

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 22 March 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, 22 March 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 18 February 2016 with respect to certain steps which the Company intended to take in establishing an effective process for working with holders of the S\$200,000,000 8.50% bonds due 2017 (the "**Bonds**", and holders of the Bonds, the "**Bondholders**"). The purpose of this notice is to provide a further update to Bondholders on the actions taken.

Informal Steering Committee (ISC): The first meeting of the ISC was held on 29 February 2016 in Singapore. The meeting was attended by the four Bondholder members of the ISC, representatives of the Company and its legal advisor from Ashurst. Also in attendance was a representative of PricewaterhouseCoopers LLP in their role as independent reporting accountants to the Company. The meeting was constructive and touched upon, among other things, the role of the ISC, the frequency of meetings and the appointment of legal advisor to the ISC. There was agreement to increase the level of communication between the Company and Bondholders so that they can be kept abreast of developments in relation to the Company's efforts to achieve a satisfactory settlement with Bondholders in respect of the Bonds.

Appointment of the Legal Advisor to the ISC: The Company recommended two potential legal firms which were experienced in the operation of bondholder committees to act as legal advisor to the ISC. ISC members subsequently interviewed members of the two firms and selected Shook Lin & Bok LLP as their legal advisor. The firm has now been engaged by the ISC on the basis that the Company will pay the reasonable legal expenses incurred.

Next Steps: It was agreed between the Company and the ISC that the next meeting would be convened once the Company has more information and clarity on the sale of the Peruvian business by China Fishery Group Limited. In the meantime, the ISC will commence consultation with its legal advisor.

Bondholders may direct any queries regarding the ISC to Geoff Walsh at Geoffrey.walsh@pacificandes.com.

Attached for the information of Bondholders is a recent letter from the Company to the trustee for the Bonds, The Hongkong and Shanghai Banking Corporation Limited (the "**Trustee**").

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 of the impact of such information should seek their own independent financial, legal and taxation advice.

Singapore

22 March 2016

22 March 2016

The Hongkong and Shanghai Banking Corporation Limited
Level 30, HSBC Main Building
1 Queen's Road
Central
Hong Kong

Attn: Corporate Trust & Loan Agency

Dear Sirs

Pacific Andes Resources Development Limited - S\$200,000,000 8.50% Bonds due 2017

Pacific Andes Resources Development Limited (the "**Company**") acknowledges receipt of the notice dated 3 March 2016 sent by you in your capacity as trustee (the "**Trustee**") under the trust deed dated 30 July 2014 (the "**Trust Deed**") in respect of the S\$200,000,000 8.50% Bonds due 2017 (the "**Bonds**"). We acknowledge that our attention has been drawn by the Trustee to the following provisions of the Trust Deed: (i) Clause 6.4.3; (ii) Clause 6.4.5; and (iii) Clause 6.4.6.

In response, the Company wishes to inform the Trustee that the Company is continuing in a constructive dialogue with an informal steering committee of holders of the Bonds (the "**Bondholders**"), as referred to in its announcement to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") dated 18 February 2016. This dialogue is intended to facilitate an open and transparent process between the Company and the Bondholders with a view to facilitating the Company's plans in achieving an optimal solution for all concerned in respect of the Bonds. In this regard, the Company hereby also refers the Trustee to the Company's announcement to the SGX-ST dated 28 February 2016 informing shareholders of the Company that the Company had, on 26 February 2016, made an application to the SGX-ST for a further extension of time to 30 April 2016 to announce the Company's full year results for the financial year ended 28 September 2015. The Company will keep the Trustee and the Bondholders informed of developments in relation to the Bonds and the Company's compliance with the provisions of the Trust Deed by way of further announcement(s) as and when appropriate.

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

For and on behalf of

Pacific Andes Resources Development Limited