



PRESS RELEASE

16 May 2022

Petropavlovsk PLC

Update on Gazprombank Debt

Petropavlovsk PLC (“Petropavlovsk” or the “Company” and, together with its subsidiaries, the “Group”) today reports that it has received notification from Gazprombank (“GPB”) that the revolving credit facilities (“RCFs”) between GPB and the Group’s Russian subsidiaries have been assigned to a new creditor, Nordic LLC.

As previously announced, Petropavlovsk received notice from Gazprombank last month requiring repayment of, in aggregate, c.US\$87.1m (including accrued interest) due under the RCFs. Since GPB’s designation under the UK’s Russia (Sanctions) (EU Exit) Regulations 2019 in March, the Group has not made payments on the RCFs.

The Company is considering the implications of the assignment with its advisers.

The Company also announces that the Group is unable to pay the coupon due on 14 May 2022 of approximately US\$12.36 million in respect of the US\$500 million 8.125% guaranteed notes 2022 issued by Petropavlovsk 2016 Limited (of which US\$304 million remains outstanding) (the “Notes”). Among other reasons, this is as a result of the inability of the Group to extract cash from its Russian subsidiaries in the current environment and the previously announced acceleration of the approximately US\$201m (including accrued interest) term loan between Petropavlovsk and UMMC-Invest (formerly with GPB) (the “Term Loan”).

As a result of (in particular):

- the acceleration of the Term Loan;
- the existence of payment and cross defaults under the Notes;
- the limited cash resources available to the Company; and
- the Board’s assessment that it will be very challenging to refinance the Notes in the present circumstances;

Petropavlovsk continues to explore its options to determine the Company’s course of action in light of recent events and their impact on the Group’s financial position in the best interest of all stakeholders, including creditors and shareholders. As announced on 14 April 2022, these options include the sale of the Company’s entire interests in its operating subsidiaries as soon as practically possible. That process is continuing, and it remains unclear what return, if any, may be secured for shareholders or the holders of the Group’s listed debt securities as a result of that 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.8.8Moz 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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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.