

PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

The board of directors (the “**Board**”) of Pacific Andes Resources Development Limited (the “**Company**”) wishes to inform its shareholders that it has received a letter (the “**Letter**”) from The Hongkong and Shanghai Banking Corporation Limited, as trustee of the S\$200,000,000 8.5% bonds due 2017 (the “**Bonds**”), alleging that the Company is in breach of certain of its obligations under the terms and conditions of the Bonds.

The Board is currently seeking legal advice in relation to the Letter and, in addition, is in an active dialogue with a substantial holder 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 shares 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. Shareholders and potential investors of the Company should exercise caution when dealing in the shares 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, 10 January 2016