

# Notice of Annual General Meeting

To be held on Friday 29 June 2018



**PETROPAVLOVSK**



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# This document is important and requires your immediate attention

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**If you are in any doubt about the contents of this document or the action you should take, you are recommended to take advice from a person authorised under the Financial Services and Markets Act 2000 who specialises in advising in connection with shares and other securities.**

If you have sold or otherwise transferred all of your shares in Petropavlovsk PLC (**Petropavlovsk** or the **Company**) please send this document, together with the accompanying form of proxy, to the purchaser or transferee or to the stockbroker, bank, or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of shares in Petropavlovsk you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document gives notice of the Annual General Meeting, which is to be held at 11 a.m. on Friday 29 June 2018 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. A form of proxy for use in relation to the Annual General Meeting is enclosed.

A summary of the action to be taken by shareholders of the Company is set out on page 9 and in the Notice of Annual General Meeting set out at the end of this document. Whether or not you propose to attend the Annual General Meeting you are requested to complete and submit a form of proxy in accordance with the instructions printed on the enclosed form of proxy. The return of one or more completed forms of proxy will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so (and are so entitled). To be valid, the form of proxy must be completed and returned, in accordance with the instructions printed thereon, to the Company's registrars, by post to: Link Asset Services, (PXS), at 34 Beckenham Road, Beckenham, Kent BR3 4TU; or by hand to: Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. You may also submit your proxy electronically using the Shareportal Service at [www.signalshares.com](http://www.signalshares.com). The form of proxy should be returned or, if doing so electronically, the electronic submission should be made, as soon as possible but in any event so as to be received not later than 11 a.m. on 27 June 2018.

## **Petropavlovsk PLC**

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with Registered No. 4343841

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## **Directors:**

Mr Ian Ashby	(Non-Executive Chairman)
Mr Bruce M. Buck	(Senior Independent Director)
Mr Adrian Coates	(Independent Non-Executive Director)
Mr Roman Deniskin	(Chief Executive Officer)
Mr Bektas Mukazhanov	(Non-Executive Director)
Mr Garrett Soden	(Independent Non-Executive Director)

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# Annual General Meeting 2018 (AGM)

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Dear Shareholder,

## **Annual General Meeting 2018 (AGM)**

I am pleased to invite you to the sixteenth Annual General Meeting of Petropavlovsk PLC, to be held at 107 Cheapside, London EC2V 6DN, at 11 a.m. on Friday 29 June 2018.

A formal notice convening the AGM is set out on pages 11 to 15 of this document and an explanation of each of the resolutions that the Directors will be proposing at the AGM is set out below.

In addition to the resolutions that are normal at an Annual General Meeting certain shareholders have requisitioned additional resolutions and these are included as resolutions 13 to 23. These shareholders have also requested that the Company publish their statement that accompanied the requisition. This is set out, together with the Board's response and recommendations on pages 3 to 9.

## **Resolutions to be proposed at the AGM**

Resolutions 1 to 11 (inclusive) and 13 to 23 (inclusive) are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 12 is proposed as a special resolution. This means that for this resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

## **Ordinary business**

### **(Resolution 1) Annual Report and Accounts**

The business of the AGM will begin with a resolution to receive and adopt the Annual Report and Accounts of the Company for the year ended 31 December 2017 (the '2017 Annual Report') together with the report of the auditor, which were posted to shareholders on 19 April 2018.

You will note that the 2017 Annual Report contains a more detailed sustainability section than in recent years. It describes the work that the Group has been undertaking in order to engage with the communities it operates in and to manage the health and safety of its employees. Both are of the utmost importance to the Board.

I would like to bring your attention to page 67 of the 2017 Annual Report, which details Greenhouse Gas Emissions. Please note that unfortunately the headings for the data contained in the first and third graphs, namely 'combustion of fuel and operation of facilities' and 'emissions reported above normalised per oz. of gold produced', have been inadvertently transposed. Given that our shareholders and other stakeholders may focus on this matter, we wished to bring this to your attention.

Shareholders will have the opportunity to put any questions on the 2017 Annual Report to the Board before the resolution is proposed at the AGM.

### **(Resolutions 2 and 3) Consider and approve the Directors' Remuneration Report and Remuneration Policy**

The Directors' Remuneration Report can be found on pages 115 to 132 of the 2017 Annual Report. An ordinary resolution will be proposed to shareholders to approve the annual statement from the Chairman of the Remuneration Committee on pages 115 and 116 and the Annual Report on Remuneration on pages 124 to 132. It should be noted that the vote on resolution 2 is advisory only and resolution 3 is a binding vote.

The Directors' Remuneration Policy can be found on pages 117 to 123 of the 2017 Annual Report. The Directors' Remuneration Policy (the 'Policy') was approved at the Annual General Meeting in 2017 for a period of three years and received support of more than 96% of shareholders who voted. However, as advised in the Directors' Remuneration Report, the Remuneration Committee is seeking shareholder support for a revised Policy. The revised Policy will allow for the inclusion of an additional provision in the service agreement of Mr Roman Deniskin, who was appointed as Chief Executive Officer on 16 April 2018. Mr Deniskin's employment terms are described on pages 121 and 129 of the 2017 Annual Report and are consistent with the provisions detailed in the current Policy except for the inclusion of a clause in his contract which provides him with an entitlement, in the event of a change of control within the first 24 months of his employment, to give notice within three months of the date of change of control to terminate his employment and receive, within one month, a sum equal to six months' basic salary. No additional sum in lieu of notice would be payable.

Further, Mr Deniskin's contract provides for a shorter notice period of six months, from either the Company or Mr Deniskin in the event of termination of his employment, instead of the maximum 12 months' notice period permitted under the existing Policy. The Committee also proposes to amend the Policy to include the flexibility to provide similar protection in the event of a change of control to an incoming Chief Financial Officer, as appropriate.

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# Annual General Meeting 2018 (AGM) continued

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In addition, the Policy will be revised to allow for the fact that given the international nature of the Group's business, the Company's ability to operate and/or enforce certain provisions and remuneration arrangements such as malus and clawback provisions may be restricted by local laws.

The proposed 2018 Policy remains broadly unchanged from the 2017 Policy, except for those amendments detailed above. Full details are contained in the Directors' Remuneration Report.

## **(Resolutions 4 and 5) Auditors**

The Company is required at each Annual General Meeting at which accounts are presented to appoint auditors to hold office until the next such meeting. Deloitte LLP have indicated their willingness to hold office until such meeting. Accordingly Resolution 4 re-appoints Deloitte LLP as auditor to the Company.

