



Petropavlovsk PLC

**19th Annual General Meeting
30 June 2021**

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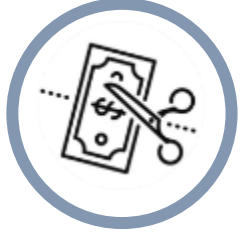
Our Focus: Developing a Clear Pathway to Shareholder Value and Sustainable Growth

Having achieved co-operation and control across the business, there are a number of near-term priorities for building shareholder value while maintaining a strong commitment to health, safety and the environment



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⁽¹⁾



Improve corporate governance and oversight

- Enhance transparency, operational governance and oversight incl. appointment of 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

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

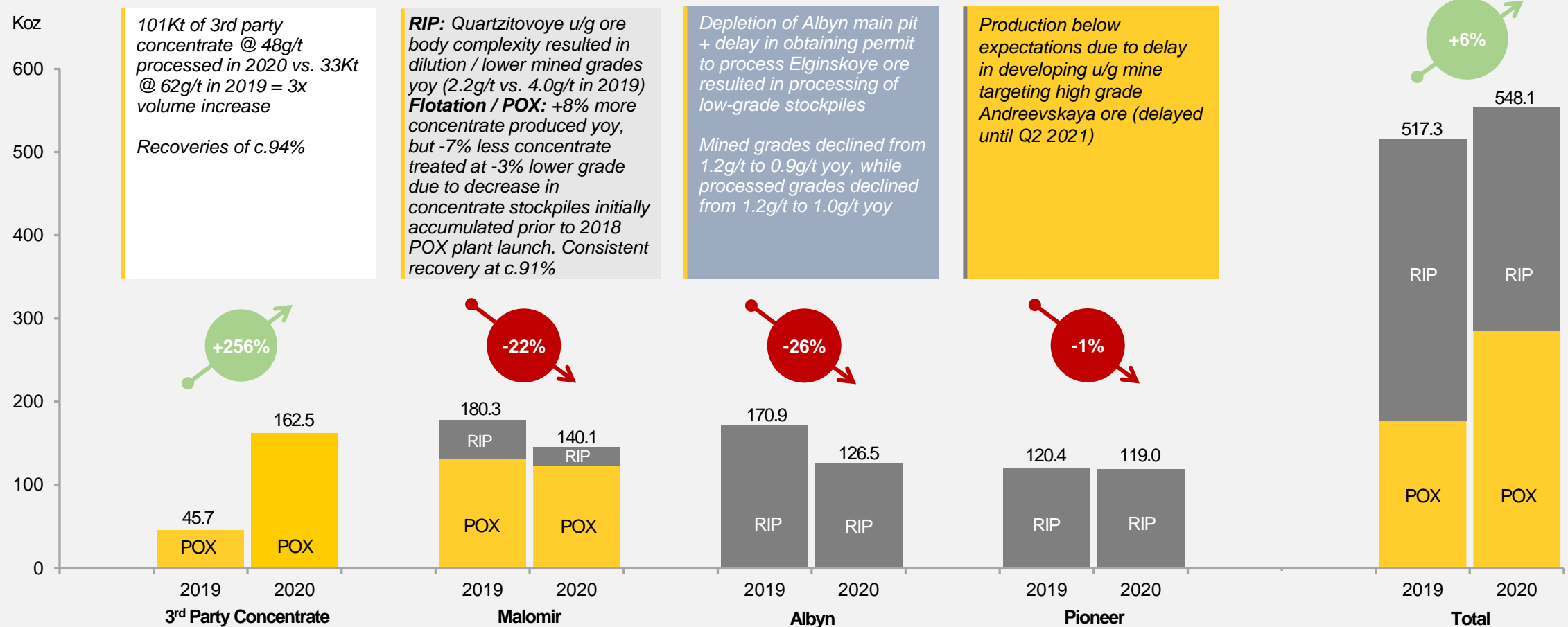
FY 2020 Results Recap



2020 Operational Recap

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

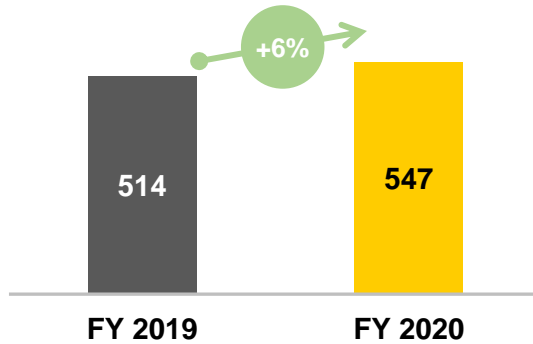
FY 2020 vs. FY 2019 production by operation



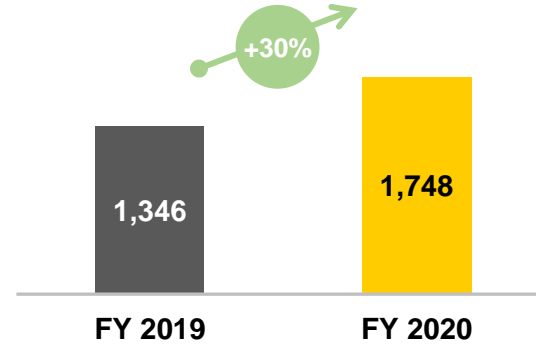
2020 Financial Highlights

Improved revenues and EBITDA due to increased gold sales at higher prices. 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

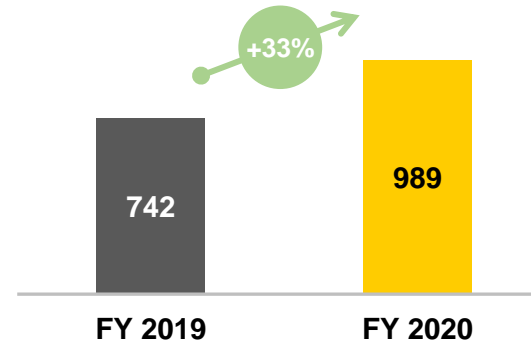
Gold Sold (koz)



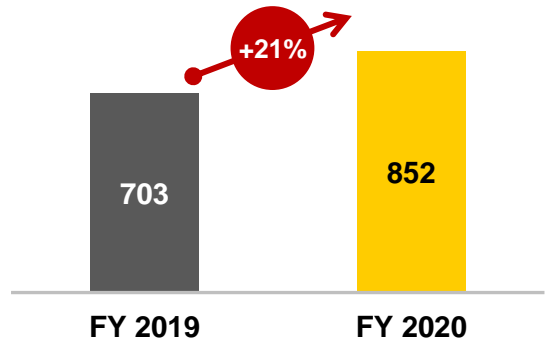
Avg. Realised Gold Price (US\$/oz)



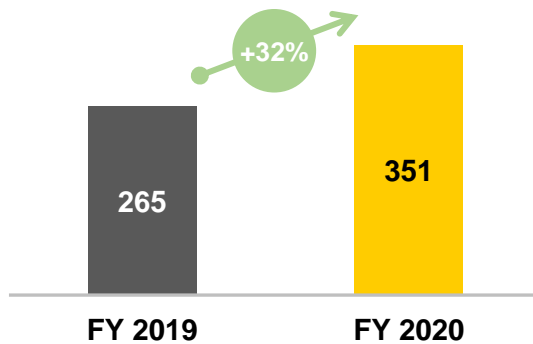
Group Revenue (US\$m)



