



PRESS RELEASE

27 April 2017

Petropavlovsk PLC

Q1 Production Results

Petropavlovsk PLC ("Petropavlovsk" or the "Company" or, together with its subsidiaries, the "Group") is pleased to announce production results for the quarter ended 31 March 2017.

Dr Pavel Maslovskiy, Chief Executive, comments: "These results represent a strong start to 2017; generating solid operational cash flows. In addition to accessing better than expected grades in the Central Zone of the Albyn orebody, we are delighted to report that technical upgrades across the RIP plants have been successful and reiterate our focus on maximising operational efficiency and productivity.

While these results support a level of production towards the top end of our 2017 annual forecast, taking into account the operational risks associated with the start of underground mining, we have decided to maintain the current full year guidance and will review again at our half year results.

As outlined at our Investor Day in March, our stable open pit asset base provides the foundation with which we can build and unlock value through our transformative growth project, the POX Hub, while also bringing on additional near term cash flow from our underground operations."

Summary:

- Total gold production for the quarter was 118,046 ounces, an equivalent 18% increase QoQ (Q1 2016: 100,406 ounces)¹
- Total gold sold for the quarter was c.118,000 ounces, a 17% increase QoQ (Q1 2016: 101,000 ounces)
- Average realised gold price of US\$1,247/oz (including US\$19/oz effect from hedging), and increase of 7% QoQ
- The Company is on track to achieve full year 2017 production forecast of 420,000-460,000 ounces.
- Total open pit ore mined for the quarter was 3,304,000 tonnes, a 15% increase QoQ (Q1 2016: 2,866,000 tonnes)
- Total ore processed for the quarter was 4,013,000 tonnes
- Implementation of a resin treatment facility to improve operational efficiencies, specifically reduce the amount of gold-in-circuit (GIC). Successful results achieved throughout the quarter
- Pioneer underground development progresses on schedule for first production in Q2. Total development (including transportation and ventilation declines) in the quarter was c.800m
- Malomir underground experienced minor delays due to contractor mobilisation. All personnel and equipment are now on site. Development and ventilation portals complete. Total development

(including transportation and ventilation declines) in the quarter was c.115m. First production remains on schedule during H2 2017.

- POX Hub construction is progressing on schedule and on budget. Following a thorough welding tender process, two stainless steel welding specialist contractors were appointed; one for the vessel welding and one for piping. At the end of the quarter, the vessel welding work was greater than 50% complete - scheduled for completion Q3 2017. Piping welding is scheduled to commence H1 2017.

Q1 2017 Group Consolidated Operating Results				
	units	Q1 2017	Q1 2016	FY 2016
Open Pit - Total material moved	000 m3	14,301	15,871	61,947
Open Pit - Total ore mined	kt	3,303	2,866	10,798
Underground - Total development	m	808	-	675
Combined plant throughput	kt	4,012	3,993	16,166
Avg weighted process recovery rate	%	77	84	86.1
Average weighted processed grade	g/t	0.85	0.85	0.91
Total heap leach ⁽²⁾	kt	-	-	1,141
Avg weighted leach grade	g/t	-	-	0.50
Avg weighted leach recovery rate (%)	%	-	-	51
Total gold produced (koz)	koz	118.0	100.4 ⁽¹⁾	400.3⁽¹⁾
Total gold sold (oz)	oz	118.0	101.0	400.0

Notes.

(1) 2017 gold production is defined as gold poured. Comparable 2016 gold production numbers are adjusted accordingly.

(2) Seasonal heap leach processing at Pioneer and Pokrovskiy are not operational throughout winter months.

Operational Optimisations

Following the extensive tests and research completed in 2015 and 2016, a dedicated resin treatment facility has been established to cost effectively improve the processing efficiency of the resin at the Group Resin in Pulp plants.

The fundamental process involves:

- a staged acid–alkaline treatment to dissolve calcium and silica build up, cleanse the resin of other contaminants, including releasing gold trapped in the resin.
- a carbon sorption conditioning treatment of any recycled water, has been introduced. This cleanses the recycled water of any contaminants accumulated over time.

Implementation of these upgrades have been successful as measured by positive contribution towards gold production throughout the quarter. The positive results of this treatment facility were expected and conservatively budgeted for within our production guidance for 2017.

From the beginning of 2017, the Company moved to using gold poured as the definition for production. This further bringing inline production reported with production sold and thereby reducing the impact of GIC.

Conference Call

Petropavlovsk will be hosting a conference call for analysts and investors on Thursday 27th at 09.00 BST (London time). The dial in details are below:

UK toll free number	0800 368 0649
UK Local number	020 3059 8125
International participant	+ 44 20 3059 8125

To join the call, please use:

Participant Password:	Petropavlovsk
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About Petropavlovsk

Petropavlovsk is one of Russia's leading gold mining companies. As at 31 December 2016, the Company had produced approximately 6.3Moz of gold.

Petropavlovsk is in the construction phase of a state of the art pressure oxidation facility to process the Company's substantial refractory resource base. The Company's combined 3,605km² license holding has untapped resource potential. The Company is a leading employer and contributor to the development of the local economy in the Amur region, Russian Far East, where it has operated since 1994.

Petropavlovsk is a shareholder (31.1%) of IRC Limited and is the guarantor of the US\$340 million project finance facility (US\$234 million principal outstanding, as at 31 December 2016). IRC is a vertically integrated iron ore producer and developer in the Russian Far East and North Eastern China. IRC is listed on the Hong Kong Stock Exchange (Ticker: 1029.HK).

Petropavlovsk is listed on the Main Market of the London Stock Exchange (Ticker POG:LN)

Enquiries

For more information, please visit www.petropavlovsk.net and www.ircgroupp.com.hk or contact:

Petropavlovsk PLC

Alexandra Carse
Grace Hanratty
+44 (0) 20 7201 8900

TeamIR@petropavlovsk.net

Maitland
Neil Bennett

James Isola

+44 (0) 20 7379 5151

Petropavlovsk-Maitland@maitland.co.uk

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.