Resolution 5 authorises the Directors to determine the remuneration of Deloitte LLP as auditor to the Company.

## **(Resolutions 6 and 7) Election of new Directors**

Mr Adrian Coates who was appointed to the Board as an Independent Non-Executive Director on 16 February 2018, will be offering himself for election as required by the Company's Articles of Association. Mr Coates does not have a service contract with the Company but his appointment is terminable on 3 months' notice.

Mr Coates meets the independence criteria prescribed in the UK Corporate Governance Code (the 'Code') as he is independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement.

Mr Roman Deniskin was appointed as Chief Executive Officer with effect from 16 April 2018. Mr Deniskin has a service contract with the Company that is terminable on six months' notice.

## **(Resolutions 8 to 10) Re-election of existing Directors**

Although directors of companies who are not FTSE350 companies are not required to be elected annually by shareholders, all of the eligible Directors are submitting themselves for re-election at the AGM.

Information on the Directors standing for election or re-election is set out in the Appendix on page 17.

The Board believes that the performance of each Director standing for election or re-election continues to be effective and to demonstrate commitment to the role, including commitment of time for Board and Committee meetings and any other duties. The Board continues to believe that it benefits substantially from their individual and collective experience and expertise.

Accordingly, your Board believes that the election or re-election of each of Messrs Ian Ashby, Bruce M. Buck, Adrian Coates, Roman Deniskin and Garrett Soden as Directors is in the best interests of your Company.

A resolution has not been proposed for the appointment of Mr Bektas Mukazhanov, Non-Independent Non-Executive Director of the Company who was appointed as a Director on 8 February 2018. Mr Mukazhanov was appointed by resolution of the Board following positive discussions with Mr Rakishev about his support for the Board and its strategy. The Company is in the process of serving notice on Mr Mukazhanov under Article 88.7 of the Company's Articles of Association to request his resignation as a Director. Upon delivery of the notice to Mr Mukazhanov, the office of his directorship will be vacated, and he will cease to be a director of the Company. The Board would like to thank Mr Mukazhanov for his contribution to the Company during his period as a Director. Mr Mukazhanov has been supportive of the Board and its strategy during his tenure as a Director. However due to his position of employment with Fincraft Holdings Ltd, the Company's major shareholder, who has confirmed that it will vote in favour of the majority of the Requisitioning Shareholders resolutions which includes the removal of all other Directors of the Company, the Board considers that Mr Mukazhanov is conflicted and that this is an untenable situation for both the Company and Mr Mukazhanov. In order to comply with the requests of the Requisitioning Shareholders the resolution to remove Mr Mukazhanov as a Director of the Company has been included in the AGM Notice.

## **Special Business**

### **(Resolution 11) Renewal of the power of the Board to allot Shares**

This resolution would give the Directors the authority to allot ordinary shares of the Company up to an aggregate nominal amount equal to £10,900,000. This amount represents approximately one-third of the Company's issued share capital as at 29 May 2018, the latest practicable date before the publication of this Notice.

The authority sought under this resolution will expire at the conclusion of the Annual General Meeting in 2019 or on 28 June 2019, whichever is sooner.

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The Directors have no present intention to exercise this authority sought under this resolution, except, to satisfy share awards under the Company's Long-Term Incentive Plan.

The Directors expect to continue to seek to renew this authority at each Annual General Meeting, in accordance with current best practice.

As at the date of this Notice, no shares are held by the Company in treasury.

**(Resolution 12) Renewal of Directors' authority to allot shares for cash other than to existing shareholders**

As in previous years, the Directors are also seeking authority to allot ordinary shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

Resolution 12 contains a waiver to permit the allotment of shares for cash up to an aggregate nominal value of £1,651,880, which represents approximately 5% of the issued ordinary share capital as at 29 May 2018.

In respect of the aggregate nominal amount, the Directors confirm their intention to follow the recommendation in the Statement of Principles regarding cumulative usage of authorities within a rolling three-year period and in accordance with the Statement of Principles that usage in excess of 7.5% should not take place without prior consultation with shareholders.

If given, the authority granted under Resolution 13 will expire at the conclusion of the next Annual General Meeting in 2019 or on 28 June 2019, whichever is earlier.

The Directors have no present intention to exercise this authority other than in respect of shares which may be issued pursuant to the Company's share option schemes.

**(Resolutions 13 to 23) Resolutions proposed by the Requisitioning Shareholders**

As announced on 9 May 2018 and 17 May 2018, the Company has received requests from CABS Platform Limited (CABS) and Slevin Ltd (Slevin) (shareholders of the Company) for ordinary resolutions to be proposed at the AGM for the appointment of three new directors and for the removal of all of the existing Directors of the Company.

In addition CABS and Slevin (the 'Requisitioning Shareholders') have proposed the removal of any other individual who has been appointed as a Director of the Company since 16 May 2018 and up to the end of the AGM and a resolution directing the Board not to fill any casual vacancies created by the retirement of any directors at the AGM.

The statement from the Requisitioning Shareholders, which they have requested is included in this document, together with the Board's response is provided on pages 3 to 9. For the purposes of this response, the term 'Board' excludes Mr Bektas Mukazhanov.

**Statement from CABS Platform Limited and Slevin Ltd dated 8 May 2018**

"CABS Platform Limited and Slevin Ltd ('Requisitioning Shareholders'), have been aware of and monitored the success of Petropavlovsk Plc ('Company') in the Amur Region achieved by the unique Russian-British collaboration of the Board of Directors of the Company and were surprised by the Board changes that took place in 2017 and 2018. The Requisitioning Shareholders note that, in spite of the strong market growth for gold, the Company's share price has failed to perform since the 2017 Annual General Meeting ('AGM').

The Requisitioning Shareholders, who acquired shares in 2018, have not had the chance to consider or question the composition of the current Board which was elected at and after the 2017 AGM. Having investigated the performance of the Board since the last AGM, the Requisitioning Shareholders note that it has not gained either (a) the trust and confidence of the market, as evidenced by the poor share-price performance, or (b) the confidence of key management, as shown by the resignations of the CEO and CFO.

Accordingly, the Requisitioning Shareholders invited Dr Pavel Maslovskiy, Sir Roderic Lyne and Robert Jenkins, who are all former directors of the Company, to consent to their names being put forward as directors for election at the forthcoming AGM, to which they have agreed.

The Requisitioning Shareholders also invited company co-founder Mr Peter Hambro to be put forward as a director, but due to his personal commitments he only agreed to provide external support to the Board with his 24-year experience in the Company and almost 40 years' experience in the precious metals' market.

