



## PRESS RELEASE

08 November 2017

Petropavlovsk PLC

### Announcement of Pricing of Senior Notes

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Petropavlovsk 2016 Limited (the Issuer) today announces that it has priced its offering of US\$500 million 8.125 per cent. guaranteed notes due 14 November 2022 (the Notes) at an issue price of 100 per cent. The Notes will bear interest at a rate of 8.125 per cent. per annum from and including 14 November 2017. Interest on the Notes will be payable semi-annually in arrear, on 14 May and 14 November in each year commencing on 14 May 2018. The Notes are guaranteed by Petropavlovsk PLC (the Company), JSC Pokrovskiy Rudnik, LLC Albynskiy Rudnik and LLC Malomirskiy Rudnik.

The Notes are expected to be issued on or about 14 November 2017, subject to the satisfaction of various customary closing conditions precedent.

The Notes have been assigned an expected rating of B- (EXP) by Fitch Ratings Limited (Fitch). They have been assigned an expected rating of B- and placed on CreditWatch Positive by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (S&P). The Company has been assigned an expected rating of B- (EXP) with a Stable Outlook by Fitch. It has been assigned a rating of B- and placed on CreditWatch Positive by S&P. Fitch and S&P are established in the European Community and are registered under Regulation (EC) No 1060/2009, as amended.

The Company intends to use the net proceeds from the offering of the Notes to substantially refinance the loans provided pursuant to the banking facilities provided by Sberbank and VTB Bank.

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list of the Irish Stock Exchange and to trading on the Global Exchange Market of the Irish Stock Exchange.

Citigroup Global Markets Limited, J.P. Morgan Securities plc, SIB (Cyprus) Limited and VTB Capital plc are acting as Joint Lead Managers.

#### **Ian Ashby, Chairman, Comments:**

*"The successful pricing of the issue demonstrates the market's confidence in our development projects and completion will significantly improve the capital profile of the Group."*

#### **Andrey Maruta, CFO, Comments:**

*"As the proceeds of the offering will be used to refinance the bank debt, this transaction will allow us to extend the Company's debt maturity profile and to optimise the amortisation schedule, thus providing operational and financial flexibility."*

#### **Enquiries**

For more information, please visit [www.petropavlovsk.net](http://www.petropavlovsk.net) and [www.ircgroup.com.hk](http://www.ircgroup.com.hk) or contact:

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## About Petropavlovsk

*Petropavlovsk is one of Russia's leading gold mining companies. As at 30 September 2017, the Company had produced approximately 6.6Moz of gold.*

*At this time, 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 3,600km<sup>2</sup> 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 Northeastern 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).*

*Nothing in this announcement constitutes an offer of any securities in the United States of America (U.S.). The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (**Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the U.S. and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.*

*This announcement is not being reviewed or approved by an authorised person for the purposes of Section 21 of the Financial Services and Markets Act 2000. Accordingly, it is not being distributed to, and must not be passed on to, the general public in the United Kingdom (UK). This announcement is only being made to those persons in the UK falling within the definition of investment professionals (as defined in Article 19(5) of the Financial and Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**) or persons falling within Article 49(2)(a) ("high net worth companies, unincorporated associations, etc") of the Financial Promotion Order, including existing members and creditors of the Issuer, or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.*

*This announcement is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer any securities in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. This announcement has not been, nor shall be distributed to the public in the Russian Federation. Information contained in this announcement is not intended for any persons in the Russian Federation who are not "qualified investors" within the meaning of Article 51.2 of the Federal Law No. 39-FZ "On the Securities Market" dated 22 April 1996, as amended (the **Russian QIs**) and must not be distributed or circulated into the Russian Federation or made available in the Russian Federation to any persons who are not Russian QIs, unless and to the extent they are otherwise permitted to access such information under Russian law.*

*This announcement contains "forward-looking statements" that are based on estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements are all statements other than statements of historical fact or statements in the present tense, and can be identified by words such as "targets", "aims", "aspires", "assumes", "believes", "estimates", "anticipates", "expects", "intends", "hopes", "may", "would", "should", "could", "will", "plans", "predicts" and "potential", as well as the negatives of these terms and other words of similar meaning. The forward-looking statements in this announcement are made based upon the Company's estimates, expectations and beliefs concerning future events affecting the Company and are subject to a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. The Company cautions that these forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in these forward-looking statements. Undue reliance should, therefore, not be placed on such forward-looking statements. Any forward-looking statements contained in this announcement apply only as at the date of this announcement and are not intended to give any assurance as to future results. The Company will update this announcement as required by applicable law, including the Prospectus Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules, and any other applicable law or regulations, but otherwise expressly disclaims any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.*

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