



PETROPAVLOVSK



Petropavlovsk PLC
H1 2020 Financial Results
30 Oct 2020

Cautionary and forward-looking statements

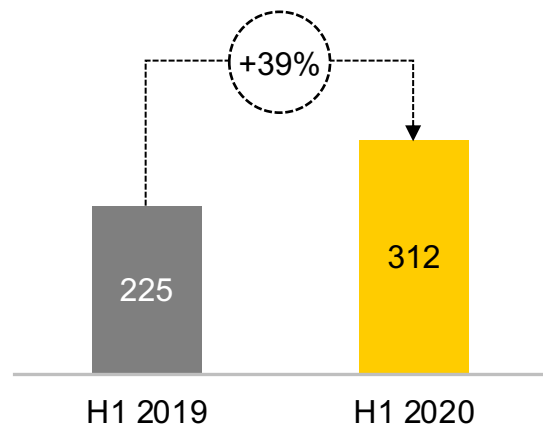
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H1 2020 Financial Results

Higher gold sales at a higher average realised price resulted in revenue growth of 71% and EBITDA growth of 96%, while operating profit increased by more than US\$140m

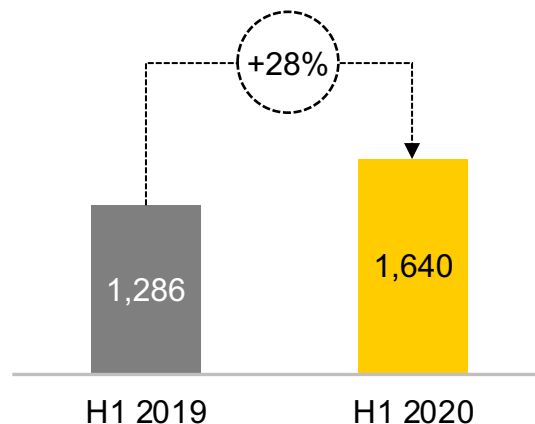
1

Gold Sold (koz)



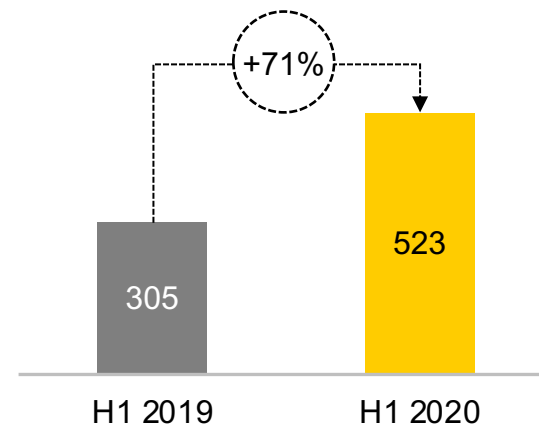
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Avg. Gold Sales Price (US\$/oz)



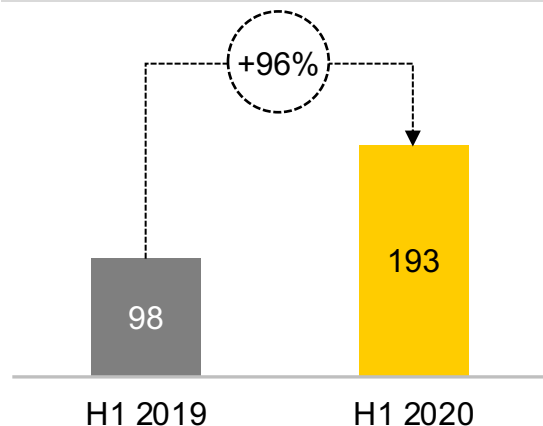
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Group Revenue (US\$m)



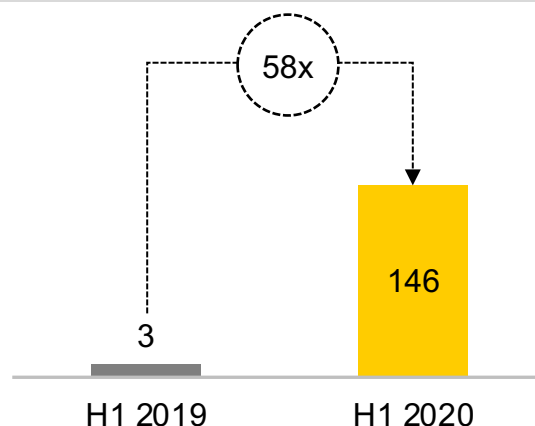
4

Underlying EBITDA (US\$m)



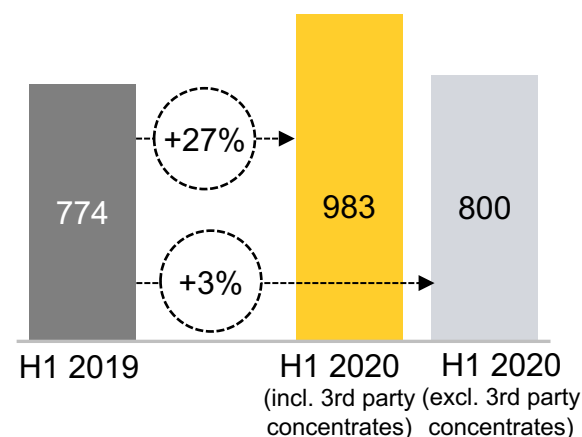
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Operating Profit (US\$m)



