



PRESS RELEASE

21 July 2021

Petropavlovsk PLC

H1 2021 Trading Update

Petropavlovsk PLC ("Petropavlovsk" or the "Company" or, together with its subsidiaries, the "Group") today issues its sales and production results for the quarter ending 30 June 2021 ("Q2 2021") and for the first half of the year (the "period" or "H1 2021").

Mr Denis Alexandrov, CEO, said:

"The first half of 2021 was a transitional period for Petropavlovsk as we prepared to launch the Pioneer flotation plant, which heralds the mine's shift from processing non-refractory ore to being a producer of refractory concentrate to feed our Pokrovskiy POX hub. I am proud to highlight that we launched the plant one month ahead of our revised schedule. With the Pioneer flotation plant and increased deliveries of 3rd-party concentrate in the second half, we are confident of meeting our full-year production guidance for 2021."

Operational Highlights

Gold Production and Sales

- H1 2021 gold production totalled 195.0koz, a decrease of 39% versus 320.6koz in H1 2020
- **Own mined gold production** amounted to 158.3koz in H1 2021 (H1 2020: 213.7koz), with the 26% year-on-year decrease primarily due to the switch to processing ore from the Elginskoye deposit at Albyn and preparations for the launch of the Pioneer flotation plant, which entailed a shift to mining refractory ore for stockpiling and a planned temporary shutdown of the processing plant in April
- **3rd-party concentrate gold production** decreased by 66% to 36.7koz in H1 2021 (H1 2020: 106.9koz) due to expected lower volumes of concentrate available for purchase and lower grades in the concentrates supplied

Gold production '000oz

Asset	Q2 2021	Q2 2020	H1 2021	H1 2020
Pioneer	21.8	33.9	46.0	60.3
Malomir	34.1	46.4	70.1	81.6
Albyn	19.9	31.3	42.3	71.8
3rd-party concentrate (POX Hub)	23.5	22.7	36.7	106.9
Total Group	99.4	134.3	195.0	320.6

Note: Numbers may not add up due to rounding effect

- **Gold sales** totalled 187.1koz in H1 2021 (H1 2020: 312.4koz)
- **Average realised gold price** for H1 2021 was 9% higher at US\$1,795/oz (H1 2020: US\$1,640/oz), with no gains or losses from hedging during the half year

2021 Guidance

- The Company affirms its guidance of total 2021 gold production of 430 - 470koz, comprising own gold production of 370 - 390koz and gold production from 3rd-party concentrate of 60 - 80koz, with H2 2021 to include production from the new Pioneer flotation plant and increased supplies of 3rd-party concentrate

Pokrovskiy Pressure Oxidation (POX) Hub

- A total of 123kt of refractory gold concentrate was processed through the POX Hub in H1 2021, including 76kt from Malomir with an average grade of 28.5g/t and 38kt of 3rd-party concentrate with an average grade of 30.7g/t
- The new flotation plant at Pioneer supplied 8kt of concentrate at an average grade of 21.9g/t to the POX Hub in May and June, with 5.5koz of gold recovered for the period (95% recovery rate)

Business review

- The ongoing business review led by CEO Denis Alexandrov and the management team is well underway. Its focus has been to establish opportunities to deliver efficiencies regarding the corporate structure, management systems and operational processes. The review, which is also addressing outstanding talent and competency gaps, will enable the development of a new medium-term corporate strategy to be completed in Q3 2021

Balance Sheet and Liquidity

- Cash (unaudited) as of 30 June 2021 was US\$34.4m (31 March 2021: US\$7.5m, 31 December 2020: US\$35.4m)
- Debt principal outstanding as of 30 June 2021 was US\$573m (31 March 2021: US\$538m, 31 December 2020: US\$538m) with the increase due to use of the Gazprombank ("GPB") revolving credit facility for day-to-day working capital requirements
- Interest-bearing gold prepays stood at US\$37.1m as at 30 June 2021 (US\$53.3m as at 31 March 2021, US\$63.8m as at 31 December 2020), a net decrease of US\$16.2m over the course of Q2 2021 and US\$26.7m since the beginning of the year. The Company plans to fully settle the gold prepays by year-end
- To replace the gold prepays and support day-to-day liquidity needs with more flexible credit facilities, the Group has secured a US\$50m increase in the limit of its revolving credit facilities ("RCF") with GPB from c.US\$66m to c.US\$116m, with a maturity extension from May 2022 to June 2026. At interest rates of 2.8 - 4.5%, the RCF is significantly lower cost than existing borrowings. The Company intends to further increase the credit limit under the RCF going forward
- On 13 July 2021, the Company announced the launch by its wholly-owned subsidiary Petropavlovsk 2016 of an offer to purchase for cash up to US\$200m of the aggregate principal amount of its 8.125% guaranteed notes maturing 2022 (the "US500m Notes"). The offer to purchase is available, subject to eligibility confirmation and registration, from the tender offer website: <https://debtportal.issuerservices.citigroup.com>. The tender offer is the first step in the Company's plan to refinance the US\$500m Notes, which is aimed at reducing the size and cost of servicing the debt
- Petropavlovsk has secured the offer of a US\$200m term loan (30 June 2023 maturity), to be used for the partial buy-back of the US\$500m Notes in accordance with the announced tender offer. The term loan interest rate is significantly lower than the 8.125% coupon on the US\$ 500 Notes

Hedging

- Zero cost collars remain in place with a gold price floor of US\$1,600/oz and a cap of US\$1,832/oz for 3,500koz maturing every month until December 2021
- Zero cost collars remain in place with a RUB:USD price floor of RUB75.00 and a cap in the range of between RUB90.65 and RUB100.00 for US\$7.0m maturing every month until December 2021

Responsible Business

- No fatal accidents have occurred at Petropavlovsk's operations this year, neither among the Group's employees nor its contractors
- An increase in the number of reported incidents and, consequently, LTIFR during the period is partially attributable to an improved reporting methodology being implemented this year. The severity of reported injuries has decreased during the period, and we have seen a positive trend in the monthly reduction of injuries since the beginning of the year. The availability and in-depth analysis of robust data are the first steps towards improving health and safety reporting, in alignment with international best practices
- A strengthened health and safety leadership team, led since April by Head of Health & Safety Roman Dertinov, has resulted in the drafting of a new and improved set of Fundamental Safety Rules, which have now been approved by the Board of Directors and are being rolled out across the Group
- The team is also implementing several new long-term injury prevention projects, including initiatives specifically aimed at addressing falls from height and electrical safety
- Zero environmental incidents were reported in H1 2021

Metric	Units	Q2 2021	Q2 2020	H1 2021	H1 2020
LTIFR	Per 1m hrs worked	1.50	1.49	1.75	1.23
Environmental incidents	Number	0	0	0	0

Note: Environmental incidents defined as moderate or serious

- Due to recent severe flooding in the Amur region, the Company is carrying out daily environmental monitoring of local rivers and streams. No material environmental pollution has been identified

COVID-19 Update

- No material COVID-19 outbreaks have occurred at our sites this year to date, and the Company continues to implement strict quarantine and safety measures across its operations
- As of 5 July 2021, there have been 86 reported cases among the Group's employees this year. All affected employees are self-isolating or receiving medical care
- In Q2 2021, the Company launched an on-site vaccination programme at each of its mines, accompanied by a supporting informational campaign via corporate and social media and other communications channels
- As of 5 July 2021, 28% of the Group's employees have been fully vaccinated (2 doses) and an additional 38% have exhibited Covid antibodies
- At the time of reporting, the Group's supply chains remain fully functional

Development Update

Start-up of Pioneer flotation plant and expansion of the Malomir flotation facility

- On 31 May 2021, the Company launched the Pioneer flotation plant, with the capacity to process 3.6Mtpa of ore, thereby doubling the Group's total processing capacity for refractory gold ore from its own mines to 7.2Mtpa (including the existing Malomir plant)
- The Pioneer flotation plant is expected to produce up to 60kt of flotation concentrate this year, and up to 100kt in 2022, reducing the Company's reliance on 3rd-party concentrate to feed the Pokrovskiy POX plant
- The construction of a third line at the Malomir flotation plant continued to progress in Q2 2021 and will add an additional 1.8Mtpa of flotation capacity upon completion in Q3 2022, bringing the total combined Group capacity to 9.0Mtpa