The Requisitioning Shareholders believe that achievement of the Company's current strategic objectives will best be served by the reinstatement of Dr Pavel Maslovskiy as its Chief Executive. In this role, it is believed that he led the Company's return to profitability in 2016. Furthermore, he had a key role in the origination and implementation of the Company's Pressure Oxidation project. The successful realisation of this major project is central to the Company's future, and it is considered of critical importance that Dr Maslovskiy is reinstated as Chief Executive to see it through to fulfilment.

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# Annual General Meeting 2018 (AGM) continued

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The Requisitioning Shareholders furthermore consider that Dr Maslovskiy is well placed to provide an effective leadership to identify and realise the medium and longer-term acquisition opportunities available in Russia for the Company so as to grow its gold reserves and production. Under his proven leadership, the Company had a sustained and successful track record in identifying and adding new gold reserves and resources. In this context, it must be emphasised that the Company's 2017 mining exploration programme, which resulted in the recently published increase in the Company's reserves and resources, was formulated and initiated under Dr Maslovskiy's leadership as Chief Executive.

The Requisitioning Shareholders believe that these changes will be of great benefit to the Company. The current Board left the Company with only an 'Acting' CEO for more than eight months. The Company has underperformed in a period when the market price of gold has been strong. It is essential that the Company is returned to experienced and proven leadership as soon as possible and before lasting damage is done to the Company's future prospects.

The proposed directors do not currently hold office or currently have financial interest in either of the Requisitioning Shareholders, and are able to take independent decisions."

Further specific biographies of Sir Roderic Lyne, Dr Pavel Maslovskiy and Mr Robert Jenkins as submitted by the Requisitioning Shareholders, are provided in the Appendix on page 19.

## Board's response to the requisition statements

The Board notes the Requisitions, together with the above statement, received jointly from CABS Platform Limited (CABS) and Slevin Ltd (Slevin) (together the 'Requisitioning Shareholders'). **FOR THE REASONS SET OUT BELOW, THE BOARD RECOMMENDS THAT THE COMPANY'S SHAREHOLDERS VOTE AGAINST RESOLUTIONS 13 TO 23, INCLUSIVE. For the purposes of this response, the term 'Board' excludes Mr Bektas Mukazhanov.**

### Response

In response to the points made in the Requisitioning Shareholders' statement the Board would make the statements set out below.

### Summary of the Board's response:

- **Performance:** The operational performance of the Company since June 2017 has demonstrated that the Directors have the appropriate combination of experience and skills to lead the Company ensuring a successful deliverance of its operational and development targets.
- **Lack of transparency:** The identity of the person(s) controlling CABS and Slevin is unknown. The Board does not understand:
  - Why Dr Pavel Maslovskiy, Sir Roderic Lyne and Mr Robert Jenkins (the 'Nominee Directors') have refused to disclose the identity of the controlling shareholder of the entities that are proposing them;
  - Why having only been on the shareholder register for a matter of weeks CABS and Slevin refused to engage with the Board to discuss their strategy for Petropavlovsk;
  - Why the Requisitioning Shareholders have requisitioned resolutions less than 2 months after having invested in the Company; and
  - What the relationship is between the Requisitioning Shareholders and the individuals that they have nominated to replace the current Board.

This leads the Board to conclude that the Requisitioning Shareholders are not acting in the interests of all of the Company's shareholders.

- **No requisition rationale or strategy:** The Requisitioning Shareholders have failed to provide compelling reasons for proposing resolutions 13 to 23 to replace the Board. The reasons provided are ill-founded and unclear. In addition the Requisitioning Shareholders have not outlined their strategy and how the proposed appointment of the Nominee Directors, who all have a previous history with the Company, will safeguard shareholders' interests and deliver value.
- **Governance:** Should the resolutions of the Requisitioning Shareholders be approved the composition of the Board will not adhere to the UK Corporate Governance Code (the Code), nor will the Audit, Remuneration or Nomination Committees.

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## Performance

The stabilising role of the current Board has ensured a steady and efficient performance of the Group through a challenging transformation, compounded by the uncertainty caused by the departure of two senior executives, the CEO and CFO, as well as volatility caused by increased market risk as the US unveiled punitive Russian sanctions in July 2017 and April 2018. During this period the Board remained highly focused on good corporate governance, appropriate oversight of management, and strict controls on financial and operational performance.

In a short period of time the Board has further strengthened the Company through successfully identifying and appointing a highly respected CEO from the Russian mining industry, as well as the further appointment, in February 2018, of Adrian Coates as an additional Independent Non-Executive Director ('NED'). In addition the Board has commenced a search for a further Independent NED with experience in health and safety. The Board has maintained two-way, transparent dialogues with its new and existing shareholder base.

The successful refinancing of the Group's debt through the issuance of US\$500m Loan Notes in November 2017 has optimised the Company's balance sheet and demonstrated investors' confidence in the current Board. Furthermore, the conclusion of the Gazprombank gold sales agreement has strengthened working capital management through the period of significant capital expenditure program to finalise major developments of the Group, including the POX Project, which is critical to the future of the Group.

The Board is currently seeking to de-risk a significant liability in the IRC debt obligation inherited from the previous Board. The Board's strategy is to divest non-core investments and monetise the value of the Company's holding in IRC. The Company would refer shareholders to the announcement made on 23 May 2018 as to the current status of the IRC debt obligation.

A focus on consistency in senior operational management resulted in delivery on all 2017 targets including production and cash cost guidance despite the stronger Rouble and the recent increase in oil prices, which impacts on the Group's cash operating costs. Continued progress into Q1 2018 demonstrates that the Company is on track with 2018 operational and development guidance. Through a highly focused exploration programme Petropavlovsk added over one million ounces of gold to total Group Resources, including over half a million ounces added to Reserves. The significance of this exploration success, beyond increasing reserves and resources to over 20.1 million ounces, is in providing additional headroom and production optionality from such resources during the ramp up of production from the POX development and confirms the Board's current strategy of focusing on organic development.

Given the Group's achievements during the period of the current Board, and the ongoing leadership and stability that the current Board is providing, the Board considers the requisitions are without any foundation and are highly disruptive. The Board considers that the proposed change of the entire Board being put forward by the Requisitioning Shareholders is not in the best interest of the Company or of its shareholders as a whole, at a time when the Company is:

- in the process of completing its operational transformation through the successful development of POX scheduled for commissioning by the end of 2018;
- further developing and expanding its underground mining operations;
- seeking to negotiate an amendment to the repayment schedule and to obtain certain waivers from ICBC, the debt provider to IRC and pursuing a number of options to ensure the continued good standing of this facility. These options include previously announced discussions regarding the full refinancing of this facility with a leading Russian lender, which are now well progressed; and
- recruiting a CFO and an additional Independent NED.