6

Total Cash Costs (US\$/oz)⁽¹⁾



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(1) H1 2020 TCC for 3rd party concentrate amounted to US\$1,380/oz (H1 2019: no 3rd party concentrate processed). 3rd party concentrate TCC is directly dependent on global gold prices

H1 2020 Financial Results Highlights

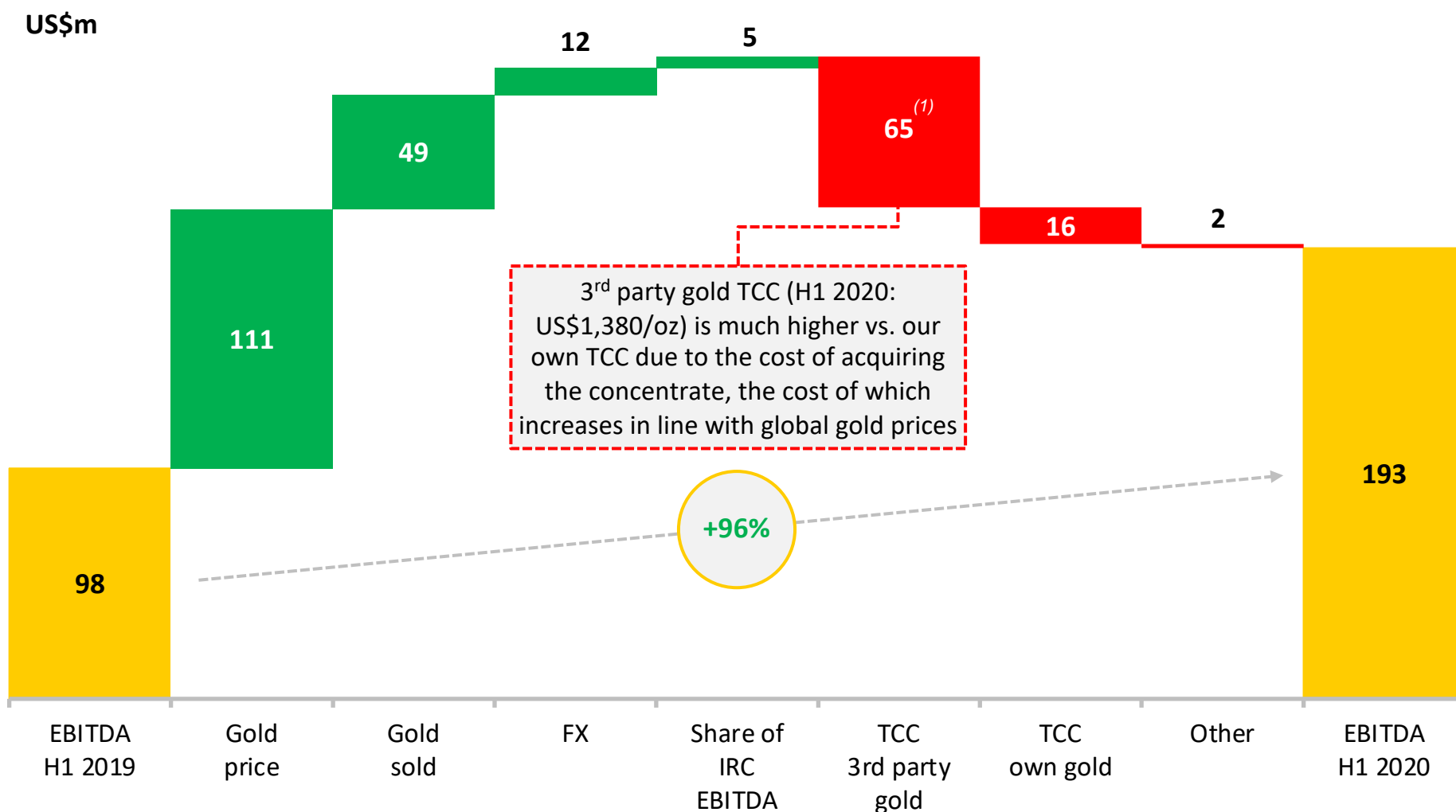
Strong operational performance resulted in higher volumes of gold produced / sold, at a higher average gold sales price vs. H1 2019, with production from POX making a material contribution

	Units	H1 2020	H1 2019	Change
Gold production	Koz	320.6⁽¹⁾	225.0 ⁽²⁾	+42%
Gold sold	Koz	312.4	225.0	+39%
Avg. realised gold price	US\$/oz	1,640	1,286	+28%
Group revenue	US\$m	522.7	305.3	+71%
Total cash costs (TCC, incl. 3 rd party gold)	US\$/oz	983	774	+27%
Total cash costs (TCC, own gold only)	US\$/oz	800	774	+3%
All-in sustaining costs (AISC)	US\$/oz	1,220	1,029	+18%
Operating profit	US\$m	146.1	2.5	n/m
Underlying EBITDA	US\$m	192.6	98.5	+96%
(Loss) / profit for the period	US\$m	(22.0)⁽³⁾	3.9	n/m
Cash generated from operations	US\$m	172.8	55.2	+213%
Net debt (as at 30 June 2020 and 31 Dec 2019)	US\$m	(538.0)	(561.3)	(3%)
Development capex	US\$m	54.4	36.8	+48%
Exploration capex	US\$m	5.2	8.2	(37%)

(1) Incl. 178.0koz from the processing of own and third-party refractory gold concentrates at the POX Hub (2) Incl. 61.3koz from the processing of own and third-party refractory gold concentrates at the POX Hub (3) The fair value loss on the conversion option of US\$122m reflects the increase in the company's share price being far above the bond conversion price (c.£0.11). The majority of this loss will not materially impact FY 2020 financial results, since at the date of this presentation, c.US\$87m of the bond has been converted. All conversions to date took place in H2 2020