Corporate Update

- On 12 July 2021, the Board of Directors appointed Mr. Evgeny Potapov as a non-executive director. Mr. Potapov was nominated by Uzhuralzoloto Group of Companies (“UGC”), the Company’s largest shareholder, pursuant to the relationship agreement in place between the Company and UGC. Mr Potapov replaced Mr. Maxim Kharin, who resigned from the Board
- Petropavlovsk continues to act as guarantor in relation to the obligations of IRC Limited’s subsidiary K&S under two loan facility agreements with GPB. IRC continues to pay down the debt in line with the repayment schedule. As at 30 June 2021, the outstanding loan principal amounted to US\$194m

Operations Report

Pioneer

Pioneer mines refractory and non-refractory ores from several conventional open pits and underground operations. The launch of a new flotation plant at Pioneer in Q2 2021 was a major step in the mine’s transition from mining non-refractory to mainly refractory ores, which are concentrated ahead of processing at the POX Hub.

PIONEER	Units	Q2 2021	Q2 2020	H1 2021	H1 2020
Mining operations					
Total material moved	m3 ‘000	4,873	4,886	9,593	9,459
Non-refractory ore mined	t ‘000	788	669	1,499	1,510
Average grade	g/t	1.10	1.03	1.02	0.98
Gold content	oz. ‘000	27.8	22.2	49.3	47.5
Refractory ore mined	t ‘000	371	-	745	-
Average grade	g/t	1.04	-	1.10	-
Gold content	oz. ‘000	12.4	-	26.3	-
Processing operations (RIP plant)					
Ore milled	t ‘000	490	1,398	1,804	2,714
Average grade	g/t	1.50	0.85	0.89	0.81
Gold content	oz. ‘000	23.6	38.2	51.8	71.0
Recovery	%	80%	82%	80%	84%
Gold recovered	oz. ‘000	18.9	31.3	41.6	59.9
Flotation plant (refractory ores)					
Ore milled	t ‘000	314	-	314	-
Average grade	g/t	0.77	-	0.77	-
Gold content	oz. ‘000	7.8	-	7.8	-
Recovery	%	78%	-	78%	-
Concentrate yield	%	2.7%	-	2.7%	-
Concentrate produced	t ‘000	8.6	-	8.6	-
Average grade	g/t	22.0	-	22.0	-
Gold content	oz. ‘000	6.1	-	6.1	-
POX Plant (Pioneer concentrate)					
Concentrate treated	t ‘000	8.1	-	8.1	-
Average grade	g/t	21.9	-	21.9	-
Gold in concentrate	oz. ‘000	5.7	-	5.7	-
Recovery	%	95%	-	95%	-
Gold recovered	oz. ‘000	5.5	-	5.5	-
Total gold production (doré)	oz. ‘000	21.8	33.9	46.0	60.3

Note: numbers may not add up due to fluctuation of gold in circuit and / or rounding

In H1 2021, Pioneer processed non-refractory ore from both open pit and underground mining operations, recovering 41.6koz at an average grade of 0.89g/t and recoveries of 80%, in line with expectations. Following its launch in May until the end of the period, the Pioneer flotation plant processed 314kt of refractory ore at an average grade of 0.77g/t with recoveries of 78% to produce 8.6kt of refractory concentrate for further processing at the POX Hub.

In June, several days of anomalous torrential rain led to flooding in parts of north-western Amur region. At Pioneer, the nearby Ulunga River spilled over its banks and water flowed into parts of Open Pit 6/1, which was depleted in 2016. As a safety precaution, personnel and equipment were evacuated from one of Pioneer's underground mines as an entrance to that section is located near the flooded area. Mine personnel erected temporary dams and other workings to return the river to its normal flow, preventing any damage to the underground mine. Mining and processing activity at Pioneer continued throughout the incident.

Capital development work for underground mining of the Andreevskaya ore zone was halted in Q2 2021 to conduct additional infill drilling to verify its resources. The drilling has been completed and development work on Andreevskaya has resumed, with the start of mining now scheduled for August.

Malomir

Malomir is a conventional open-pit mine and underground operation transitioning towards mainly refractory ore processing using the onsite flotation plant. The resulting concentrate is shipped for processing to the POX Hub. The Malomir deposit has extensive refractory reserves and resources and both near-mine and surrounding areas are considered highly prospective for the discovery of further refractory gold ounces.

MALOMIR	<i>Units</i>	Q2 2021	Q2 2020	H1 2021	H1 2020
Mining operations					
Total material moved	<i>m3 '000</i>	2,767	2,623	5,040	4,834
Non-refractory ore mined	<i>t '000</i>	43	131	153	228
Average grade	<i>g/t</i>	2.21	2.01	2.20	1.94
Gold content	<i>oz. '000</i>	3.1	8.5	10.8	14.2
Refractory ore mined	<i>t '000</i>	1,216	1,082	2,392	2,339
Average grade	<i>g/t</i>	1.79	1.16	1.49	1.14
Gold content	<i>oz. '000</i>	70.1	40.2	114.3	85.3
Processing operations (RIP plant)					
Resin-in-pulp (RIP plant), non-refractory ores					
Ore milled	<i>t '000</i>	29	129	138	230
Average grade	<i>g/t</i>	2.30	1.97	2.21	1.90
Gold content	<i>oz. '000</i>	2.1	8.1	9.8	14.0
Recovery	<i>%</i>	71%	78%	72%	75%
Gold recovered	<i>oz. '000</i>	1.5	6.3	7.0	10.5
Flotation plant (refractory ores)					
Ore milled	<i>t '000</i>	1,046	935	2,004	1,904
Average grade	<i>g/t</i>	1.34	1.29	1.30	1.29
Gold content	<i>oz. '000</i>	45.1	38.9	83.9	78.8
Recovery	<i>%</i>	83%	83%	83%	85%
Concentrate yield	<i>%</i>	3.9%	3.7%	3.8%	3.7%
Concentrate produced	<i>t '000</i>	40.7	34.7	76.2	70.4
Average grade	<i>g/t</i>	28.7	29.0	28.5	29.6
Gold content	<i>oz. '000</i>	37.5	32.4	69.7	67.1
POX Plant (Malomir concentrate)					
Concentrate treated	<i>t '000</i>	43.2	38.0	76.1	76.4

Average grade	g/t	28.5	29.8	28.5	29.9
Gold in concentrate	oz. '000	39.6	36.5	69.7	73.5
Recovery	%	93%	92%	93%	92%
Gold recovered	oz. '000	36.9	33.4	64.8	67.3
Total gold production (doré)	oz. '000	34.1	46.4	70.1	81.6

Note: numbers may not add up due to fluctuation of gold in circuit and / or rounding

Malomir predominantly treated refractory ore in H1 2021, processing a total of 2,004kt of ore at an average grade of 1.30g/t. A total of 64.8koz of gold was recovered from processing 76.1kt of Malomir concentrate at the POX Hub during the period with recovery rates of 93%, in-line with expectations and project design rates.

Mining of non-refractory ore in H1 2021 was largely from underground operations with a total of 128kt of non-refractory ore treated at an average grade of 2.21g/t with 7.0koz gold recovered at the RIP plant. Average grades from the underground mine improved by 16% as compared to H1 2020.

Albyn

The Albyn processing facility is currently being used to treat ore from the nearby Elginskoye satellite deposit, which replaced the depleted Albyn pit as the main source of non-refractory ore starting from 2021. Albyn could also potentially treat ore from the earlier-stage Unglichikanskoye deposit in the future. Both of these licences are owned 75% through TEMI LLC.

As of 31/12/2020, the Albyn deposits had JORC Measured, Indicated and Inferred Mineral Resources of 4.21Moz Au which include 2.18Moz of JORC Proved and Probable Ore Reserves.

ALBYN	Units	Q2 2021	Q2 2020	H1 2021	H1 2020
Mining operations					
Total material moved	m3 '000	3,551	3,450	6,749	6,803
Non-refractory ore mined	t '000	2,231	552	4,307	1,845
Average grade	g/t	0.86	0.66	0.89	0.94
Gold content	oz. '000	62.0	11.7	123.0	55.7
Refractory ore mined	t '000	878	-	2,141	-
Average grade	g/t	1.10	-	1.05	-
Gold content	oz. '000	31.0	-	72.1	-
Processing operations (RIP plant)					
Ore milled	t '000	865	1,166	1,657	2,318
Average grade	g/t	0.89	0.85	0.93	1.00
Gold content	oz. '000	24.9	32.0	49.3	74.9
Recovery	%	86%	94%	87%	94%
Gold recovered	oz. '000	21.4	30.0	43.0	70.3
Total gold production (doré)	oz. '000	19.9	31.3	42.3	71.8

Note: numbers may not add up due to fluctuation of gold in circuit and / or rounding. Data shown on a consolidated basis

As expected, the Albyn plant saw reduced output in H1 2021 due to the switch to processing ore from the nearby Elginskoye deposit, which is harder to mill and for which recoveries are lower. A total of 1,657kt of ore grading 0.93g/t was processed at the Albyn plant during the period, producing 42.3koz of gold.