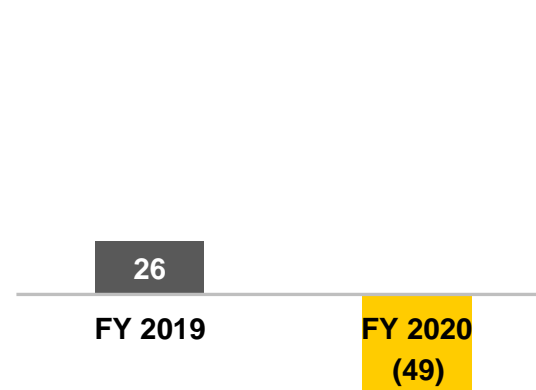
Own Gold TCC (US\$/oz)



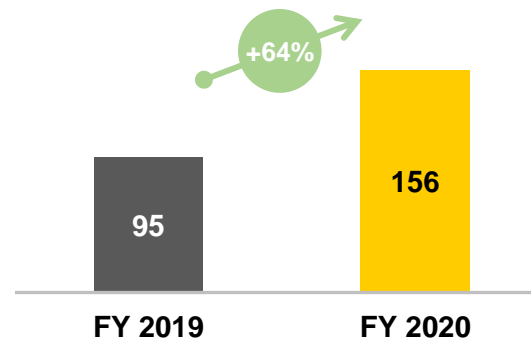
Underlying EBITDA (US\$m)



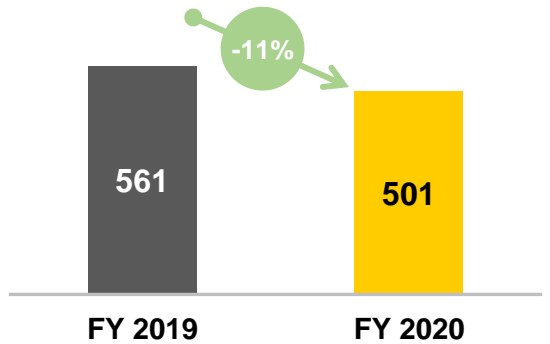
Profit / (Loss) for the Period (US\$m)⁽¹⁾



Net Cash From Operating Activities (US\$m)



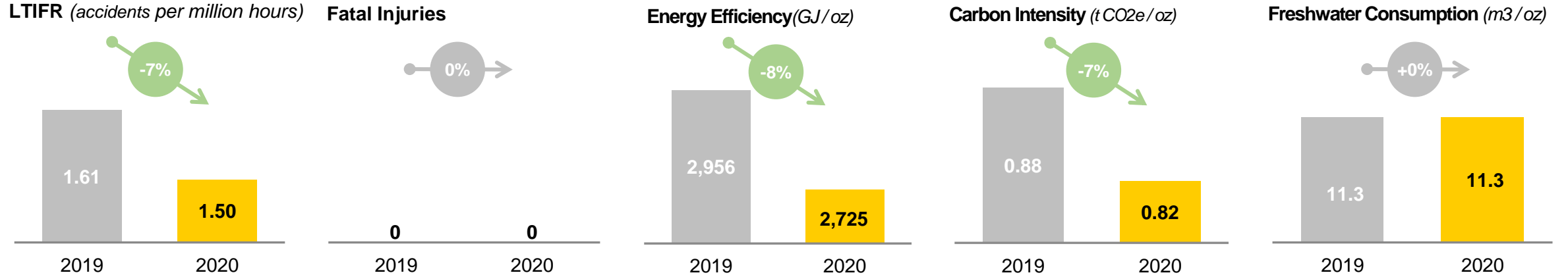
Net Debt (US\$m)



(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)

Looking After Our People and the Environment

The management team is fully committed to staff safety and responsible employment practices, alongside the reduction and mitigation of the group's impact on the environment. Improvement across major international ESG ratings achieved in 2020