H1 2020 EBITDA

96% EBITDA increase driven by higher gold sales at a higher average gold sales price, partly offset by the acquisition cost of third party refractory gold concentrate

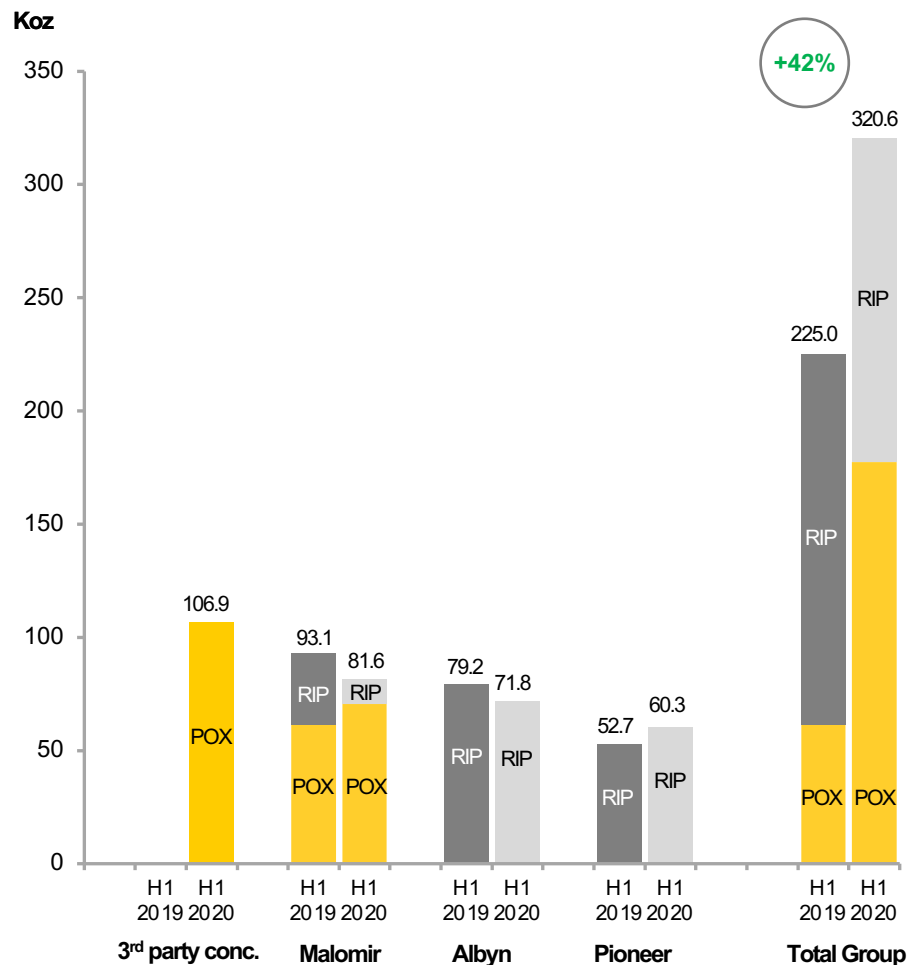


(1) The considerable increase in overall group TCC is primarily driven by the purchasing and processing of 3rd party concentrate in H1 2020, whereas no 3rd party concentrate was processed in H1 2019. 3rd party concentrate TCC is higher vs. own metal TCC because 3rd party TCC includes the purchase price of the concentrate, directly linked to the gold price. However, 3rd party gold (TCC H1 2020: US\$1,380/oz) is profitable at the average realised H1 2020 gold price of US\$1,640/oz.

H1 2020 Operating Performance

Stable performance despite challenges associated with COVID-19

H1 2020 vs. H1 2019 production by operation



POX third-party concentrates (H1 2020: 106.9koz)

- Third-party concentrate processing continued during H1 2020, achieving recoveries of 94%
- Delays to delivery of concentrates were partly compensated by higher grades of concentrates

Malomir (H1 2020: 81.6koz)

- 67.3koz of gold was recovered from processing 76.4kt of Malomir refractory concentrates (92% recovery)
- 10.5koz of gold recovered by processing non-refractory gold via RIP (75% recovery)

Albyn (H1 2020: 71.8koz)

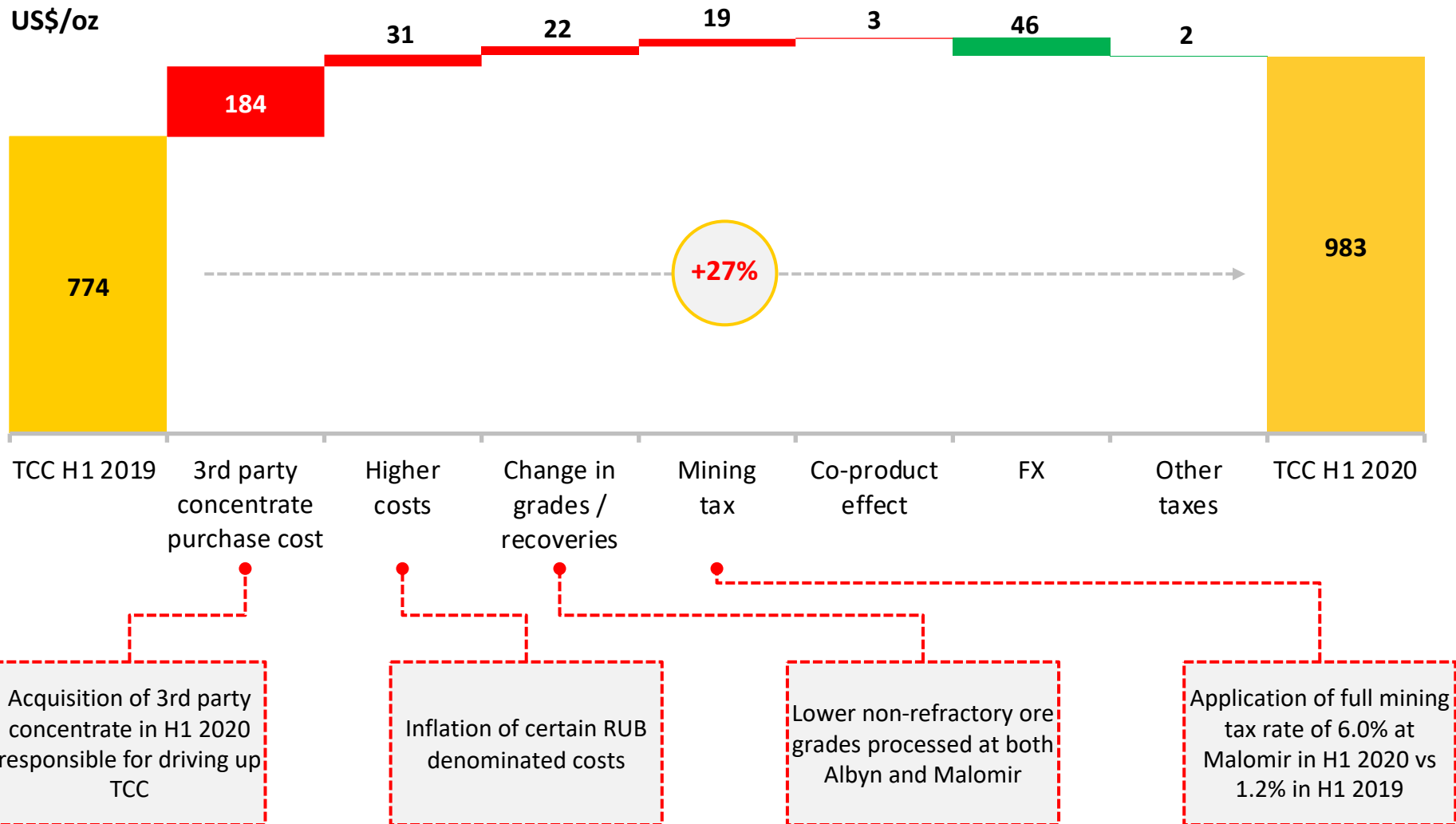
- Performance in line with expectations in terms of mined volumes and grades from Albyn main pit
- RIP plant recoveries in line with budget at 94%

Pioneer (H1 2020: 60.3koz)

- Weaker Q1 caused by higher dilution from underground operations, offset by stronger recoveries in the RIP plant (84% recovery)

H1 2020 TCC Breakdown

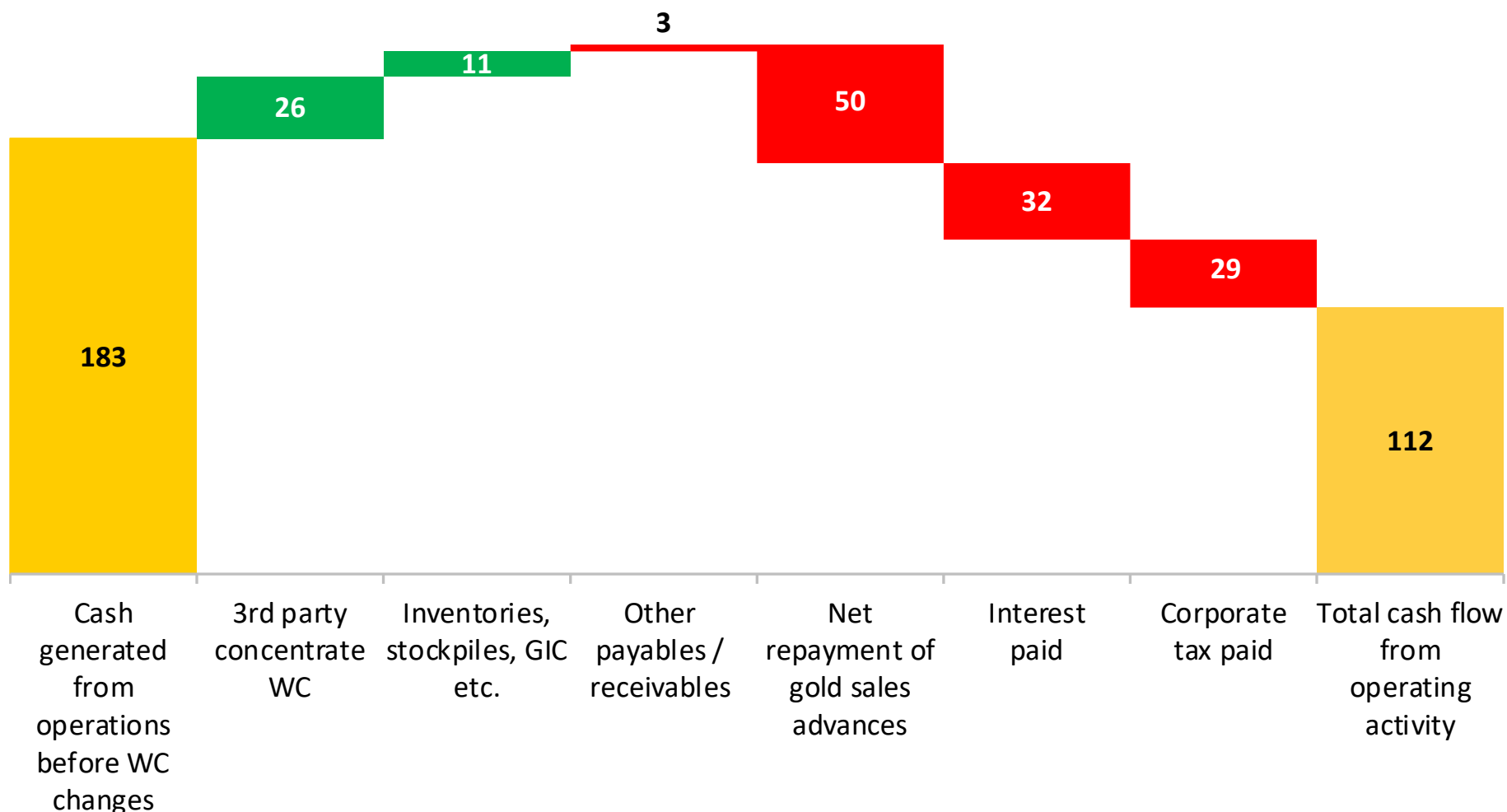
Majority of the TCC increase is attributable to costs associated with the purchase of 3rd party refractory gold concentrate, the price of which increases in line with higher global gold prices