## Governance

The Board recognises and adheres to the standards of good practice for listed companies on board composition and development, remuneration, shareholder relations, accountability and audit, as set out in the Code.

The Board considers that the Requisitioning Shareholders do not recognise these values or that of the UK Stewardship Code, which sets out the principles of effective stewardship by investors. This can be clearly demonstrated by the following:

### *Board composition*

The composition of the current Board is fully compliant with the Code. Should the resolutions of the Requisitioning Shareholders be passed, the Company cannot currently establish whether the proposed Chairman or Non-Executive Director are independent. Notwithstanding the independence matter, as proposed, the Board will be non-compliant with the Code and will be unable to establish Audit, Remuneration or Nomination Committees that are Code compliant.

# Annual General Meeting 2018 (AGM) continued

Current Board	Board if Resolutions of Requisitioning Shareholders passed
<ul style="list-style-type: none"><li>• Non-Executive Chairman</li><li>• Four Independent Non-Executive Directors</li><li>• Chief Executive Officer</li><li>• Non-Independent Non-Executive Director</li></ul> Process under way to appoint: <ul style="list-style-type: none"><li>• An additional Independent Non-Executive Director, with HSE experience</li><li>• Chief Financial Officer – candidate identified</li></ul>	<ul style="list-style-type: none"><li>• Non-Executive Chairman</li><li>• Chief Executive Officer</li><li>• Non-Executive Director</li></ul>

## *The Requisitioning Shareholders have failed to provide compelling reasons for the proposed resolutions*

Prior to the receipt of the requisition notice, the Board welcomed CABS and Slevin to the share register and invited them to meet with the Non-Executive Chairman and the Chief Executive Officer in order that the Company could initiate a dialogue with two of its major shareholders and understand their long-term objectives for their interest in the Company. Neither of the Requisitioning Shareholders responded to this invitation to meet.

The Board recognises the rights of all of its shareholders, however it considers it inappropriate that shareholders would requisition resolutions to remove the entire Board without making any effort to meet or enter into a dialogue with the Board to understand its strategy. The Board questions why the Requisitioning Shareholders did not accept the Company's invitation to meet prior to sending the requisition.

The Chairman and Chief Executive Officer have since held a conference call with representatives of CABS and Slevin. During this conference call, CABS and Slevin did not provide any clear rationale for these requisitions other than that they were disappointed in the share price performance of the Company during the last two quarters. Given that neither CABS nor Slevin appeared on the share register until March 2018 (just two months prior to issuing the requisition notice), and did not seek a meeting with the Company prior to their investment, the Board questions the reasons that they have provided for seeking wholesale change to the Board at a key time in the Company's implementation of its strategy.

## *Lack of transparency*

The Requisitioning Shareholders, CABS and Slevin, are each registered in offshore jurisdictions that do not require the disclosure of their controllers. For this reason, the Company has been unable to identify who controls these legal entities (the 'Mystery Owner') despite the issuance of notices in accordance with section 793 of the Companies Act 2006. It is in the interest of shareholders of the Company to know the identity of the Mystery Owner and whether his current business interests are, or could be in the future, in competition or conflict with those of the Company. The Board asks the Requisitioning Shareholders to provide full details of the identity of the Mystery Owner and his current business activities.

The Company has separately contacted Sir Roderic Lyne and Mr Robert Jenkins to ask them, in the interests of good governance, to inform the Company who the Mystery Owner of the Requisitioning Shareholders is. They have responded that they have met with the controllers of CABS and Slevin, however they have not provided any information as to who the Mystery Owner is and state that they do not consider it is necessary to do so. The Board questions the reason for this secrecy and whether this failure to respond is appropriate behavior by the Nominee Directors.

Transparency is central to good corporate governance. However, in the absence of any effort to meet with the Board prior to sending the requisitioning notice, and due to the hidden identity of the Mystery Owner, the Company is unable to confirm whether:

- The three Nominee Directors, namely Dr Pavel Maslovskiy, Sir Roderic Lyne and Mr Robert Jenkins have any relationship with the Requisitioning Shareholders and the Mystery Owner;
- The Requisitioning Shareholders and the Mystery Owner have, or will have, a conflict of interest with the Company, due to their business interests;
- The Requisitioning Shareholders and the Mystery Owner are acting in concert with any other shareholder of the Company, including Mr Rakishev the beneficial owner of Fincraft Holdings Ltd, the Company's major shareholder;
- The Nominee Directors are, or will be, prioritising the interests of the Mystery Owner over the interests of, and to the detriment of, the rest of the Company's shareholders;



- The Nominee Directors should be considered independent or should be treated as representative directors of the Requisitioning Shareholders and the Mystery Owner; and
- The requisition is, in fact, an attempt to replace the current independent Board of the Company with a Board that only represents the Mystery Owner and any other party working in concert with him.

In order that shareholders can base their decision to vote whilst having all relevant information, we ask the three Nominee Directors to provide the Company's shareholders with:

- Full details on the identity of the Mystery Owner of the Requisitioning Shareholders; and
- Any knowledge or evidence that they have on any relationships or agreements that the Requisitioning Shareholders and the Mystery Owner have with any other Shareholders of the Company.

Given the lack of transparency in relation to the Mystery Owner, the Company has asked the Takeover Panel and the UK Listing Authority to investigate CABS and Slevin and the Mystery Owner, and their relationship(s) (if any) with any of the Company's other shareholders, as well as the three Nominee Directors.

The Board believes that the reasons provided by the Requisitioning Shareholders lack substance or misrepresent the situation. The following provides answers from the Board to the claims of the requisitioning shareholders:

*Why has the Company's share price failed to perform since 2017 Annual General Meeting in spite of the strong market growth for gold?*

During the period 2 January 2018 to 21 May 2018, the gold price depreciated by 2% / c.US\$24/oz. In the same period, the Company's share price declined by 11%.

However, during this period, the US unveiled its toughest sanctions against Russia to date, announcing highly punitive measures against high-profile businessmen, companies and senior government officials. Whilst neither Petropavlovsk nor its management have been affected directly by the sanctions, the resulting investment climate and risk appetite towards Russia has wiped off billions from share values.

The Company's share price has performed on par with its peers:

Share price performance 22 May 2017 to 21 May 2018		
1	Acacia Mining	-68%
2	Polymetal*	-34%
3	Randgold Resources	-22%
4	Polyus*	-16%
5	<b>Petropavlovsk*</b>	<b>-10%</b>
6	Centamin	-4%
7	Highland Gold*	+2%
8	Gold PM Fix	+2%
9	FTSE All Shares Mining Index	+32%

\*Comparable Russian peers

Shareholders may wish to note that for the period from May 2013 to May 2017, the previous Board and management presided over an 85% decline in the share price. At the same time, gold declined by 9% while the FTSE All Share Mining Index returned 14%.