Given the uneven distribution of non-refractory and refractory ore at Elginskoye and the fact that refractory ore cannot be treated efficiently at the Albyn plant, some material is being stockpiled leading to a lower volume of ore processed at Albyn than is mined at Elginskoye. Further exploration and metallurgical studies are in progress at Elginskoye to complete full-scale metallurgical mapping of the deposit and to convert resources to reserves. This work will likely result in updated production plans.

3rd-Party Concentrate (POX Hub)

Petropavlovsk processes 3rd-party concentrate as a means to optimise unused POX Hub capacity, which allows the Group to demonstrate the production potential of the POX Hub and improve Group cash flow.

3RD PARTY CONCENTRATES	Units	Q2 2021	Q2 2020	H1 2021	H1 2020
POX plant					
Concentrate treated	t '000	19.5	19.8	38.4	54.8
Average grade	g/t	31.2	38.2	30.7	60.0
Gold in concentrate	oz. '000	19.6	24.3	37.8	105.7
Recovery	%	95%	94%	94%	94%
Gold recovered	oz. '000	18.5	23.0	35.6	99.5
Total gold production (doré)	oz. '000	23.5	22.7	36.7	106.9

Note: numbers may not add up due to fluctuation of gold in circuit and / or rounding

In H1 2021, the POX Hub treated 38.4kt of 3rd-party concentrate at an average grade of 30.7g/t to recover 35.6koz of gold. As per the previously announced 2021 production guidance, output was down year-on-year due to lower availability of 3rd-party concentrate for processing and substantially lower grades in the concentrate supplied.

About Petropavlovsk

Petropavlovsk PLC (LSE: POG. MOEX: POGR) is a major integrated Russian gold producer with JORC Resources of 19.50Moz Au which include Reserves of 7.16Moz Au. Following its IPO on the Alternative Investment Market (AIM) in 2002, Petropavlovsk was promoted to the London Stock Exchange in 2009, where today it is a Premium Listed company and a constituent of the FTSE 250, FTSE 350 and FTSE All Share indices. The Company's shares also trade on the Moscow Exchange and are a constituent of the RTS Index and MOEX Index.

The Company's key operating mines (Pioneer, Malomir and Albyn) and its Pokrovskiy Pressure Oxidation (POX) Hub, are located in the Amur Region in the Russian Far East. Petropavlovsk has produced a total of c.8.5Moz of gold since operations began in 1994 and has a strong track record of mine development, expansion, and asset optimisation.

Petropavlovsk is one of the region's largest employers and one of the largest contributors to the sustainable development of the local economy.

For more information

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This release may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this release and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the future price of gold, the Group's results of operations, financial position, liquidity, prospects, growth, estimation of mineral reserves and resources and strategies, and exchange rates and the expectations of the industry. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances [outside the control of the Group]. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in

which the Group operates may differ materially from those described in, or suggested by, any forward- looking statements contained in this release. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward looking statements contained in this release, those developments may not be indicative of developments in subsequent periods. A number of factors could cause results and/or developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, demand, supply and prices for gold and other long-term commodity price assumptions (and their effect on the timing and feasibility of future projects and developments), trends in the gold mining industry and conditions of the international gold markets, competition, actions and activities of governmental authorities (including changes in laws, regulations or taxation), currency fluctuations (including as between the US Dollar and Rouble), the Group's ability to recover its reserves or develop new reserves, changes in its business strategy, any litigation, and political and economic uncertainty. Except as required by applicable law, rule or regulation (including the Listing and Disclosure Guidance and Transparency Rules), the Group does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Past performance cannot be relied on as a guide to future performance. The content of websites referred to in this announcement does not form part of this announcement.