Included in FTSE4Good UK sustainability index in 2020

FTSE Russel score **3.3/5**
Up from 2.9 in 2019

**Industry average: 2.2*

MSCI ESG RATINGS **BB**

CCC B **BB** BBB A AA AAA

**Industry average: BB*

ESG risk rating **34.1**
Down from 48.9 in 2019

**Industry position: 21/121*

Climate Change 2020 **D**

Water Security 2020 **B-**

| | | | | | | | | | | | |
|------|---|----|-----------|--------|----|----|-------|----|----|---|-------|
| D- | D | D+ | C- | C | C+ | B- | B | B+ | A- | A | A+ |
| year | | | | months | | | quart | | | | month |

Rating **C-**

Decile Rank **6**

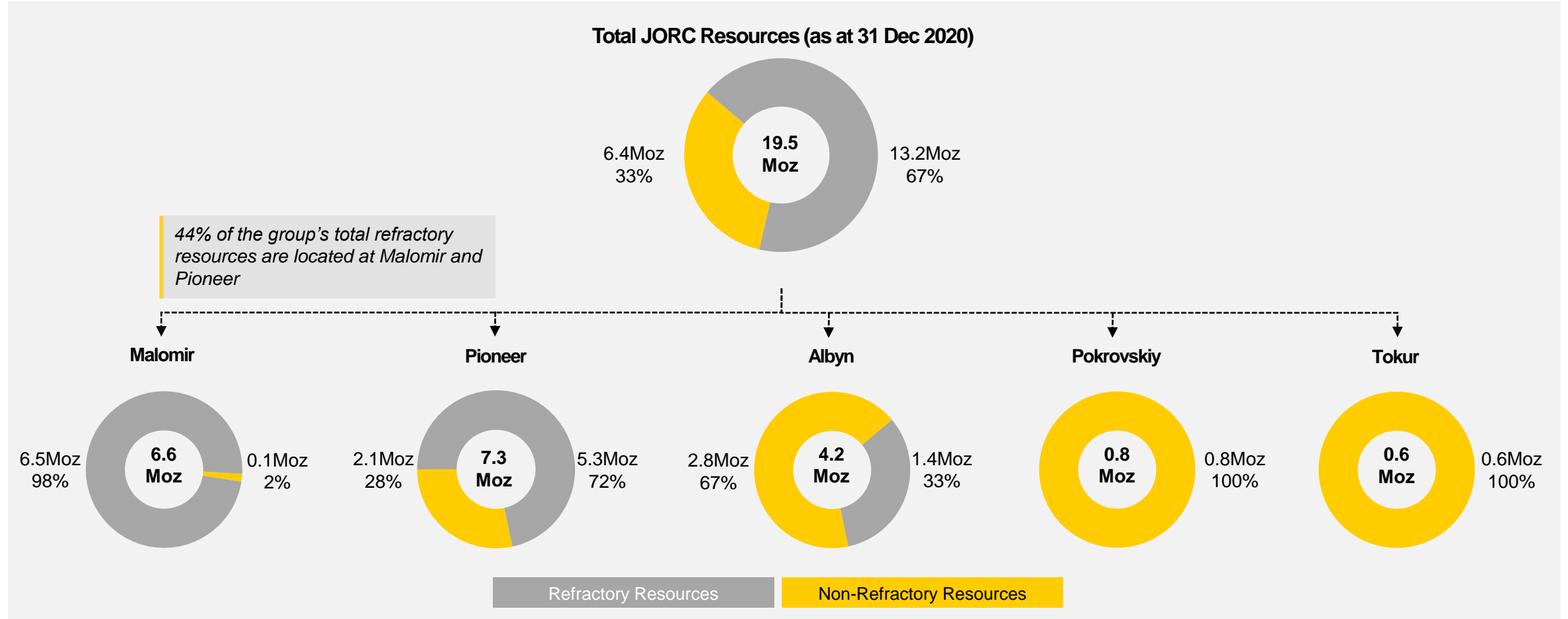
June 2020

Unlocking the Value of Our Refractory Gold Resource Base



Resource Split by Asset

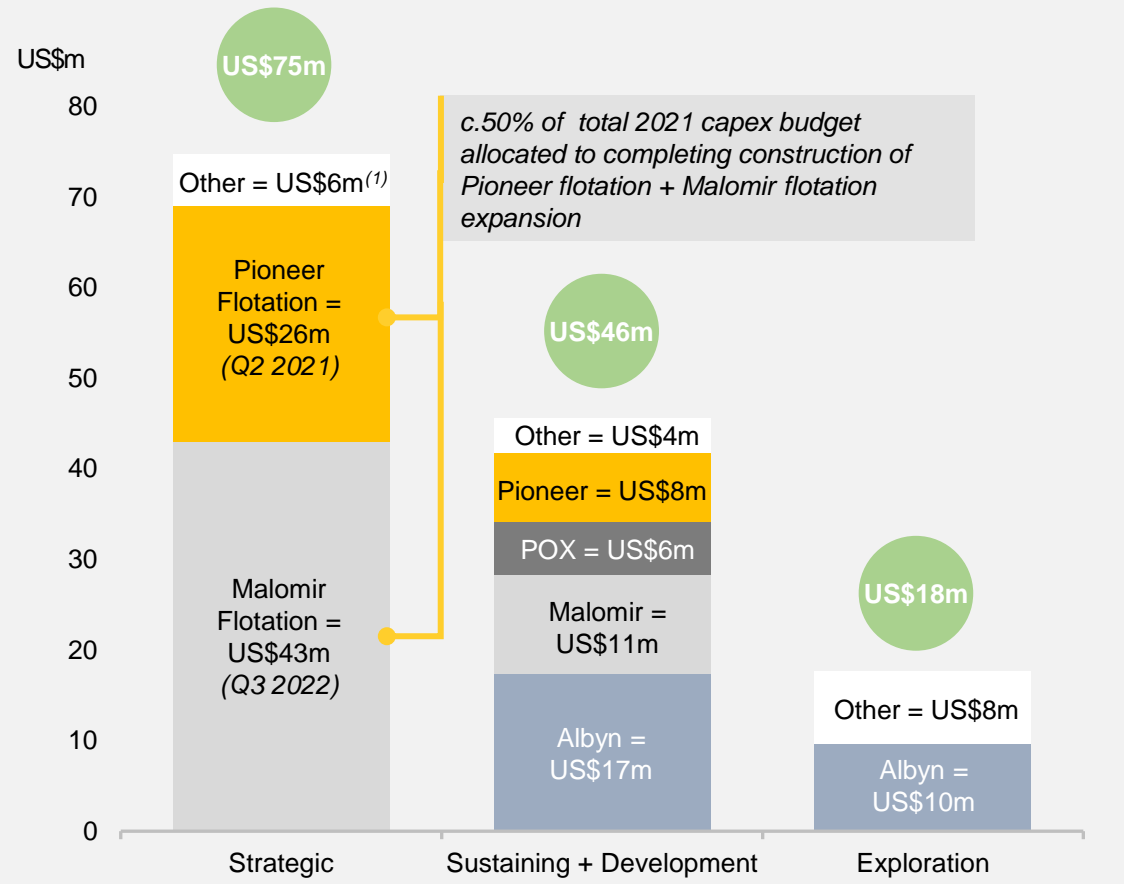
Over 65% of the group's JORC Resources are refractory in nature and amenable to processing at the POX Hub. The highest concentration of refractory resources is at the Malomir and Pioneer deposits



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



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 |
| Total by Year | US\$15m | US\$34m | US\$69m | US\$11m | US\$129m |