*Having investigated the performance of the Board since the last AGM, the Requisitioning Shareholders note that it has not gained either (a) the trust and confidence of the market, as evidenced by the poor share price performance, or (b) the confidence of key management, as shown by the resignations of the CEO and CFO.*

The market's confidence in the Board was evidenced by the successful bond issue in Q4 2017, rated by both Standard & Poor's and Fitch, thus allowing the Company to significantly optimise its balance sheet and de-risk its development capital expenditure.

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# Annual General Meeting 2018 (AGM) continued

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Dr Maslovskiy resigned after working with the Board for less than one month after the 2017 AGM, with no succession plan in place. It is the Board's understanding that the CFO's departure was due to the fact that following 15 years at Petropavlovsk, Mr Maruta wanted to broaden his professional experience and seek new opportunities. Mr Maruta continues to act as a consultant for the Company in order to ensure a smooth transition.

Notwithstanding the departure of the CEO, the Board successfully delivered the Bond issuance and achieved all operating targets for 2017. This demonstrates not only the ability of the Board but the depth of the Group's senior management team.

The Board has identified a candidate for the position of CFO, a process that is now 'on hold' due to the uncertainty caused by the requisitions.

*The Requisitioning Shareholders believe that achievement of the Company's current strategic objectives will best be served by the reinstatement of Dr Pavel Maslovskiy as its Chief Executive. He led the Company's return to profitability in 2016. Furthermore, he had a key role in origination and implementation of the Company's POX project. The successful realisation of this major project is central to the Company's future, and it is considered of critical importance that Dr Maslovskiy is reinstated as Chief Executive to see it through to fulfillment.*

The Board recognises the value that Dr Maslovskiy created at Petropavlovsk as one of its founders. However, Dr Maslovskiy also oversaw the destruction of significant equity value during his tenure as CEO, leaving the business without a succession plan, straddled with debt and anchored by an unusual guarantee for the entire project finance facility of IRC, a 31%-owned, non-core business. The current principal amount outstanding under the IRC Project finance facility, for which Petropavlovsk has provided this guarantee, is cUS\$234m. As at 21 May 2018, the market value of Petropavlovsk's shareholding in IRC was cUS\$42m. Following a prolonged period of uncertainty caused by Dr Maslovskiy's resignation, the Board is confident that they have found the right CEO in Mr Deniskin to lead Petropavlovsk through its next phase of growth. The Board ensured that throughout the transition, key operational management remained intact thus securing continuity and consistency of the operations.

The Group achieved its 2017 operating targets and the construction of POX continues on schedule.

*The Requisitioning Shareholders consider that Dr Maslovskiy is well placed to provide an effective leadership to identify and realise the medium and longer-term acquisition opportunities available in Russia for the Company so as to grow its gold reserves and production. Under his proven leadership, the Company had a sustained and successful track record in identifying and adding new gold reserves and resources. In this context, it must be emphasised that the Company's 2017 mining exploration programme, which resulted in the recently published increase in the Company's reserves and resources, was formulated and initiated under Dr Maslovskiy's leadership as Chief Executive.*

The Company does have an excellent track record of successful exploration - underpinning this continued success, as highlighted in the exploration and R&R update in March 2018, is the Company's exploration team. Although the team was formed under Dr Maslovskiy's leadership, it is the team's technical expertise, and its collective, first-hand experience of working with the complex geology from which Petropavlovsk has grown. The significant addition in the Group's reserves and resources in 2017 reflects the fact that the Group's geological department is highly professional and is capable of achieving excellent results without Dr Maslovskiy.

Currently, due to the stretched balance sheet and the undervalued stock price, mergers and acquisitions ('M&A') is not a part of Petropavlovsk's strategy. Prior to considering growth through M&A, the Board is focusing on its previously stated strategy of delivering the key development projects (POX and underground mining) and resolving the ongoing IRC guarantee issue.

*The current board left the Company with only an "Acting" CEO for more than eight months. The Company has underperformed in a period when the market price of gold has been strong. It is essential that the Company is returned to experienced and proven leadership as soon as possible and before lasting damage is done to the Company's future prospects.*

It was always the intention and the wish of the Board to work with Dr Pavel Maslovskiy – it was Dr Maslovskiy's decision to resign less than one month after the 2017 AGM, with no prior warning and no succession plan in place.

The Board appointed Mr Sergey Ermolenko as Interim CEO. Mr Ermolenko was eminently qualified for this position given that:

- He was General Director of MC Petropavlovsk.
- He was a founder of the Company; and
- He had previously acted as CEO, on the recommendation of Dr Maslovskiy, during the period December 2011 to December 2014 when Dr Maslovskiy had resigned as CEO.

During this period the Group achieved all of its 2017 operational targets and the construction of POX remained on schedule.

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## THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE AGAINST THE RESOLUTIONS PROPOSED BY THE REQUISITIONING SHAREHOLDERS.

### Why your vote matters:

As announced by the Company on 18 May 2018, Mr Kenges Rakishev, the beneficial owner of the Company's largest shareholder Fincraft, has given notice that it is his current intention to direct that Fincraft votes in favour of the resolutions in the requisition notice issued by CABS and Slevin (other than the resolution proposing to remove Mr Bektas Mukazhanov as a director).

Since his investment in Petropavlovsk in December 2017, Mr Rakishev has been vocal in the press about the re-appointment of Dr Pavel Maslovskiy as CEO and his desire for the Company to pursue M&A. This has created additional uncertainty at a critical time for the Company and has been detrimental to the Company's share price. The Board is surprised that Mr Rakishev did not seek dialogue with the Board on these matters before making his statements public and question his relationship with the Requisitioning Shareholders.

Mr Rakishev and CABS and Slevin together own or have access to votes in respect of over 30% of the Company's issued share capital. As a result, all votes matter, and the Board urges you to **VOTE AGAINST resolutions 13 to 23 – YOUR VOTE MATTERS**.

### Action to be taken

You will find enclosed a form of proxy for use at the AGM. Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of proxy should be returned so as to be received by the Company's registrars, by post to: Link Asset Services (PXS), at 34 Beckenham Road, Beckenham, Kent BR3 4TU; or by hand to: Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event no later than 11.00 a.m. on 27 June 2018. You may also submit your proxy electronically using the Shareportal Service at [www.signalshares.com](http://www.signalshares.com). Electronic submissions should be made as soon as possible, but in any event to be received no later than 11.00 a.m. on 27 June 2018. If you are not already registered for the share portal, you will need your investor code which can be found on your share certificate or on the personalised form of proxy enclosed with this document.

