



PRESS RELEASE

06 June 2017

Petropavlovsk PLC

Exploration Update

Petropavlovsk PLC ("Petropavlovsk" or the "Company" or, together with its subsidiaries, the "Group") is pleased to provide a further update on the results of exploration work completed during 2016 and 2017.

Dr Pavel Maslovskiy, Chief Executive, comments:

"Petropavlovsk was built on exploration success. Since 2002, we have discovered 31.4Moz of JORC Resources through exploration activities. This has allowed us to produce an impressive 6.3Moz of gold and created a solid base for future sustainable production growth. Using our regional knowledge and technical expertise, our team continues to prove our ability to unlock value through the drill bit.

We have been concentrating our exploration efforts on the discovery and development of mineral resources in the vicinity of our main producing assets, and on upgrading resources to ore reserves. We see new discoveries at our existing mines as the optimal way to ensure sustainability, growth and long term value. I am delighted to report a strong set of exploration results, which are encouraging at all levels including target generation, and to update you on our progress during 2017".

2016 Highlights:

- 1.55Moz increase in JORC non-refractory reserves, including:
 - 340% increase in non-refractory JORC Reserves at Elginskoye (Albyn) to 1.24Moz, with feasibility study completed
 - First underground JORC Reserve of 370koz (all non-refractory)
 - New Pioneer NE Bakhmut underground JORC reserve of 165koz @ 4.46g/t, supporting sustainable 6 year life of mine (LOM), with strong JORC reserve and resource expansion potential
 - Quartzitovoye 1 (Malomir) represents new 207koz @ 5.85g/t underground reserve, supporting sustainable 6 year LOM, with further JORC reserve and resource expansion potential
- Highly promising discovery within Pioneer license area - non-refractory deposit - Katrin
 - Shallow orebody with 37m average thickness, 4g/t average grade structure, hosted within a 1km long mineralised zone
 - Key 2017 target for non-refractory Reserve and Resource and near term production growth potential
- Two new zones of mineralisation potentially suitable for open pit mining discovered near Pioneer NE Bakhmut pit No 2

- Underground potential at extensions below Albyn open pit and near satellite deposits of Unglichikan, Ulgen and Yasnoye
- 2017 - promising discovery
 - In May 2017 underground developments at Quartzitovoye discovered previously unknown high grade zone with intersections of:
 - 5.32m @ 69.9g/t
 - 1.8m @ 42.9 g/t
 - 1.01m @ 12.2 g/t
 - Zone has current strike length of c.120m and remains open to south and in down-dip direction
 - Group geologists think might be similar to high grade ore body 55, which was the main contributor of Quartzitovoye's total production to date of 615koz
 - Group revising its drilling program at Quartzitovoye to give priority to exploration in this area

2017 Exploration Objectives:

- Delineation and bringing non-refractory reserves into production that are suitable for rapid access and extraction via underground and open pit mining to improve short and mid term cash flow
- Adding high quality refractory and non-refractory resources for potential open pit and underground extraction to facilitate sustainable production growth in the longer term
- 2017 estimated exploration budget is US\$16m.

2017 Priority Exploration Targets:

- At NE Bakhmut (Pioneer), underground drilling targeting high grade non-refractory reserve and resource extensions, and exploration of mineralisation continuity at depth offering near term, low capex, shallow, non-refractory production upside
- Exploration programme for new non-refractory deposit Katrin, targeting near term non-refractory Reserve and Resource expansion.
- At Elginskoye and Unglichkan (Albyn), ongoing definition drilling targeting reserve and resource expansion and preparing for open pit mining.
- At Albyn, deep level surface drilling below the reserve pit, exploring mineralisation continuity for high grade underground potential.

Exploration Update

Pioneer

The Pioneer 1,375km² area has various exploration opportunities for both non-refractory and refractory resources, including high grade mineralisation. In 2016, the Group successfully executed a cost effective exploration programme, focused mainly on near mine resource expansion and underground resource to

reserve conversion at NE Bakhmut. There has been limited deep drilling from the surface at Bakhmut, Promezhutochnaya and Andreevskaya, and we have been successful in identifying high grade mineralisation below all three reserve pits.

