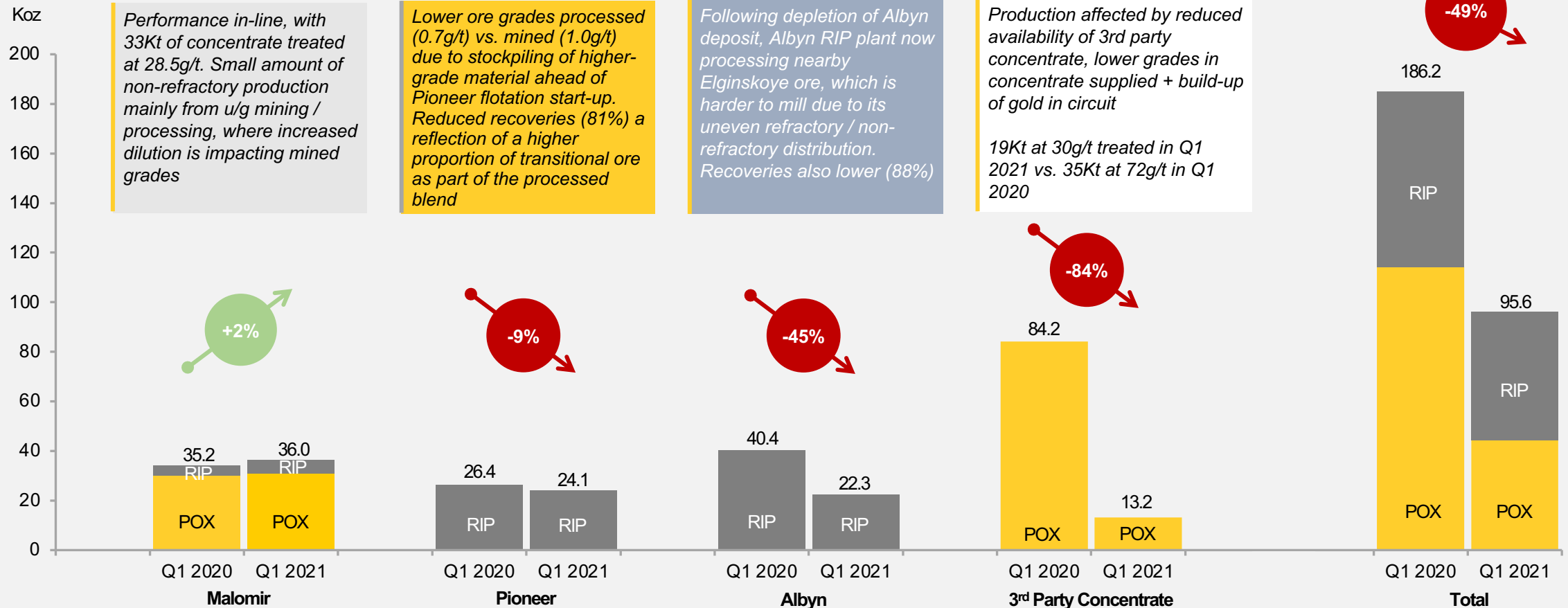
Q1 2021



## Q1 2021 Operational Performance

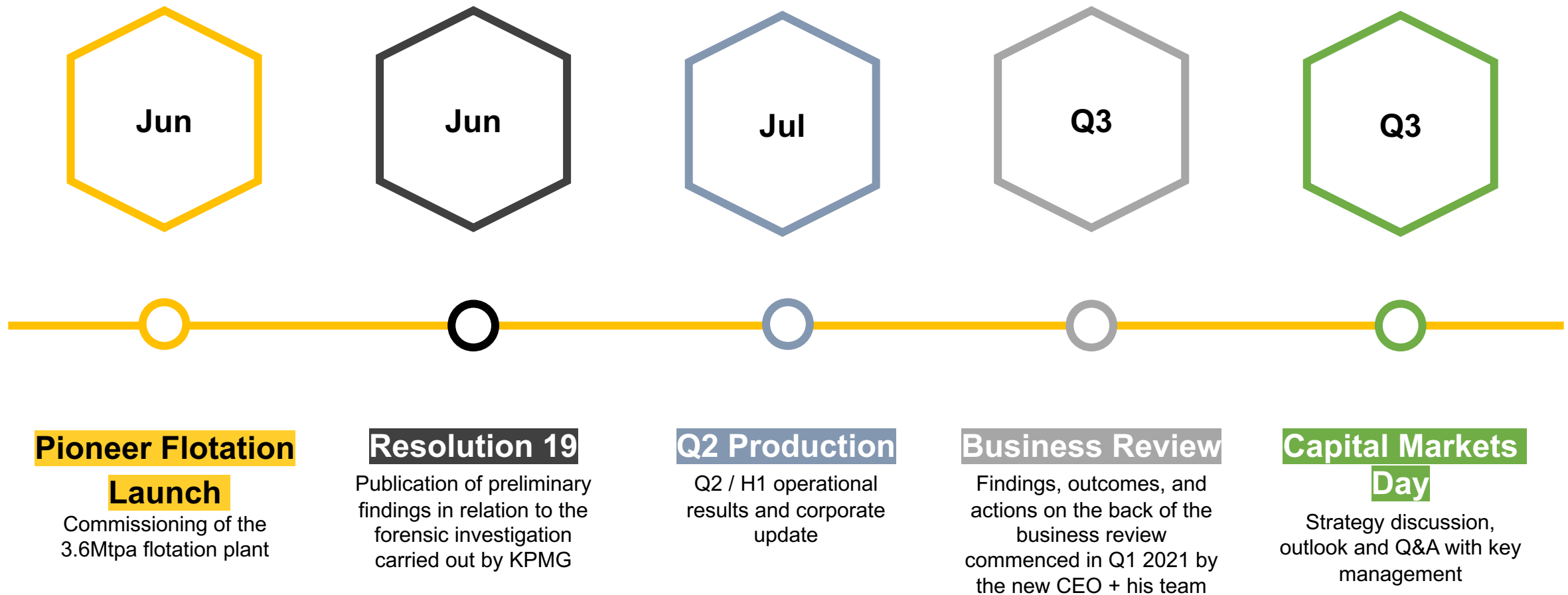
Own gold production **-19%** lower yoy due to reduced Albyn output (Elginskoye ore more challenging), while 3rd party gold concentrate output fell **-84%** due to a knock-on effect of H2 2020 procurement delays, which affected volumes and grades supplied