Completion and return of the form of proxy, or electronic submission of the proxy using the Shareportal Service, will not prevent you from attending in person and voting at the meeting should you subsequently decide to do so.

The Board (excluding Mr Bektas Mukazhanov) believes that resolutions 1 to 12 (inclusive) to be proposed at the meeting are in the best interests of the Company and its shareholders as a whole and, accordingly, **UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE IN FAVOUR OF RESOLUTIONS 1 TO 12 (INCLUSIVE)**, as the Directors intend to do in respect of their own beneficial shareholdings in the Company.

For the reasons set out in this letter, your Board believes that resolutions 13 to 23 (inclusive) will not promote the success of, and are not in the best interests of, the Company and its shareholders as a whole. Your Board (excluding Mr Bektas Mukazhanov) therefore **UNANIMOUSLY RECOMMENDS THAT YOU VOTE AGAINST RESOLUTIONS 13 TO 23**, as the Directors (excluding Mr Bektas Mukazhanov) intend to do in respect of their own beneficial shareholdings in the Company.

### Attendance at AGM

The Board welcomes the attendance of shareholders at the AGM. If you are intending to attend the AGM please read the notes on page 16 regarding access to the meeting to ensure that you have the correct documentation with you to gain admission to the meeting. Shareholders without the correct documentation will not be entitled to attend the meeting and may not therefore gain admission.

There is more information about the AGM on the following pages.

Yours sincerely,



**Ian Ashby**  
Chairman

30 May 2018



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### **Inspection of documents**

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 11 Grosvenor Place, Belgravia, London SW1X 7HH up to and including the date of the AGM and also on the date and at the place of the AGM, the offices of Buchanan, 107 Cheapside, London EC2V 6DN from 10.30 a.m. until the conclusion of the AGM:

- Executive Directors' service contracts;
- Letters of appointment of the Non-Executive Directors;
- Memorandum and Articles of Association of the Company.

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# Petropavlovsk PLC

## Notice of Annual General Meeting 2018

(Incorporated in England and Wales with Registered No. 4343841)

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NOTICE IS HEREBY GIVEN that the sixteenth Annual General Meeting of the Company will be held at 11 a.m. on Friday 29 June 2018 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN (the 'Notice') for the following purposes:

### Ordinary Business:

- 1 To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 31 December 2017 together with the report of the auditors.
- 2 To approve the Directors' Remuneration Report set out on pages 115 to 132 (inclusive) (other than the part containing the Directors' Remuneration Policy) of the Annual Report and Accounts for the year ended 31 December 2017.
- 3 To approve the Directors' Remuneration Policy set out on pages 117 to 123 (inclusive) of the Annual Report and Accounts for the year ended 31 December 2017.
- 4 To re-appoint Deloitte LLP as auditor of the Company until the conclusion of the next general meeting at which accounts are laid before the Company.
- 5 To authorise the Directors to determine the remuneration of the auditor.
- 6 To elect Mr Adrian Coates, who retires pursuant to Articles 80 and 84 of the Company's Articles of Association and who, being eligible, offers himself for appointment as a Director of the Company.
- 7 To elect Mr Roman Deniskin, who retires pursuant to Articles 80 and 84 of the Company's Articles of Association and who, being eligible, offers himself for appointment as a Director of the Company.
- 8 To re-elect Mr Bruce M. Buck as a Director of the Company.
- 9 To re-elect Mr Garrett Soden as a Director of the Company.
- 10 To re-elect Mr Ian Ashby as a Director of the Company.

### Special Business:

- 11 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**THAT** in substitution for all subsisting authorities to the extent unused the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £10,900,000. The authority hereby conferred on the Directors shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or 28 June 2019, whichever is earlier save that the Company may after the date of the passing of this resolution before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

- 12 To consider and, if thought fit, to pass the following resolution as a special resolution:

**THAT** subject to the passing of Resolution 11, and in substitution for all subsisting authorities to the extent unused, the Directors be authorised, pursuant to section 570 and section 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale, such authority to be limited to:

- (A) the allotment of equity securities in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings, but subject to such exclusions, limits, restrictions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, or securities represented by depository receipts, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange or any other matter; and
- (B) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) to any person up to an aggregate nominal amount of £1,651,880.

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# Petropavlovsk PLC

## Notice of Annual General Meeting 2018 continued

(Incorporated in England and Wales with Registered No. 4343841)

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The authority granted by this resolution will expire at the conclusion of the Annual General Meeting of the Company to be held in 2019 or, if earlier, at the close of business on 28 June 2019, save that the Company may, before such expiry make offers and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

- 13 THAT Dr Pavel Maslovskiy is appointed as a Director of the Company with immediate effect.
- 14 THAT Sir Roderic Lyne is appointed as a Director of the Company with immediate effect.
- 15 THAT Mr Robert Jenkins is appointed as a Director of the Company with immediate effect.
- 16 THAT Mr Ian Robert Ashby is removed as a Director of the Company with immediate effect.
- 17 THAT Mr Bruce Michael Buck is removed as a Director of the Company with immediate effect.
- 18 THAT Mr Garrett Douglas Soden is removed as a Director of the Company with immediate effect.
- 19 THAT Mr Bektas Mukazhanov is removed as a Director of the Company with immediate effect.
- 20 THAT Mr Adrian John Geoffrey Coates is removed as a Director of the Company with immediate effect.
- 21 THAT Mr Roman Deniskin is removed as a Director of the Company with immediate effect.
- 22 THAT any person appointed as a Director of the Company since 16 May 2018 and up to the end of this AGM, and who is not one of the persons referred to in the resolutions numbered 1 to 9 (inclusive) contained within the requisition notice from the Requisitioning Shareholders to the Company dated 8 May 2018 (being the persons referred to in resolutions number 13 to 21 (inclusive) above), be and is hereby removed as a Director of the Company with immediate effect.
- 23 THAT, in accordance with the provisions of article 86.1 of the Company's articles of association, the vacancy created by the retirement of each director retiring in accordance with the Company's articles of association at this AGM is not filled.