NE Bakhmut (6km from Pioneer plant)

The NE Bakhmut deposit occurs along two faults, one striking northeast, which continues southwest over 5km through the Bakhmut and Promezhutochnaya deposits, with the second fault striking south. NE Bakhmut is subdivided into five zones, three of which were extensively mined from the open pit producing in excess of 1Moz of gold from ore with an average grade of 2.2g/t. This open pit is now almost exhausted and an underground mine is being developed there to extract the remaining reserves below. Mineralisation potentially suitable for underground mining at NE Bakhmut remains open at depth and along the strike.

2016 surface exploration drilling at NE Bakhmut targeted down dip extensions of non-refractory high grade shoots. This resulted in an increase in underground non-refractory resources to c.300koz (198koz @ 4.3g/t increase) and a maiden reserve estimate of 165koz @ 4.46g/t. Drilling confirmed that high grade mineralisation continues at depth, with the deepest holes greater than 500m below the surface (270m below the pit floor), intersecting potentially economical grades and thicknesses. The last intersections at down dip extensions include:

- 3.7m @ 30.65 g/t (NE Bakhmut 5, 103m below surface)
- 2.0m @ 5.2g/t (NE Bakhmut 3, 270m below open pit)
- 19.3m @ 11.1g/t (NE Bakhmut 2, 125m below open pit)
- 17.8m @ 3.44 g/t (NE Bakhmut 4, 110m below surface)
- 3.0m @ 12.0 g/t (NE Bakhmut 5, 160m below surface)
- 1.8m @ 8.1g/t (NE Bakhmut 4, 340m below surface)
- 0.8m @ 6.2 g/t (NE Bakhmut 4, 176m below open pit)
- 0.6m @ 6.3 g/t (NE Bakhmut 4, 157m below open pit)

Future exploration is planned from underground as mine development progresses towards the high grade ore and drill chambers are prepared. The objective is to further expand the non-refractory underground reserve and to enhance our structural understanding of the geological model.

Bakhmut and Promezhutochnaya (3km from Pioneer plant)

Bakhmut and Promezhutochnaya are two adjacent deposits located within the same structural trend hosting NE Bakhmut. Bakhmut and Promezhutochnaya together contain c.0.7Moz of refractory reserves with high grade non-refractory pay shoots extending down below the planned refractory open pit. 2016 exploration drilling targeting these high grade shoots intercepted mineralisation up to 350m below the surface confirming continuity at depth, resulting in a maiden JORC mineral resource for potential underground mining. Selected drill intercepts include:

- 5.1m @ 18.68g/t
- 6.8m @ 12.7g/t
- 12.4m @ 6.99g/t
- 9.0m @ 12.8g/t
- 4.0m @ 10.3g/t
- 1.0m @ 78.0g/t

Andreevskaya (3km from Pioneer plant)

The Andreevskaya deposit is located south of the NE Bakhmut and Promezhutochnaya deposits within a parallel southwest striking fault structure. Andreevskaya has been extensively mined via open pit, producing

approximately 0.8Moz of gold from high grade ore with an average grade of 5.9g/t. The Andreevskaya open pit is now almost depleted, though resources suitable for underground mining exist at depth.

2016 drilling at Andreevskaya resulted in an updated non-refractory JORC underground mineral resource of 100koz @ 8.3g/t. This current JORC resource situated immediately below the depleted open pits represents an attractive near term mining target, as early stage engineering models suggest they can be mined via a short decline that begins near the bottom of the depleted pit. We believe this resource estimate represents only a small proportion of Andreevskaya's overall exploration potential. Andreevskaya's underground Ore Reserve assessment is expected to be completed during the course of 2017.

New discovery - Katrin - non-refractory deposit (20km from Pioneer plant and 10km from Pokrovskiy)

Extensive exploration work in 2016 at the largely underexplored Sosnovaya license, including the 9km long gold-arsenic anomaly immediately southwest of Pioneer, resulted in the discovery of a new promising non-refractory deposit, Katrin, which is located 2.5 km southwest from the Zheltunak Zapadnaya zone.