H1 2020 Operating Cashflow Breakdown

The company continues to reduce the size of the outstanding prepay position, with a net movement of US\$50m in H1 2020. As at 30 June, US\$121m was outstanding

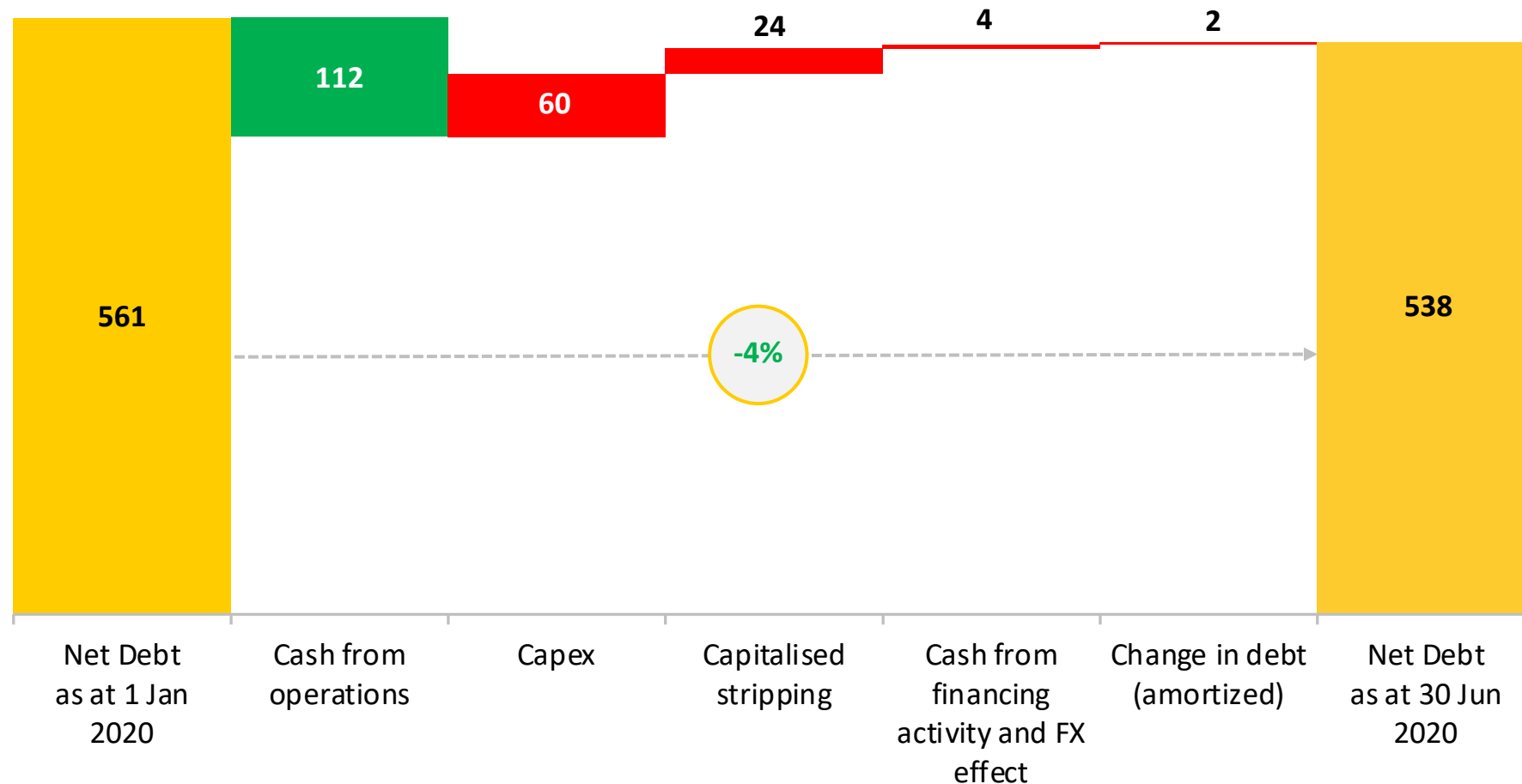
US\$m



H1 2020 Change in Net Debt

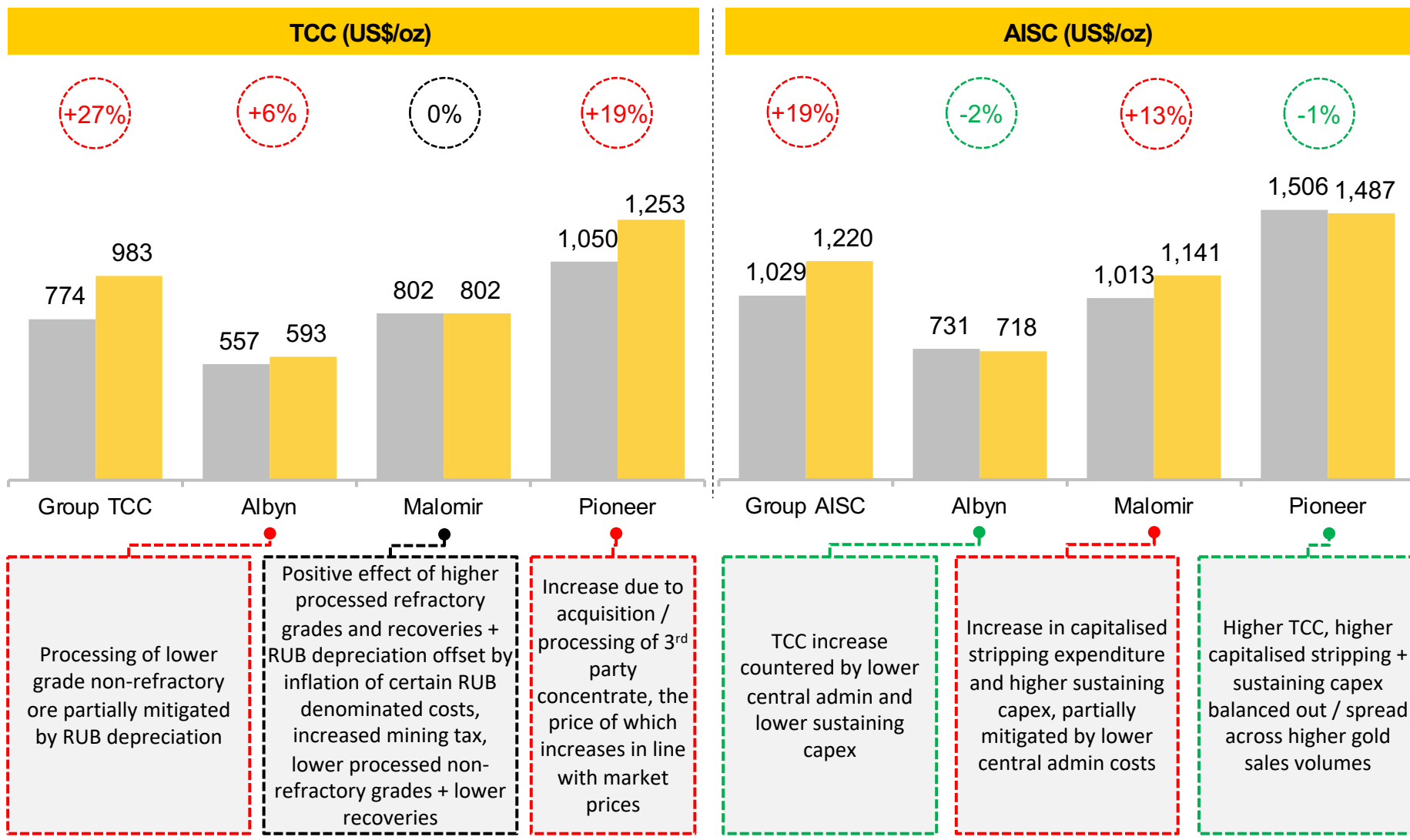
Net Debt⁽¹⁾ down by US\$23m in H1 to US\$538m