Dated 30 May 2018

Registered office:  
11 Grosvenor Place,  
Belgravia,  
London SW1X 7HH

By Order of the Board  
**Amanda Whalley ACIS**  
Company Secretary



# Notes

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1. Only members entitled to receive notice, or persons appointed as a proxy/corporate representative, are entitled to attend Annual General Meetings and only those entitled to attend Annual General Meetings will be admitted to the meeting without the prior approval of the Company.
2. Every member entitled to attend and vote at the AGM has the right to appoint some other person(s) of their choice, who need not be a member, as his/her proxy to exercise all or any of his/her rights, to attend, speak and vote on their behalf at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. A member may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
3. A form of proxy is provided with this Notice. Completion and return of such a proxy, or electronic submission of the proxy using the Shareportal Service, will not prevent a member from attending the AGM and voting in person. Amended instructions must also be received by the Company's Registrars by the deadline for receipt of proxy forms.
4. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided on the enclosed form of proxy. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of ordinary shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
5. To appoint more than one proxy you may photocopy the enclosed form of proxy. Please indicate in the box next to the proxy holder's name the number of ordinary shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. If you submit more than one valid proxy appointment in respect of the same share or shares, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which was received last, none of the proxy appointments in respect of that share or shares shall be valid.
6. To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with the Company's registrars, by post to: Link Asset Services (PXS), at 34 Beckenham Road, Beckenham, Kent BR3 4TU; or by hand to: Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours (excluding any part of a day that is Saturday, Sunday or a public holiday) before the time appointed for the AGM or any adjourned AGM.
7. Alternatively, you may submit your form of proxy electronically using the Shareportal Service at [www.signalshares.com](http://www.signalshares.com) where full details of the procedure are given. This website is operated by the Company's registrars.
8. To be effective, the electronic appointment of a proxy for the meeting and any power of attorney or other authority under which the proxy appointment is made must be received by the Company's registrars not later than 11 a.m. on 27 June 2018 or not less than 48 hours (excluding any part of a day that is Saturday, Sunday or a public holiday) before the time appointed for the AGM or any adjourned AGM or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. Please note that any electronic communication sent to the Company or to the Shareportal Service that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the AGM is governed by the Shareportal Service's conditions of use set out on the website, [www.signalshares.com](http://www.signalshares.com) and may be read by logging on to that site. If you want to appoint more than one proxy electronically please contact the Company's registrar on the Link Telephone Helpline on 0871664 0300 (calls cost 12p per minute plus your phone company's access charge). If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Link is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.
9. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (the 'Act') (a 'Nominated Person') should note that the provisions in this Notice concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

# Notes continued

10. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) (as amended) and for the purposes of section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at close of business on 27 June 2018 or if the meeting is adjourned, on the day which is two days prior to the time of the adjourned meeting shall be entitled to attend and vote at the AGM in respect of the number of ordinary shares registered in their name at that time. Changes to the register of members after close of business on 27 June 2018 shall be disregarded in determining the rights of any person to attend and vote at the AGM.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 29 June 2018 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID number RA10) by the latest time(s) for receipt of proxy appointments, together with any power of attorney or other authority under which it is sent. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)).
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended). For further information relating to the CREST proxy system, please refer to the CREST Manual.
15. A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). To be able to attend and vote at the meeting, corporate representatives will be required to produce, prior to their entry to the meeting, evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Notes 2, 3, 5-8 and, if relevant, Notes 10-11 above. Please note, however, that if multiple corporate representatives purport to vote the same block of shares in different ways, they will be treated as not having voted.
16. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
17. Any shareholder attending the AGM has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a shareholder attending the AGM. However, members should note that no answer need be given in the following circumstances:
  - (i) if to do so would interfere unduly with the preparation of the AGM or would involve a disclosure of confidential information;
  - (ii) if the answer has already been given on a website in the form of an answer to a question; or
  - (iii) if it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

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18. As at 29 May 2018, being the latest practicable date before the publication of this Notice of AGM, the Company's issued capital consisted of 3,303,768,532 Ordinary Shares. The total voting rights in the Company as at 29 May 2018 are 3,303,768,532 ordinary shares.
19. This Notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 29 May 2018, being the latest practicable date before the publication of this Notice of AGM can be found on the Company's website at <http://www.petropavlovsk.net>.
20. Copies of the service agreements and letters of appointment between the Company and its Directors referred to in Resolutions 6 to 10 will be available at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and any public holidays excluded) until the date of the AGM and also on the date and at the place of the AGM from at least 30 minutes prior to the AGM through to its conclusion.
21. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
- (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or
  - (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.

The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

22. Unless otherwise stated, any telephone number, website and email address set out in this Notice, the form of proxy, or Chairman's letter should not be used to communicate with the Company (including the service of documents or information relating to the proceedings at the AGM).

## 23. FORM OF PROXY

Petropavlovsk plc is committed to reducing paper and improving efficiency in its shareholder communications. From 2019 we will no longer be sending paper proxy cards to shareholders unless specifically asked to do so. We will provide advice on how to request a paper proxy at the appropriate time.



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# Administration of the Company's Annual General Meeting

To be held at 11.00 a.m., 29 June 2018 at 107 Cheapside, London EC2V 6DN

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## **Entry for members, proxy holders & corporate representatives**

All members, proxy holders and corporate representatives wishing to attend the meeting must bring with them evidence of identification satisfactory to the Company.

If you have any queries regarding the administration of the AGM please contact the Company Secretary by letter at the Company's registered office address: 11 Grosvenor Place, Belgravia, London SW1X 7HH, by telephone +44(0) 20 7201 8900, or via email at [aw@petropavlovsk.net](mailto:aw@petropavlovsk.net).

## **Entry for Guests**

The AGM is a private meeting of shareholders and their representatives. The Company's policy concerning the admission of guests is as follows:

1. Guests are not entitled to attend the meeting as of right, but they may be permitted entry at the absolute discretion of the Chairman of the Company.
2. A shareholder may be permitted to enter with one pre-registered guest. All guests should be pre-registered in order to be permitted entry. Any shareholder wishing to bring a guest should contact the Company Secretary by letter at the Company's registered office address: 11 Grosvenor Place, London SW1X 7HH, by telephone +44 (0) 20 7201 8900, or via email at [aw@petropavlovsk.net](mailto:aw@petropavlovsk.net).
3. All guests must bring photo id for entry verification purposes. The shareholder and their guest must enter the meeting at the same time. The shareholder is responsible for the behaviour of their guest.
4. Proxies and corporate representatives, as they represent other shareholders, may not bring guests to the meeting.

## **Security**

The Company does not permit behaviour that may interfere with anyone's security or safety or the good order of the meeting. Anyone who does not comply may be removed from the meeting.

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# Appendix

## Directors' information

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The biographies of the Company's current Directors who are seeking election or re-election at the forthcoming AGM are provided below.