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

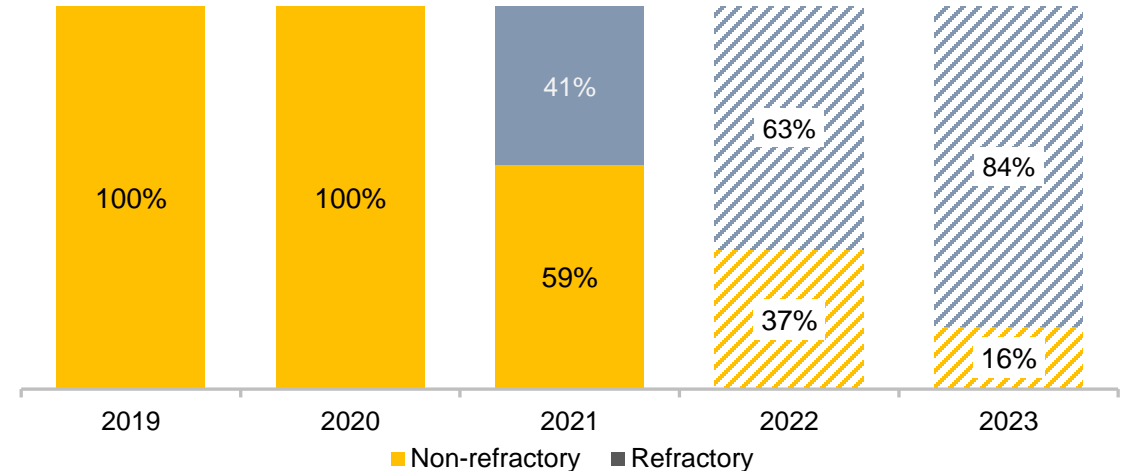
Pioneer Flotation Plant Launch

Commissioned on 31 May 2021, slightly ahead of mid-year target. New 3.6Mtpa flotation facility enables the group to process abundant refractory resources at Pioneer, where 5.3Moz (72%) of JORC Resources are refractory in nature



