

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

(Incorporated in Bermuda with limited liability)

(the “**Company**”)

UPDATE TO BONDHOLDERS

The Company wishes to inform holders of the Company's securities that the attached notice was issued by the Company on 18 February 2016 to the holders of the Company's S\$200 million 8.50% bonds due 2017.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
Singapore, 18 February 2016

THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE THE TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.

UPDATE TO BONDHOLDERS

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

(Incorporated in Bermuda with limited liability)

(the "**Company**")

relating to the
S\$200 million 8.50% bonds due 2017
issued by the Company

Common Code 109021997

ISIN XS1090219970

The Company refers to the announcement made on 28 January 2016 with respect to the constructive meetings and discussions that were held with multiple holders of the S\$200,000,000 8.50% bonds due 2017 (the "**Bonds**", and holders of the Bonds, the "**Bondholders**") in Singapore. The purpose of this announcement is to provide a further update to Bondholders with respect to the steps which the Company has taken in establishing an effective process for working with Bondholders in achieving a satisfactory settlement of their Bonds.

Informal Bondholder Steering Committee: The Company reiterates its desire to proactively work in close collaboration with an informal committee of Bondholders (the "**Informal Steering Committee**") in establishing an effective line of communication between the Company and the Bondholders. The Informal Steering Committee will play an important role in ensuring the effectiveness of communications between the Company and Bondholders with respect to the Company's business. Based on the important initial feedback and expressions of interest received from Bondholders to date with respect to the make-up of the Informal Steering Committee, the Company proposes that the Informal Steering Committee should initially comprise four (4) Bondholders including high value holders, holders with experience in the operation of bondholder committees and those individuals prepared to commit the time and energy to the success of the Committee. While the discussions between the Company and the Informal Steering Committee will be fluid and dependent on the developments with respect to the Company's business, it is initially contemplated that the Informal Steering Committee will meet every 4 to 6 weeks and receive regular updates from the Company and its advisors. The initial meeting of the Informal Steering Committee is currently scheduled for the week commencing 29 February 2016.

Legal Advisor to the Informal Steering Committee: The Company intends to work with the Informal Steering Committee over the next few weeks to engage an experienced and reputable restructuring lawyer to assist the Informal Steering Committee in effectively and efficiently performing its functions. The Company reaffirms its commitment to be responsible for the reasonable fees and expenses of such legal advisor.

Dissemination of Information to Bondholders based on discussions with the Informal Steering Committee: As discussions between the Company and the Informal Steering Committee progress, arrangements will be made to provide updates to the Bondholders generally based on feedback and input from the Informal Steering Committee. **Accordingly, the Company requests that Bondholders provide their contact details in the response form annexed to this notice, in order for them to receive information in a systematic and timely manner.**

Next Steps: The Company looks forward to implementing the measures described above and to working closely and collaboratively with the Bondholders and other stakeholders.

Bondholders may direct any queries regarding the Informal Steering Committee to Geoff Walsh at Geoffrey.Walsh@pacificandes.com.

In accordance with normal practice, none of the Trustee or any of its officers, employees or affiliates expresses any opinion on the information set out in this notice. Bondholders who are unsure about the impact of such information should seek their own independent financial, legal and taxation advice.

Singapore

18 February 2016

BONDHOLDER CONTACT INFORMATION FORM

To: Pacific Andes Resources Development Limited
Attention: Geoffrey Walsh
Geoffrey.Walsh@pacificandes.com
Facsimile number: +852 2858 2764

I/We, _____ (Name) of _____ (Address) being a holder (a "**Bondholder**") of the S\$200 million 8.50% bonds due 2017 of Pacific Andes Resources Development Limited (the "**Company**") in the amount of S\$_____, wish to respond to the notice sent by the Company on 18 February 2016 (the "**Notice**"), in the manner indicated below. Our contact details are provided below. Capitalised terms not otherwise defined in this response form shall have the meaning given to them in the Notice.

I/We would like to have my/our details on file with the Company to obtain further public information as soon as such information is available.

My/Our Bondholder details are as follows:

Name of Bondholder: _____
Designated Contact Person(s): _____
Contact Email Address(es): _____
Contact Phone Number(s): _____

Signed by Bondholder / Authorised Representative:

Name:
Designation:
Date: