



PRESS RELEASE

14 April 2022

Petropavlovsk PLC

Update Regarding Gazprombank and Corporate Options

The Board (the "Board") of Petropavlovsk PLC ("Petropavlovsk" or the "Company" and, together with its subsidiaries, the "Group") wishes to provide a further update in relation to the implications for the Group of the inclusion of Gazprombank ("GPB") on the UK Sanctions List and the designation of GPB for the purposes of an asset freeze under the Russia (Sanctions) (EU Exit) Regulations 2019 (the "Regulations"). In addition to the Regulations, the Company is aware of reports of proposed Russian legislation to make it a criminal offence for persons or entities in Russia to refuse to deal with counterparties on the grounds of the Regulations. If such legislation is enacted, the Board may not be able to ensure that its subsidiaries will comply with the Regulations in Russia.

As previously announced, there is a US\$200 million committed term loan between the Company and Bank GPB (JSC) (the "Term Loan") and c.US\$86.7 million in revolving credit facilities (the "RCFs") made available by GPB to certain of the Company's subsidiaries in Russia. An interest payment of US\$560,000 became due on 25 March 2022 under the Term Loan, which the Company was and remains prohibited from making under the Regulations. In addition, on 28 March 2022, the rouble equivalent of c.US\$9.5 million became repayable under the RCFs, which also has not been paid as a consequence of the Regulations.

As also previously announced, it is a condition of the RCFs and the Term Loan that GPB acts as an off-taker of 100% of the Group's gold production. GPB's designation under the Regulations prohibits further sales of gold by the Group to GPB. The Group continues to explore options for the sale of its gold, including to other potential buyers, subject to GPB granting waivers. Furthermore, the price at which the Russian Central Bank purchases gold, which effectively limits prices offered by commercial buyers, is set daily at levels generally below London fixing (US\$1,660/oz as at 13 April 2022) and may therefore adversely affect the Group's free cashflow.

The Group has limited cash reserves outside Russia. There are legal restrictions in place in Russia which limit the Group's ability to transfer cash out of Russia. The Board is mindful that an interest payment of approximately US\$12.36 million is due on 14 May 2022 in respect of the US\$500 million 8.125% guaranteed notes 2022 (the "Notes") issued by Petropavlovsk 2016 Limited (of which US\$304 million remains outstanding), and that the Notes are scheduled to mature in November 2022. In the present circumstances the Board considers that it will be very challenging to refinance the Notes. The Company is guarantor of payments on the Notes and on the guaranteed convertible 8.25% bonds due 2024 issued by Petropavlovsk 2010 Limited (the "Bonds").

The Company has appointed AlixPartners UK LLP to assist the Board as it explores its options and determines the Company's course of action in the best interest of all stakeholders, including creditors and shareholders. These options include the sale of the Company's entire interests in its operating subsidiaries as soon as practically possible. It is not currently clear what return, if any, may be secured for shareholders or the holders of the Bonds or Notes as a result of this process.

This announcement contains inside information.

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. 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.8.7Moz 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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Cautionary note on forward-looking statements

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.