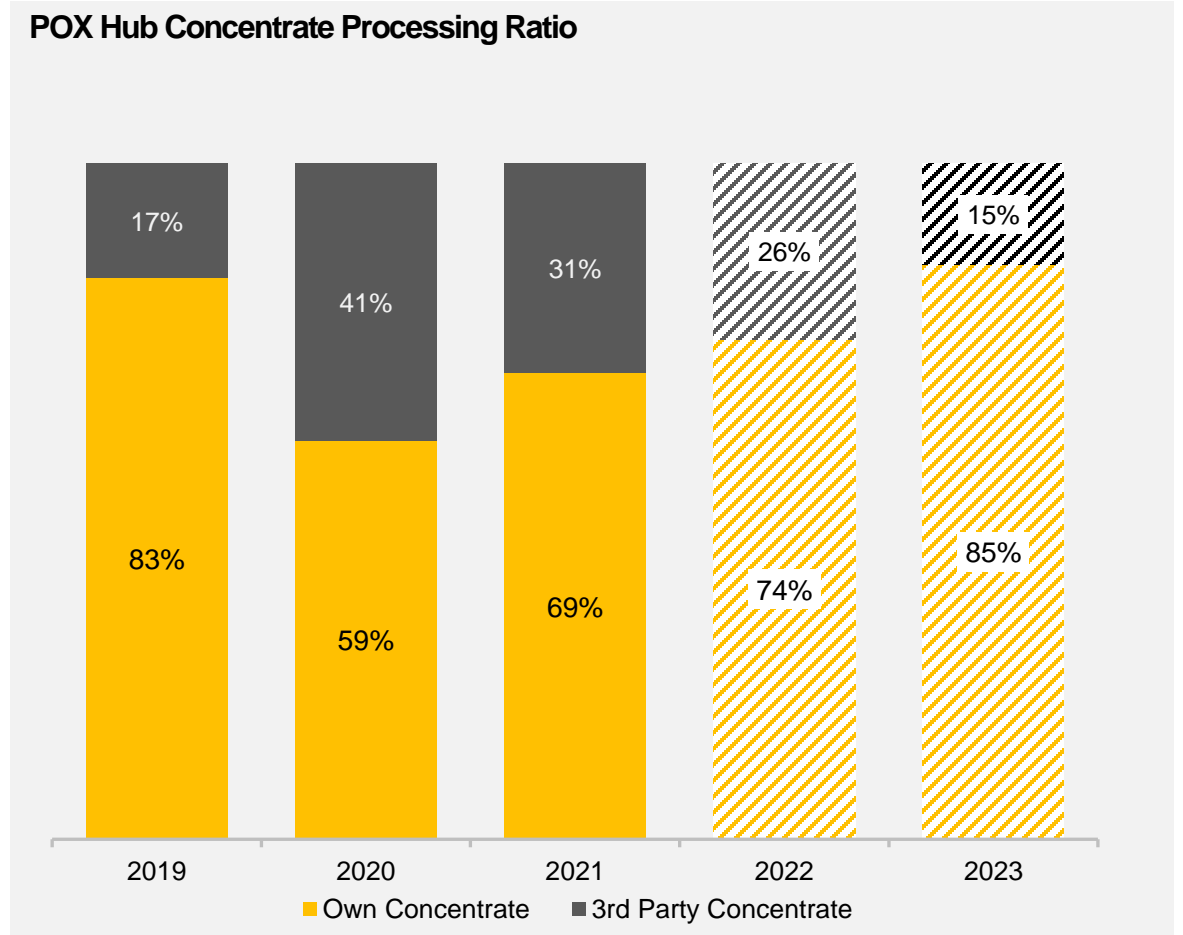
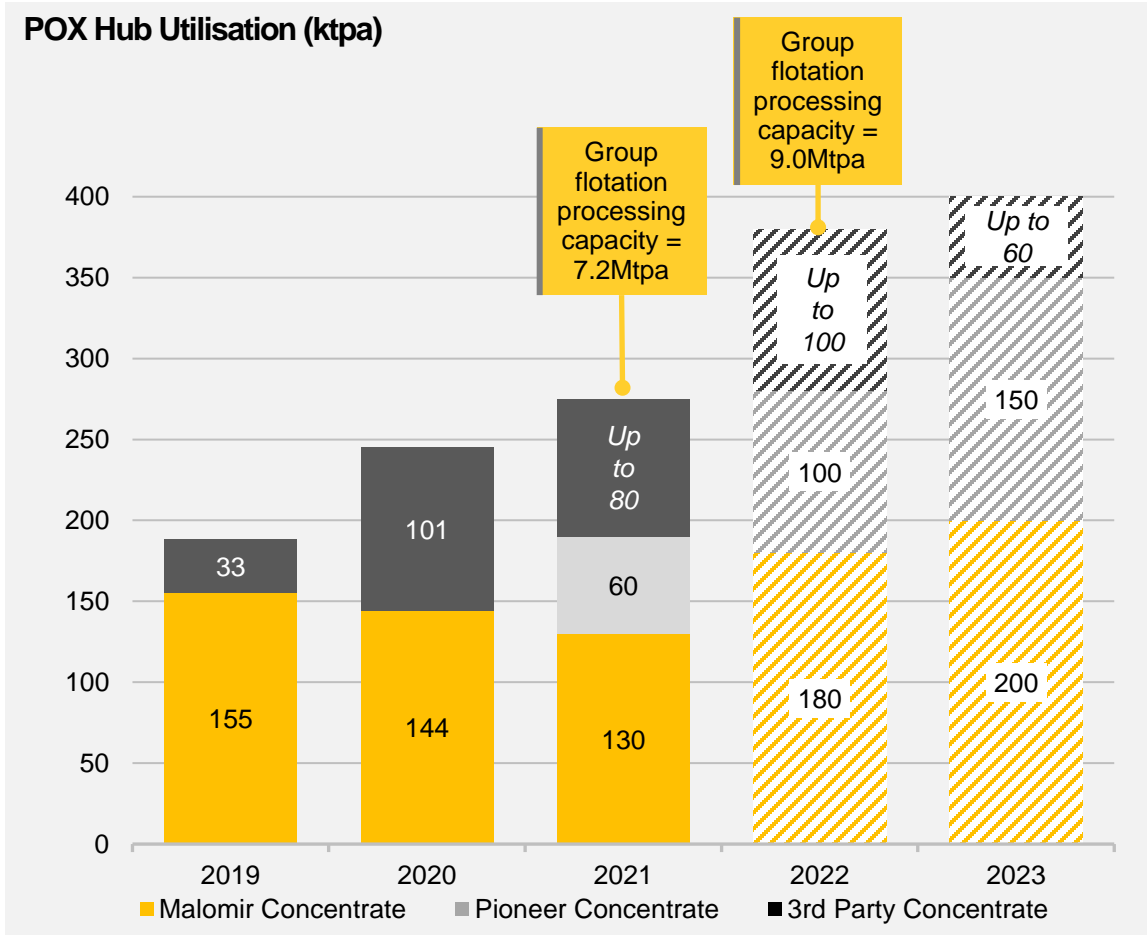
- 2 x 1.8Mtpa lines = 3.6Mtpa nominal processing capacity → transformation of Pioneer into a predominantly refractory gold producing asset
- Expected to be fully operational by Jul, with c.60Kt of concentrate produced in 2021
- At an assumed nominal capacity of 3.6Mtpa and a concentrate yield of 2.7%, up to 100Kt of refractory concentrate is estimated to be produced in 2022
- 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 production split evolution: refractory vs. non-refractory