US\$m



H1 2020 Mine by Mine TCC and AISC

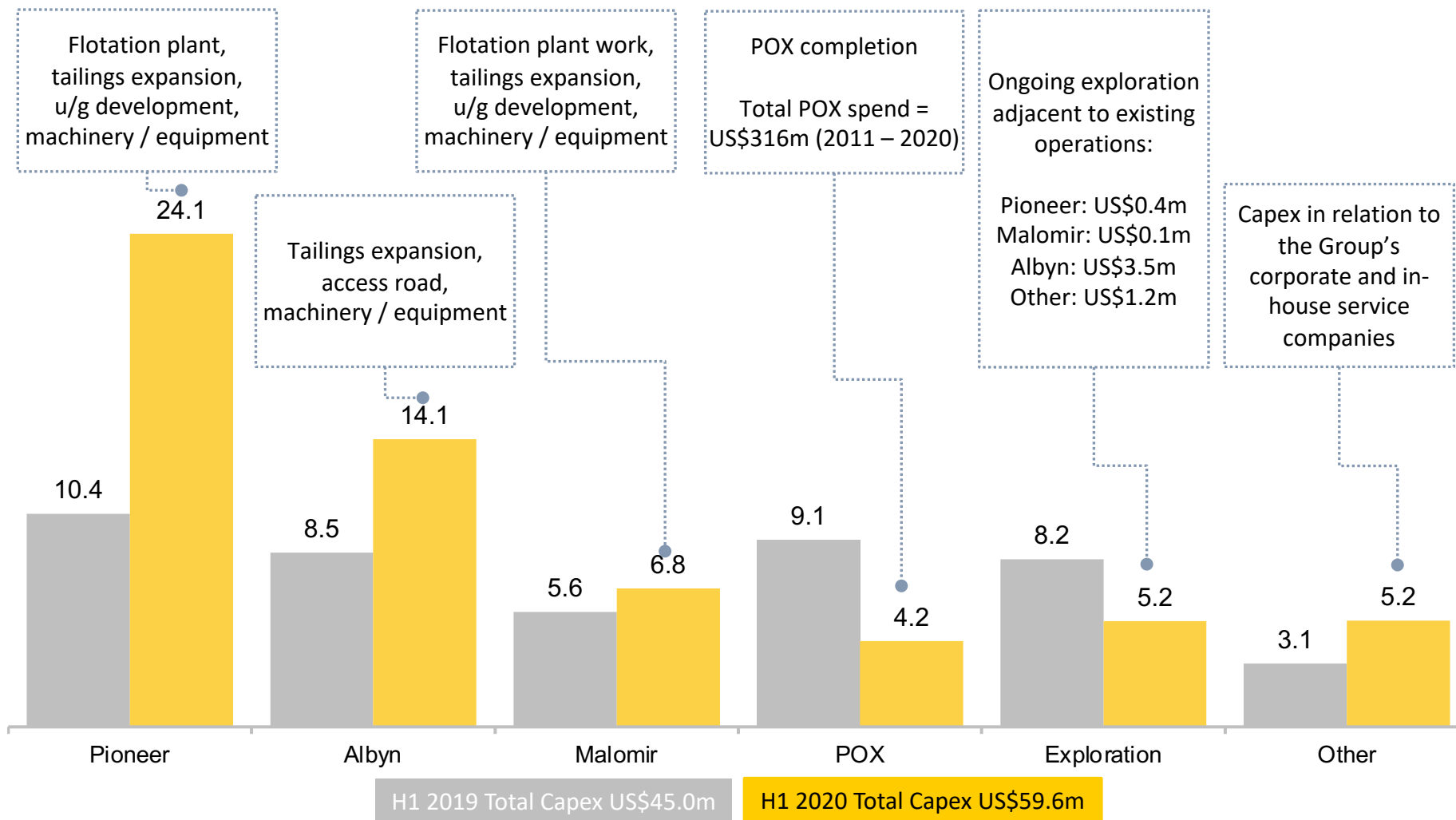
Higher AISC due to increased TCC and increased capitalized stripping expenses at Pioneer and Malomir, partially offset by material improvement in H1 2020 gold sales volumes



H1 2020 Total Capex Spend

Expenditure was focused on construction of Pioneer and Malomir flotation plants, Pioneer underground development work and exploration at Elginskoye