### Q1 2021 vs. Q1 2020 production by operation



## Key Milestones

To keep investors fully up to date with material company developments, a number of events and updates will take place during Q2 / Q3 2021







# Appendix

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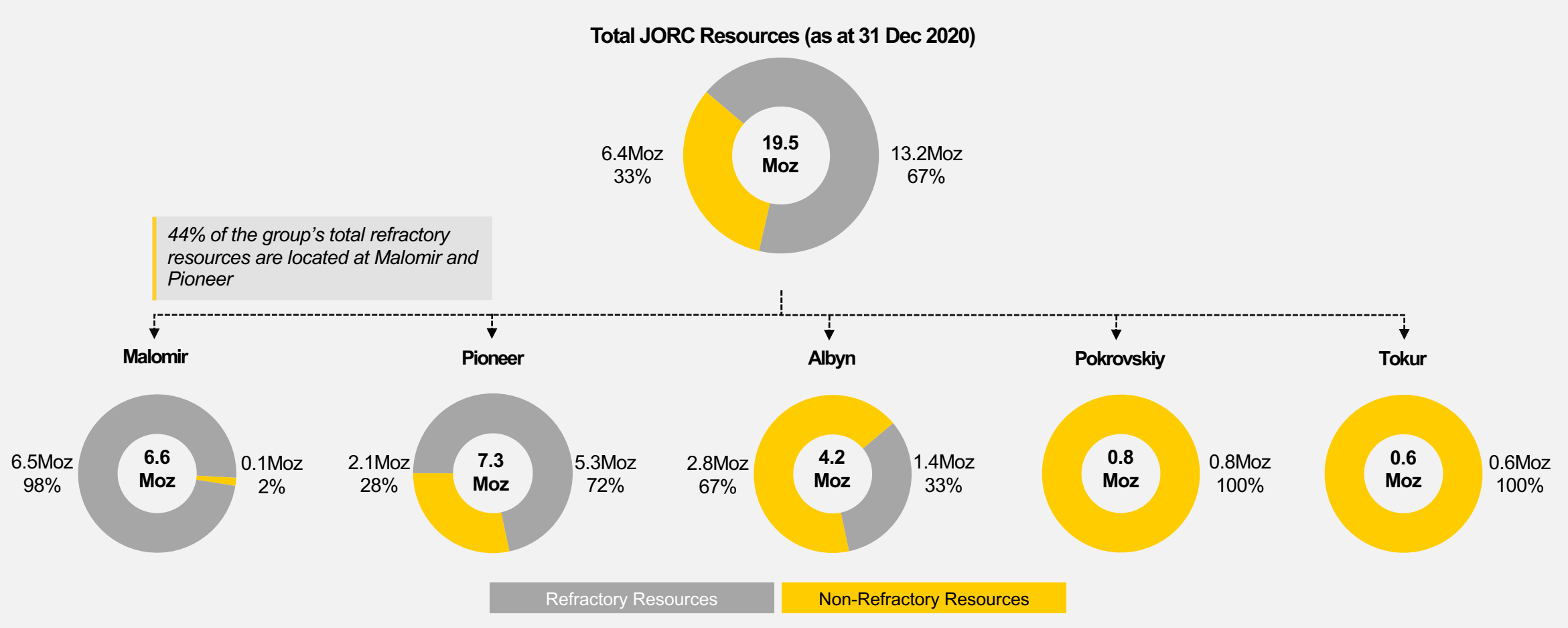
# Board Committees Composition

