PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED
(Incorporated in Bermuda with limited liability)
(the "**Company**")

EXERCISE OF PUT OPTION BY BONDHOLDERS AND POTENTIAL EVENT OF DEFAULT

The board of directors (the "**Board**") of the Company wishes to inform holders of the Company's securities that it has received instructions from The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**"), in its capacity as principal paying agent and trustee of the Company's SGD200,000,000.00 8.5% Bonds due 30 July 2017 (the "**Bonds**") on 21 January 2016 that, pursuant to Condition 6(d) of the Bonds, put options were exercised by various holders of the Bonds in relation to SGD186,130,000.00 in aggregate of the principal amount of the Bonds (the "**Exercise**").

Further, the Board also wishes to inform its holders of the Company's securities that due to the recent uncertainty and instability faced by the Company and its subsidiaries (the "**Group**"), including the inability of certain key subsidiaries of the Company to obtain working capital and other financing for its operations, the Company has notified HSBC with respect to its inability to commit to the making of certain payments requested (including the payment of interest on the principal amount of the Bonds) which constitutes a 'Potential Event of Default' as defined in the trust deed dated 30 July 2014 entered into between the Company and HSBC pending the development of a holistic restructuring plan for the Group (including the Company) (the "**Potential Event of Default**").

The Board is currently seeking legal advice in relation to the Exercise and the Potential Event of Default and, in addition, is in active dialogue with the holders of the Bonds with a view to establishing a transparent process for discussions and communications with all holders of the Bonds.

GENERAL

At the Company's request, trading in the securities of the Company was halted on 26 November 2015 and was converted to a voluntary suspension on 28 November 2015, and will remain suspended until further notice. Holders of the Company's securities and potential investors of the Company should exercise caution when dealing in the securities of the Company. The Company will keep the public informed of the latest development by making further announcement(s) as and when appropriate.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
Singapore, 24 January 2016