

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

(Incorporated in Bermuda with limited liability)

(the “**Company**”)

UPDATE ON RESTRUCTURING PROCESS

The Company refers to previous announcements made on 1 July 2016, 10 August 2016, 17 August 2016, 9 September 2016, 14 September and 29 September 2016 with respect to the new initiatives in the Company’s restructuring process. The Company now wishes to announce that on 29 September 2016 it has filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

As announced earlier, the Company had applied for protection under section 210(10) of the Singapore Companies Act while a restructuring process supervised by the Singapore Court could proceed. On 26 September 2016, the Singapore High Court allowed the Group’s application to extend the protection under section 210(10) (within the territorial limits of Singapore) in order that the restructuring process could continue. The Court concluded that the duration of the extension and any terms and conditions attached to the extension would be decided at a further hearing to be held on 12 October 2016 in Singapore.

Within hours of the oral judgment of the Singapore Court and contrary to the spirit of that judgment, before the Court published its written reasons for the decision on 28 September 2016, Maybank, Rabobank and Bank of America took the matter into other jurisdictions in an attempt to undermine the orderly restructuring process. On 26 September 2016, Maybank filed a petition, with the support of Rabobank, in the Supreme Court of Bermuda to wind up PARD, in addition to, without notice, an application for the appointment of provisional liquidators over PARD. On the same day, Bank of America applied to the Eastern Caribbean Supreme Court in the British Virgin Islands to wind up and appoint liquidators to two of PARD’s subsidiaries. By doing so, the banks were exploiting the Singapore Court’s finding that its moratorium applied only within Singapore and did not apply to PARD’s subsidiaries.

The lenders have rendered it impossible to achieve an effective restructuring in Singapore. This has left the Company with no realistic option but to instruct its lawyers to withdraw from the Singapore proceedings under Section 210 on 29 September 2016, prior to filing under Chapter 11. The filing under Chapter 11 had to be made on an expedited basis given the hearing in Bermuda is scheduled for 30 September 2016.

In the interests of honouring its commitment to a restructuring process which will provide the best possible outcome for all creditors, the Company has taken steps to ensure the continuation of its transparent and comprehensive restructuring process. Through the voluntary Court filings on 29 September 2016, PARD has obtained Chapter 11 protection against the precipitous actions of bank creditors which would have destroyed value for the majority of creditors and stakeholders. PARD’s filings will allow the orderly and transparent restructuring of the Group under the supervision of the US Court.

The Company will continue to engage and work closely with all creditors, including bondholders, to achieve the best possible consensual restructuring for all interested parties. The intention is to lay a foundation for long-term stability and success for the future.

As disclosed in the Company's previous announcements, the Independent Review Committee of the Company's board of directors, through its legal advisor, has appointed RSM Corporate Advisory (Hong Kong) Limited as independent professional advisor to conduct a forensic review of the financial aspects of the Company and its subsidiaries. The Company wishes to confirm that such independent forensic review is progressing unaffected by the restructuring initiatives now being announced. Further announcements will be made by the Company in relation to the forensic review as appropriate.

The Company will continue to provide regular updates on any material developments.

By Order of the Board

Ng Puay Yee (Jessie)
Executive Chairman
30 September 2016