



PRESS RELEASE

22 April 2022

Petropavlovsk PLC

Q1 2022 Production and Sales Report

Petropavlovsk PLC ("Petropavlovsk" or the "Company" or, together with its subsidiaries, the "Group") today issues its sales and production results and corporate update for the quarter ending 31 March 2022 (the "Period" or "Q1 2022").

Mr Denis Alexandrov, CEO, said:

"Petropavlovsk achieved its production targets in the first quarter of this year, with higher output from Pioneer, aided by its new flotation plant, and 3rd-party concentrate offsetting expected lower production at Albyn and Malomir due to lower grades. Despite the conflict in Ukraine and related sanctions that have led to various challenges at the corporate level, our mines operated without disruption throughout the period. In this rapidly changing environment, we continue to monitor the situation to take all necessary steps to ensure the continuity of our business and compliance with sanctions, and to plan for contingencies that may adversely impact our operations."

Operational Highlights

Gold Production

- Total Q1 2022 gold production was 103.0koz, an 8% increase versus Q1 2021 (95.6koz) on higher volumes from Pioneer and 3rd-party concentrate
- Own-mined gold production during the period was 80.2koz, a 3% decrease vs. Q1 2021 (82.4koz) due to lower production at Albyn and Malomir
- 3rd-party concentrate gold production increased 73% to 22.8koz (Q1 2021: 13.2koz) on higher throughput volumes as compared to the same period last year

Gold production (koz)

Asset	Q1 2022	Q1 2021
Pioneer	32.9	24.1
Malomir	30.2	36.0
Albyn	17.2	22.3
Total Own Gold	80.2	82.4
3rd-party concentrate	22.8	13.2
Total Group	103.0	95.6

Gold Sales

- Gold sales totalled 89.8koz in Q1 2022 (Q1 2021: 95.6koz)
- The average realised gold price during the period was US\$1,871/oz, a 5% increase on Q1 2021 (US\$1,789/oz)

Pokrovskiy Pressure Oxidation (POX) Hub

- The POX Hub processed c.99kt of refractory gold concentrate in Q1 2022, almost twice the throughput in the same period in 2021 (52kt), essentially operating at near full capacity for concentrates with the sulphur and carbon content mix treated during the quarter
- Total Q1 2022 throughput included 37kt from Pioneer at a grade of 21.1g/t, 35kt from Malomir at 28.4g/t and 28kt of 3rd-party concentrate at 26.2g/t (all average grades), meaning 72% of the concentrate processed during the period was from our own mines (Q1 2021: 64%)

2022 Guidance

- Guidance for own gold production for the year remains unchanged in the range of 345-365koz. Guidance for production from 3rd-party concentrate is lowered to 30-40koz (previously 35-55koz) due to expected supply chain disruptions. Total gold production is therefore expected to be in the range of 375-405koz (previous guidance: 380-420koz)

Debt Principal and Cash

- Cash (unaudited) as of 31 March 2022 was US\$71.8m (31 December 2021: US\$25.5m)
- Debt principal outstanding as of 31 March 2022 was US\$624.4m (31 December 2021: US\$590m)

Hedging

- Following the expiry of zero cost collar option contracts for gold and currency on 31 December 2021, the Company has not entered into any new zero cost collar contracts
- The Company hedges purchases of 3rd-party concentrate from the time of purchase until gold is produced and is ready for sale. The amount and timing of hedging corresponds to the volume of gold the Company expects to produce and the timing of the expected sale. As of 31 March 2021, no gold was hedged using forward contracts

Sanctions Impact

- Petropavlovsk continues to monitor the adoption of sanctions against Russia due to the conflict in Ukraine, and countermeasures introduced by the Russian government, to ensure compliance and assess the possible direct or indirect impact these may have on its business
- At the time of publishing, there are no direct sanctions on the Company or any of its subsidiaries, directors or employees, and mining operations continue uninterrupted
- Potential disruptions to the supply chain were flagged as a key risk to future mine performance, and the Group initiated contingency planning on day one of the crisis
- As per the Company's announcements on 25 and 30 March and 14 and 20 April 2022. sanctions enacted in relation to the Company's largest creditor, Gazprombank ("GPB"), prohibited the Group from making interest and principal repayments under a US\$200m committed term loan and US\$86.7m in revolving credit facilities ("RCFs"). GPB has notified the Group of demands for early repayment of the term loan and RCFs and of the assignment of the term loan to JSC UMMC-INVEST
- Petropavlovsk is also prohibited by sanctions from selling gold to GPB, which had acted as the main off-taker for the Group's production. The Group continues to explore options for the sale of its gold, including to other potential buyers, and has applied for a new licence to export gold
- In light of the above, as well as legal restrictions that limit the Group's ability to transfer cash out of Russia, and keeping in mind the US\$500 million 8.125% guaranteed notes 2022 issued by Petropavlovsk 2016 Limited (of which US\$304 million remains outstanding) maturing November 2022, the Company has appointed AlixPartners UK LLP to assist the Board of Directors as it explores its options and determines the Company's course of action in the best interest of all stakeholders, including creditors and shareholders.
- Please refer to the Company's announcements on 25 and 30 March and 14 and 20 April 2022 for more detail

Responsible Business

- No fatal accidents occurred at the Group's operations during the period
- The Group recorded a Lost Time Injury Frequency Rate ("LTIFR") of 1.0 in Q1 2022, less than half the rate recorded during the same period last year
- The improved safety performance follows the implementation in 2021 of better personnel training, new standards for safe work practices, stricter controls on the application of fundamental safety rules, and broad information campaigns designed to highlight key occupational and seasonal risks
- Zero major environmental incidents were recorded during the quarter

Metric	Units	Q1 2022	Q1 2021
LTIFR	Per 1m hrs worked	1.00	2.01
Environmental incidents	Number	0	0

Note: Environmental incidents defined as moderate or serious

- Despite an uptick in reported, mostly mild COVID-19 cases among Group employees during the Omicron wave in January-February, the Company avoided major outbreaks at its production sites, where strict protocols remain in place
- As of 4 April 2022, 85% of the Group's employees were fully vaccinated against COVID-19

Development Update

Malomir expansion

- The construction of a third line at the Malomir flotation plant is progressing. The project is due for completion in Q3 2022, although supply chain issues could potentially cause some delay
- When launched, the expansion will add an additional 1.8Mtpa of flotation processing capacity, increasing the Group's total combined refractory ore processing capacity to 9.0Mtpa

Corporate News

- On 24 January 2022, the Board of Directors (the "Board") appointed Mr Stanislav Ploshchenko as the Group's chief financial officer. Mr Ploshchenko has over two decades of experience in finance including CFO positions at several major publicly listed companies
- On 11 April 2022, the Board appointed Mr Roman Deniskin as independent non-executive director. Mr Deniskin has over 20 years of operational and strategic experience in the mining, metals and minerals industries in Russia and Kazakhstan. His appointment followed the departure of independent director Natalia Yakovleva, who resigned on 4 April 2022

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	Q1 2022	Q1 2021
Mining operations			
Total material moved	m3 '000	5,047	4,720
Non-refractory ore mined	t '000	644	1,085
Average grade	g/t	1.07	1.02
Gold content	oz. '000	22.1	35.4
Refractory ore mined	t '000	665	-

Average grade	g/t	1.01	-
Gold content	oz. '000	21.6	-
Processing operations (RIP plant)			
Ore milled	t '000	381	1,314
Average grade	g/t	1.27	0.67
Gold content	oz. '000	15.6	28.2
Recovery	%	78.8	80.6
Gold recovered	oz. '000	12.3	22.7
Flotation plant (refractory ores)			
Ore milled	t '000	882	-
Average grade	g/t	1.06	-
Gold content	oz. '000	30.1	-
Recovery	%	83.7	-
Concentrate yield	%	4.2	-
Concentrate produced	t '000	37.2	-
Average grade	g/t	21.1	-
Concentrate gold content	oz. '000	25.2	-
POX Plant (Pioneer concentrate)			
Concentrate treated	t '000	36.6	-
Average grade	g/t	21.1	-
Gold in concentrate	oz. '000	24.9	-
Recovery	%	95.7	-
Gold recovered	oz. '000	23.8	-
Total gold production (doré)	oz. '000	32.9	24.1

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

Pioneer processed ore from both open pit and underground mining in Q1 2022, with total gold production rising by 36% year-on-year to 32.9 koz. Just over half the ore mined during the period was refractory versus zero in the first quarter of last year, while the total volume of mined ore rose by 21% from 1,085 kt to 1,309 kt. The average grade for mined non-refractory ore improved slightly to 1.07 g/t versus 1.02 g/t during the same period last year. At 1.01 g/t, refractory ore mined was of a lower grade than in Q4 2021 (1.30 g/t).

Open pit mining focused on the Severny and Katrin open pits, with work on the latter being accelerated due to a backlog of stripping work at Severny. Mining of the underground Andreevsky and Bakmut-3 ore zones was completed in Q1 2022, while work continues on the Bakmut-2 ore zone.