100 diamond drill holes, four trenches and a pre strip have been completed at Katrin to date, covering an area of 840 x 400m. Approximately 50% of the samples are awaiting assays. Four zones of mineralisation (ore bodies) dipping at 30 to 60° in a northern direction have been confirmed.

Ore Body 1 has a north-eastern strike. It was explored over a 110m strike length by a pre-strip and then 180m further towards south-west by drilling where it splits into three apophysis. The average thickness and grade in the pre strip is 2.58g/t at 21.7m. The south-western extension has intersection grades of 0.65-2.5g/t with thicknesses between 1.6 and 7.3m. In the north-western direction the orebody is terminated by a fault. The best grades (up to 20.0g/t in selected samples) are found near this fault. Mineralisation at the other side of the fault may be dislocated and future exploration is planned to target this potential extension.

Ore Body 2 has a west-east strike and is located 120m north-east from Ore Body 1. It has been explored by 2 trenches and 4 drilling profiles over a strike length of 320m. At both ends along the strike it terminates at faults. There is potential for strike extensions beyond these faults. Intersection grades vary between 1.03 and 2.91g/t with thicknesses between 2.8 and 7.4m.

Ore Body 3 also has a west-east strike, located 120m to the north from Ore Body 2. It has been explored by one trench and three drill profiles over a strike length of 240m. Intersection grades vary between 2.96 and 15.74g/t with thicknesses between 2.1 and 12.0m.

Ore Body 4 has an additional west-east strike, located 300m to the north from Ore Body 3. To date it has only one drill hole completed on it and the strike extends for 320m on the basis of geophysical anomaly. Two intersections in the drill hole include 9.5m at 0.52g/t and 4.1m at 1.04g/t.

In addition, another 8 drill holes returned 10 significant intersections with grades between 0.59 and 3.9g/t and thicknesses of 0.7 to 3.2m which do not belong to the identified ore bodies offering resource upside potential.

Katrin is hosted within a known 1km silification zone, suggesting potential for further discoveries. Mineralisation is non-refractory and expected to be suitable for processing at Pioneer and/or Pokrovskiy processing plants.

NE Bakhmut 2 (6km from the Pioneer processing plant)

Adjacent to the NE Bakhmut 2 pit, surface drilling intersected a shallow, sub-horizontal mineralised zone only 30-35m below the surface. Geological interpretations suggest this zone was formed as a result of the NE Bakhmut hard rock orebody being eroded and material deposited, forming a soft oxide mineralised seam. Metallurgical test work confirmed that the material is suitable for RIP processing. It is expected both the overburden and the ore will be amenable to free digging making it a low cost open pit mining target.

Exploration drilling in 2017 has confirmed a 300m strike extension that remains open to the north and west. The average mineralised thickness is approximately 6.0m @ 1.05g/t grade and there is an audited JORC

resource of 27koz of gold. A new zone of hard rock gold mineralisation was identified directly below as a result of Q1 2017 drilling. To date it has been intersected by three drill holes, with significant intersections of 5.3m at 1.64g/t and 5.2m at 7.56g/t.

This is a key priority for near term non refractory reserve and resource upgrades, in addition to offering near term production upside with immaterial capital requirement.

Brekchievaya (15km from Pioneer plant)

2016 step out drilling identified a high grade 500m strike extension at Brekchievaya, with thicknesses varying from 1.4m to 1.7m and average grades of 9.05g/t to 12.15 g/t. The orebody remains open in down dip and strike directions.

Further exploration work is required during 2017.

Albyn

The 1,053km² Albyn license area has significant non-refractory exploration potential. In 2016 the Group was successful in increasing Albyn reserves by 62%, confirming its sustainable, non-refractory production profile and long life of mine. Earlier stage exploration surveying and trenching yielded encouraging results at potential brownfield resource expansion targets such as Ulgen, Sergeevskaya and Leninskoye.

Elginskoye (25km by Albyn plant)

The successful completion of the feasibility study on the Elginskoye deposit resulted in a 340% increase in non-refractory ore reserves to 1.23Moz.