POX Hub Utilisation: Unlocking the Value of Our Resource Base

The proportion of refractory gold concentrate from the company's own sources processed by the POX Hub will continue to grow due to the launch of the Pioneer flotation plant in late May 2021 and scheduled expansion of the Malomir flotation plant (Q3 2022)



Improving Corporate Governance



Management Review

Since February, the management team has been conducting an extensive review of the business with the assistance of external consultants

| Organizational Structure | Purchasing + Logistics | Contracting | Policies + Procedures |
|---|---|--|---|
| <ul style="list-style-type: none"> – A review of the organisational structure in Moscow, Blagoveschensk and London with a view toward reducing overlap / duplication of functions while adding core competencies | <ul style="list-style-type: none"> – A review of goods and services purchased by the Company and comparison of prices paid versus prevailing market prices | <ul style="list-style-type: none"> – A review over 100 counterparties (providers of goods + services) to identify parties related to company employees and those for whom business with the company constituted the majority of revenue | <ul style="list-style-type: none"> – A review of existing policies and procedures for purchasing, contracting, accounting and other management functions |
| <ul style="list-style-type: none"> – Administrative headcount reduced – Moscow office reorganised as main executive office while Blagoveschensk to handle shared services and back-office tasks for operating units | <ul style="list-style-type: none"> – Eliminated purchasing via intermediaries and re-sellers, dealing directly with suppliers and contractors – Re-negotiated pricing for certain suppliers and contractors – Capex spend reviewed | <ul style="list-style-type: none"> – A blacklist consisting over 30 contractors failing to meet established criteria was drawn up – Certain mid-level employees were terminated for violations of ethics rules in contracting | <ul style="list-style-type: none"> – New tender rules developed and a tender committee established – Drafting of an updated code of ethics is in progress |

| Achieved Gross Savings ⁽¹⁾ | | |
|---------------------------------------|--------------|-------------|
| | mIn RUB | US\$m |
| Staff reduction | 350 | 4.8 |
| Insurance | 300 | 4.1 |
| Contractors | 260 | 3.6 |
| Purchasing | 110 | 1.5 |
| Transportation | 300 | 4.1 |
| Capex | 525 | 7.2 |
| Other | 60 | 0.8 |
| Total | 1,905 | 26.1 |

(1) Based on an FX of RUB : USD of 72.9

Key 2021 Milestones