Issues with the press filters at the flotation plant, first flagged by the Company in its Q3 2021 trading update, have recurred, thereby constraining the plant's ability to produce dry concentrate. While repairs are ongoing, Pioneer has employed cement trucks to transport wet concentrate directly to the POX plant.

Malomir

Malomir is a conventional open pit mine and underground operation which has transitioned from mining mainly non-refractory ore towards processing refractory ore using the onsite flotation plant. The flotation concentrate is shipped to the POX Hub for further processing. 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	Units	Q1 2022	Q1 2021
Mining operations			
Total material moved	m3 '000	3,685	2,273
Non-refractory ore mined	t '000	-	110

Average grade	g/t	-	1.89
Gold content	oz. '000	-	6.7
Refractory ore mined	t '000	1,532	1,176
Average grade	g/t	1.00	1.17
Gold content	oz. '000	49.0	44.2
Processing operations (RIP plant)			
Resin-in-pulp (RIP plant), non-refractory ores			
Ore milled	t '000	-	110
Average grade	g/t	-	2.18
Gold content	oz. '000	-	7.7
Recovery	%	-	71.9
Gold recovered	oz. '000	-	5.5
Flotation plant (refractory ores)			
Ore milled	t '000	1,037	958
Average grade	g/t	1.30	1.26
Gold content	oz. '000	43.3	38.8
Recovery	%	83.0	83.2
Concentrate yield	%	3.8	3.7
Concentrate produced	t '000	39.3	35.5
Average grade	g/t	28.5	28.2
Concentrate gold content	oz. '000	35.9	32.3
POX Plant (Malomir concentrate)			
Concentrate treated	t '000	34.9	32.9
Average grade	g/t	28.4	28.5
Gold in concentrate	oz. '000	31.9	30.1
Recovery	%	93.2	92.9
Gold recovered	oz. '000	29.7	28.0
Total gold production (doré)	oz. '000	30.2	36.0

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

Malomir shifted its focus entirely to refractory ore last year and mined 1,532 kt of ore in Q1 2022, an increase of 30% year-on-year. Ore mining focused mainly on the Central open pit following the recruitment of a contractor to increase mining and transportation capacity.

Concentrate produced at the flotation plant rose by 11% year-on-year to 39.3 kt during the period, reflecting a combination of higher volumes and yields. Nevertheless, total gold output during the period fell by 16% year-on-year to 30.2 koz as the increase in production of gold from refractory sources failed to compensate for the lack of production from non-refractory ore. Together with the decline in grades to 1.00 g/t versus 1.17 g/t the year prior, this supports the case for investing in the ongoing expansion of the flotation plant.

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.

ALBYN	Units	Q1 2022	Q1 2021
Mining operations			
Total material moved	m3 '000	-	3,197
Non-refractory ore mined	t '000	-	3,338
Average grade	g/t	-	0.95

Gold content	oz. '000	-	102.0
Refractory ore mined	t '000	-	-
Average grade	g/t	-	-
Gold content	oz. '000	-	-
Processing operations (RIP plant)			
Ore milled	t '000	921	792
Average grade	g/t	0.76	0.96
Gold content	oz. '000	22.4	24.5
Recovery	%	74.3	88.3
Gold recovered	oz. '000	16.6	21.6
Total gold production (doré)	oz. '000	17.2	22.3

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

Mining operations at the Elginskoye deposit were halted in Q1 2022 pending completion of a new mine plan following a broad exploration drilling programme undertaken at the site in 2021. Additional RC drilling was carried out during the period to confirm the block model and to identify promising occurrences of non-refractory ore.

During the quarter, the processing plant treated ore from stockpiles, with higher processing volumes more than offset by lower grades and recoveries, leading to a decline in gold produced to 17.2koz from 22.3koz. Albyn is examining ways to implement ore sorting at the stockpiles to improve feedstock to the mill.

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	<i>Units</i>	Q1 2022	Q1 2021
POX plant			
Concentrate treated	t '000	28.0	18.9
Average grade	g/t	26.2	30.1
Gold in concentrate	oz. '000	23.5	18.3
Recovery	%	93.2	93.4
Gold recovered	oz. '000	21.9	17.0
Total gold production (doré)	oz. '000	22.8	13.2

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

The POX hub treated 28kt of 3rd-party concentrate in Q1 2022, 48% more than in the same period last year when there were issues with concentrate supplies. The average concentrate grade was 13% lower at 26.2 g/t, but the resulting volume of gold recovered increased by 29% to 21.9koz. Accounting for gold in circuit, total production rose by 73% to 22.8koz.

All four autoclaves were in operation during most of the quarter, aside from brief stoppages for maintenance.

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.8.8Moz 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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