The board is supported by four key committees, whose membership will be expanded with the appointment of additional INEDs

Audit Committee	Safety, Sustainability & Workforce Committee	Nominations Committee	Remuneration Committee
<p><b>Members</b></p> <ul style="list-style-type: none"> <li>– Charlotte Philipps (Chair)</li> <li>– Malay Mukherjee</li> <li>– Mikhail Irzhevsky</li> <li>– Additional appointees proposed</li> </ul>  <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>– Monitors integrity of financial statements and appropriateness of disclosure and accounting standards</li> <li>– Oversees relations with internal / external auditors and the audit process</li> <li>– Oversight of internal controls framework</li> <li>– Provides assurance on financial risks</li> <li>– Reviews whistleblowing arrange</li> </ul>	<p><b>Members</b></p> <ul style="list-style-type: none"> <li>– Malay Mukherjee (Chair)</li> <li>– James W Cameron Jr</li> <li>– Charlotte Philipps</li> <li>– Denis Alexandrov</li> <li>– Maxim Kharin</li> </ul>  <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>– Reviews the group's health, safety, environmental and community relations strategy</li> <li>– Evaluates effectiveness of policies and systems for managing sustainability issues / risks</li> <li>– Assesses performance with regards to impact of sustainability decisions / actions</li> <li>– Seeks active engagement with the workforce</li> </ul>	<p><b>Members</b></p> <ul style="list-style-type: none"> <li>– James W Cameron Jr (Chair)</li> <li>– Charlotte Philipps</li> <li>– Maxim Kharin</li> <li>– Malay Mukherjee</li> <li>– Mikhail Irzhevsky</li> </ul>  <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>– Reviews structure, size, composition and independence of the board / its committees</li> <li>– Evaluates skills, experience and needs of the board prior to any board appointment</li> <li>– Considers board / senior management succession planning</li> </ul>	<p><b>Members</b></p> <ul style="list-style-type: none"> <li>– Charlotte Philipps (Chair)</li> <li>– Mikhail Irzhevsky</li> <li>– Malay Mukherjee</li> <li>– Additional appointees proposed</li> </ul>  <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>– Devises remuneration policy framework and practices for executive directors and senior management</li> <li>– Determines remuneration of executive directors and senior executives, including structure of performance related pay schemes, bonuses and share awards</li> <li>– Considers details of workforce remuneration</li> <li>– Ensures the company is in contact with shareholders regarding remuneration policy</li> </ul>

# Resource Split by Asset

Two-thirds of the group’s JORC Resources are refractory in nature and amenable to processing at the POX Hub. The highest concentration of refractory resources is at the Malomir and Pioneer deposits



# Petropavlovsk Acts as Guarantor in Relation to IRC's Debt Facility with Gazprombank

The Group owns 31.1% of IRC, which is continuing to pay down the loan in line with the repayment schedule

## The Gazprombank Debt Facility

- In Dec 2018, IRC entered into a US\$240m facility with Gazprombank (GPB)
- GPB facility replaces earlier facility with ICBC on more favourable terms
- GPB facility is secured by charges over the assets of K&S and is guaranteed by Petropavlovsk
- IRC continues to pay down GPB loan in line with schedule
  - Q1 2021: US\$8.5m repaid by IRC in principal and interest + US\$5.0m paid to Petropavlovsk as a guarantee fee

## 29.9% interest in IRC re-classified as an asset held for sale

- Following negotiations with interested parties, directors resolved to approve disposal of 29.9% investment in IRC
- Disposal expected to be completed within 12 months after reporting date
- As such, the investment in IRC has been classified as “held for sale” and is presented separately in the statement of financial position as at 31 Dec 2020
- Following re-classification of 29.9% IRC holding as an asset held for sale, Petropavlovsk recognised a US\$55.8m write-down for the financial year ended 2020
- 29.9% investment in IRC + guarantee were re-measured at the lower of carrying amount and fair value less disposal costs

## Petropavlovsk Guarantee Structure

- 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	US\$160m
2021		US\$40m	US\$160m
2022		US\$40m	US\$160m
2023		US\$40m	2023: US\$160m 2024: US\$40m
2024		US\$120m	US\$120m
2025			
2026			