US\$m

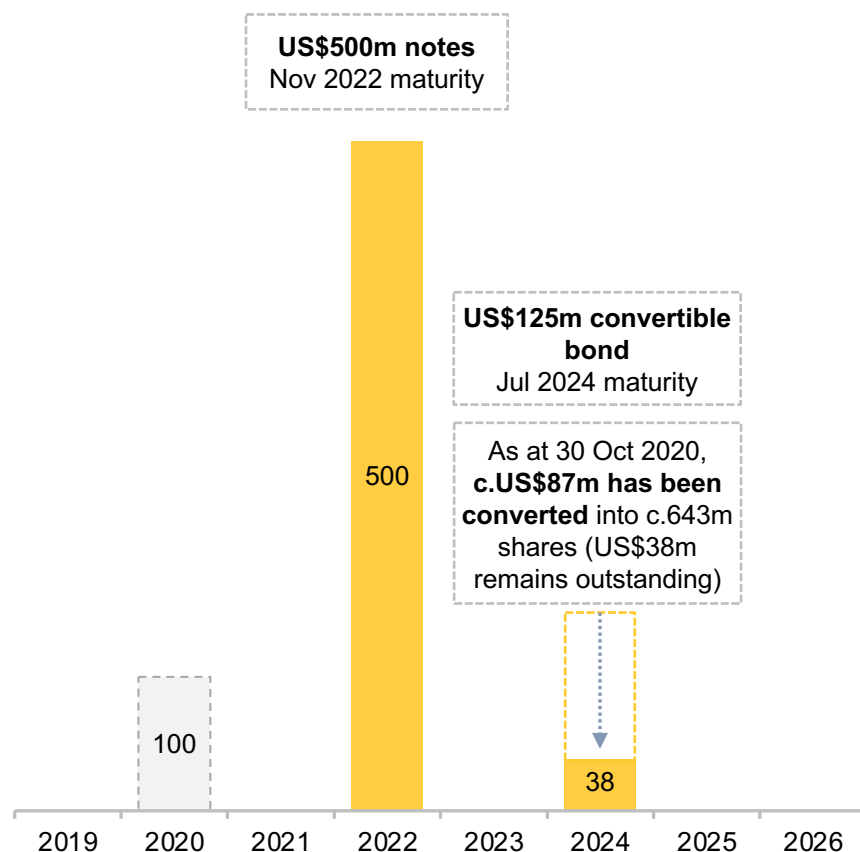


A Significant De-risking of the Balance Sheet is Underway

Net Debt / EBITDA ratio decreased from 2.1x as at YE 2019 to 1.5x⁽¹⁾

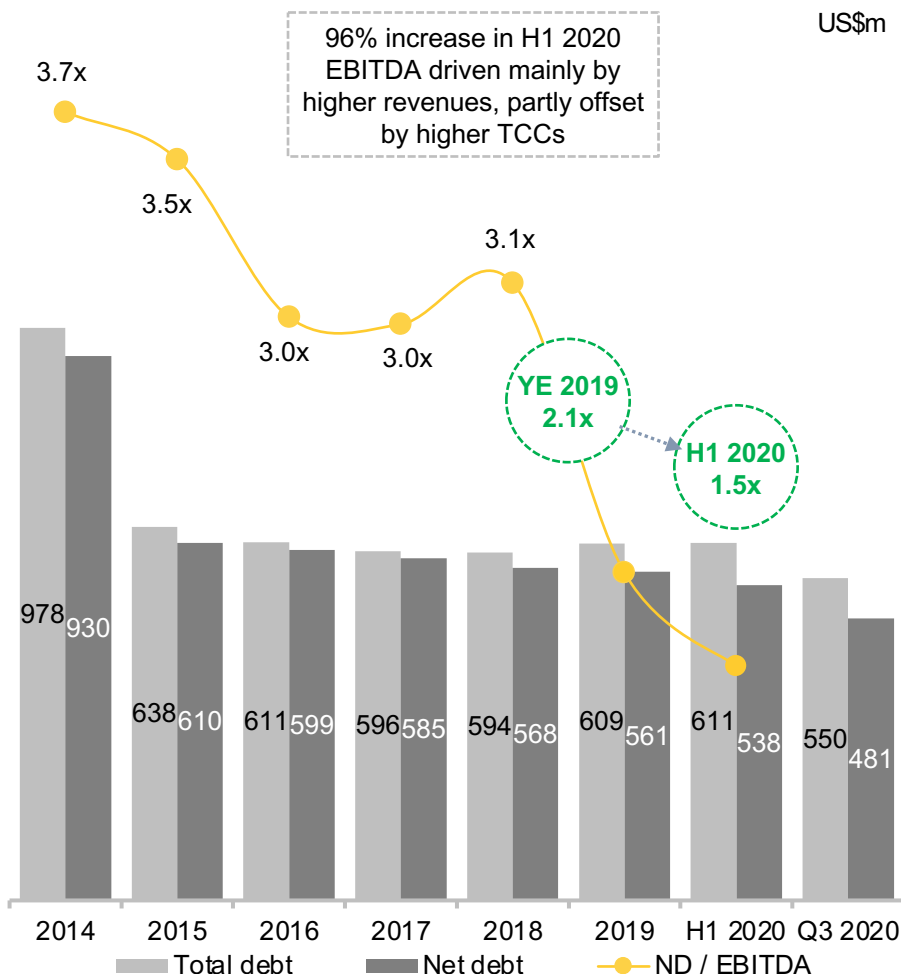
Group fixed income debt maturity schedule

US\$m



Net Debt / EBITDA Evolution

US\$m



An aerial photograph of a large-scale open-pit mining operation. The mine features several distinct terraced levels, indicating sequential excavation. A network of roads and tracks crisscrosses the site, connecting different parts of the mine. The surrounding landscape appears rugged and sparsely vegetated. A prominent yellow horizontal band is overlaid across the center of the image, containing the text "COVID Update" in white.

COVID Update

COVID-19 Pandemic: Comprehensive Action Plan Implemented

Following the pandemic outbreak, the Company has proactively responded to COVID-19 developments in order to protect the health and wellbeing of all its employees

Emergency response team established to detect and limit possibility of the virus affecting the Group's operations



- Response team includes representatives from each of the Group's businesses in Russia
- If necessary the response team works with local authorities

Continuous monitoring of potential impact virus may have on the welfare of employees, communities and operations

Risk mitigation strategies focused on protecting all employees



- Provision of regular medical advice to prevent infection / spread thereof
- Thorough reporting culture of any infection or illness
- Appropriate resourcing to medical facilities across the Group

Small number of COVID-19 cases with limited impact on the operations. As at 25 Oct 2020:



- 28 reported cases in the Far East
- 1 reported case in Moscow
- All impacted employees are self-isolating or receiving medical care

Minor delays at supply chain / logistics, with ongoing monitoring and all necessary precautions in place to secure business continuity



- Supply channels remain fully functional with production inputs / materials predominantly sourced within Russia

Infection Prevention Measures

Employee and community actions taken

- ✓ Strict precautionary procedures in place at all production sites
- ✓ Mine shift pattern adjustments to lower frequency of new teams arriving onsite
- ✓ All employees and contractors undertake 14 days quarantine prior to start of each shift
- ✓ At least two rounds of COVID-19 testing for all employees upon (1) arrival to site for quarantine (2) prior to start of each shift, with additional testing carries out if required
- ✓ Restricted business travel with closure of Moscow and London offices until further notice, written authorisation required to enter buildings
- ✓ Daily check of staff temperature at start of each shift
- ✓ Check of temperature of any persons arriving on site
- ✓ Designated quarantine zones house individuals showing any flu symptoms
- ✓ Restricted contact between employees not connected by common production process at the mines and during shift changes
- ✓ All transport, public places (eg. dining areas, kitchens), utensils and food undergoes thorough disinfection and cleaning
- ✓ Purchase and distribution of PPE and disinfectants
- ✓ Raising awareness on symptoms, prevention and personal precaution measures
- ✓ Local community support with distribution of masks and hand sanitiser among local businesses