Unglichikan (15km from Albyn mine)

A tight spaced drilling campaign was completed in 2016 to prepare the south section of the Unglichikan orebody for open mining in 2017 and further upgraded resource categories. Exploration at Unglichikan continues with drilling at the south side of the orebody over a strike length of 1,200m. The 2017 drilling results confirmed known mineralisation and extended it down dip to a depth of 90 to 130m from the surface. The last intersections include 4.7m at 5.34g/t, 14.7m at 2.97g/t, and 0.8m at 26.9g/t - both grade and thickness increase with depth.

There are two known satellites to Unglichikan – Nikolaevskiy and Gusak. Nikolaevsky is situated 1.8km south-east from Unglichikan. Here trenching discovered two zones of mineralisation with intersection grades up to 4.74g/t and thicknesses of up to 4.0m. Gusak is located 4km south-west from Unglichikan. Trenching discovered two subparallel zones with grades up to 6.6g/t and thicknesses of up to 2.0m.

Yasnoye (28km from Albyn mine)

Yasnoye is a high grade, quartz vein underground mine, last operated in the 1950s. 2016 trenching confirmed a 3km mineralised extension. Initial assays from one of the five trenches developed beyond the historically mined area confirmed the presence of a subparallel, shallow dipping (30° along slope), gold bearing structure. Selected intersects below:

12.2m @ 4.72g/t
6.0m @ 3.09g/t
6.0m @ 2.37g/t
2.3m @ 22.9g/t
1.3m @ 25.5g/t

Exploration work, including pre-stripping the top soil and systematic 5m spaced channel sampling and drilling, was completed in Q1 2017.

Ulgen (30km from Albyn plant)

Ulgen is a potential satellite deposit of Albyn, situated 16km west from Elginskoye. Exploration completed to date has proved a 3.2km strike length and mineralisation remains open in the direction of the strike. A total of 24 individual mineralised zones with strike lengths of up to 1.8km have also been discovered. The two most significant zones have average thicknesses of 4.2m at an average grade of 1.91g/t. Grades from other zones are up to 33.22g/t in selected samples. Two drill holes confirmed mineralisation to a depth of at least 100m. With further exploration ongoing, Ulgen is a priority target for non-refractory resource potential in 2017.

Albyn pit

The Albyn orebody has been successfully mined from the open pit since 2010. Mining confirmed the grade and structural continuity as well as its non-refractory nature. Processing recoveries have been consistently above 90%. The open pit is designed to a depth of 370m, however resource drilling has confirmed that the orebody continues at depth and remains open. Selected intersections below the Albyn reserve pit include:

- 8.5m @ 4.7g/t
- 2.0m @ 19.4g/t
- 1.0m @ 26.5g/t
- 2.0m @ 17.9g/t
- 4.8m @ 8.0 g/t
- 3.6m @ 6.6g/t
- 2.5m @ 6.6g/t

Albyn remains a significant exploration target for reserve and resource expansion.

Malomir

Ahead of commencing refractory concentrate production at Malomir from 2018, the targeted 2016 exploration programme was successful in defining a maiden non-refractory underground reserve estimate of 207koz @ 5.85g/t, underpinning a six year life of mine production plan.

At Quartzitovoye 1 (10km from the Malomir plant), drilling has confirmed that high grade mineralisation continues at depth, with the deepest holes greater than 440m below the surface (245m below the reserve pit floor) intersecting potentially economical grades and thicknesses. The orebody remains open in a down dip direction offering potential to increase resources further through additional exploration, which will be continued from the underground workings.

Grade control sampling and drilling at the Quartzitovoye open pit resulted in a 109koz (24%) increase in our non-refractory resource estimate, providing further support for Malomir's non-refractory, long term production plan.

In May 2017 Quartzitovoye underground developments discovered a previously unknown high grade zone producing three intersections: 5.32m @ 69.9g/t, 1.8m @ 42.9 g/t and 1.01m @ 12.2 g/t. The zone is steep dipping with an apparent strike length of c.120m. It remains open to the south and in down-dip directions. The Group is revising its drilling program at Quartzitovoye in order to give priority to exploration of this area.

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

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 3,600km² 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\$340m project finance facility (US\$234m 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)

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Note on exploration results reporting

If not stated otherwise all intersection thicknesses quoted are apparent.

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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 Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. 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

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