### **Mr Ian Ashby, Non-Executive Chairman**

Mr Ashby was appointed as Independent Non-Executive Chairman on 22 June 2017. Mr Ashby has 36 years of international experience in the minerals industry across a range of commodities that include copper, iron ore, coal, silver, gold, lead and zinc. In his most recent executive role between 2006 and 2012, Mr Ashby was President of BHP Billiton's Iron Ore division, the largest and most profitable business within BHP Billiton, where he was responsible for global strategy development and execution, opportunity identification, project development and operations. Post his executive career, Mr Ashby has pursued Non-Executive Director roles at Genco Shipping and New World Resources.

Mr Ashby currently holds NED positions on the board of Anglo-American PLC, Nevsun Resources and Alderon Iron Ore Corporation.

Mr Ashby is Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees.

### **Mr Roman Deniskin, Chief Executive Officer**

Mr Deniskin was appointed as Chief Executive Officer on 16 April 2018. Mr Deniskin has extensive experience at strategic and senior operating levels within mining and industrial companies. Whilst his focus in mining was on iron ore, coal and gold in Russia and CIS, it also included successful gold sector expansion in Africa. During his diverse career, Mr Deniskin spent significant time working at global management consulting firms McKinsey & Company and Boston Consulting Group, focused primarily on metals and mining. In his most recent role, he served as Deputy Chairman of Eurasian Resources Group, a leading diversified mining and smelting group based in Kazakhstan. Prior to this, Mr Deniskin held senior positions at Rostec, MMK and Severstal Resources.

Mr Deniskin holds degrees in mechanics and economics.

### **Mr Bruce M. Buck, Senior Independent Non-Executive Director**

Mr Buck was appointed to the Board as Senior Independent Director on 22 June 2017. Mr Buck has been practicing law in Europe since 1983. His work at the law firm of Skadden, Arps, Slate, Meagher and Flom, where he was a partner and latterly Of Counsel retiring from this role in July 2017, included a broad range of mergers, acquisitions and capital markets transactions, including IPOs and high-yield transactions. Mr. Buck has been involved in work in Central and Eastern Europe, and particularly in the Russian Federation, since 1990.

Mr Buck is the chairman and a director of Chelsea FC plc and he also holds a Non-Executive Director position on the Board of AIM-listed Globalworth Real Estate Investments Limited.

Mr Buck is Chairman of the Remuneration Committee and a member of the Audit and HSE Committees.

### **Mr Garrett Soden, Independent Non-Executive Director**

Mr Garrett Soden was appointed to the Board as Independent Non-Executive Director on 22 June 2017. Mr Soden has extensive experience as a senior executive and board member of various public companies in the natural resources sector. He has worked with the Lundin Group for over a decade. Previously, he was Chairman and CEO of RusForest AB, CFO of Etrion and PetroFalcon Corporation and a Non-Executive Director of PA Resources AB. Prior to joining the Lundin Group, Mr. Soden worked at Lehman Brothers in equity research and at Salomon Brothers in mergers and acquisitions. He also previously served as Senior Policy Advisor to the U.S. Secretary of Energy.

Mr Soden is currently President and CEO of Africa Energy Corp., a Canadian oil and gas exploration company focused on Africa. He is also a Non-Executive Director of Etrion Corporation, Gulf Keystone Petroleum Ltd., Panoro Energy ASA and Phoenix Global Resources plc.

Mr Soden holds a BSc honours degree from the London School of Economics and an MBA from Columbia Business School.

Mr Soden is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

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# Appendix

## Directors' information continued

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### **Mr Adrian Coates, Independent Non-Executive Director**

Mr Coates was appointed to the Board as Independent Non-Executive Director on 16 February 2018. Mr Coates has many years' experience in the investment banking industry, having held senior positions with HSBC Bank plc and UBS Investment Bank amongst others, latterly with a specialisation in the natural resources sector. Since then, Mr Coates has held Non-Executive positions at both Polyus Gold International Limited, Kazakhgold Group Limited and Regal Petroleum plc. He has also worked as a strategic consultant to prominent clients in the metals and mining industry.

Mr Coates holds Non-Executive positions at JKC Oil and Gas plc, where he is Senior Independent Director and Chairman of the Audit Committee, and at Thor Explorations Ltd, where he is Non-Executive Director and Chairman of the Audit Committee.

Mr Coates holds MA degrees in Economics from Fitzwilliam College of Cambridge University and an MBA from London Business School.



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# Proposed Directors

## Information submitted by the Requisitioning Shareholders

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Please see below further specific biographies on the proposed new directors which have been provided by the Requisitioning Shareholders:

### **Sir Roderic Lyne (Proposed Non-Executive Chairman)**

Sir Roderic Lyne was appointed as Senior Independent Director of the Company on 1 November 2015 and continued to act in such capacity until 28 June 2016. He was appointed to the Board in 2009 upon the Company's merger with Aricom PLC. Sir Roderic was Chairman of the Company's Remuneration and HSE Committees.

Sir Roderic was previously a Non-Executive Director of Aricom PLC, a position he held since 2016. He also served with great success as British Ambassador to Russia from January 2000 until August 2004.

Sir Roderic is a fluent Russian speaker. His political experience in these troubled times between Russia and the United Kingdom will be of great benefit to the Company.

### **Dr Pavel Maslovskiy (Proposed Chief Executive Officer)**

Dr Pavel Maslovskiy was Chief Executive Officer of the Company and, together with Peter Hambro, co-founded the Company in 1994. Dr Maslovskiy was Chief Executive Officer from the Group's inception until December 2011, when he relinquished all remunerated positions within the Group following his appointment as a Senator-Member of the Federation Council (Upper House of the Russian Parliament). Dr Maslovskiy retired as a Senator-Member in October 2014 and was re-appointed as Chief Executive Officer of the Company in November 2014, having acted as the Company's Honorary President from 2012 to November 2014.

Prior to embarking on his business career, Dr Maslovskiy was a Professor of Metallurgy at the Moscow Aircraft Technology Institute.

### **Mr Robert Jenkins (Proposed Non-Executive Director)**

Robert Jenkins was a director of the Company from 30 April 2015 until 22 June 2017. Mr Jenkins has almost 25 years of Russian industry related expertise. He has been CFO of two Russia focused natural resource companies, including Eurasia Mining PLC, and also a Director and Audit Committee Chairman of Ruspetro plc and of Toledo Mining Corporation PLC. He was also the Senior Independent Director of the former.

During his tenure as a director of the Company, Mr Jenkins chaired the Audit Committee and was a Senior Independent Director as well as a member of the Nomination Committee.

Mr Jenkins is a fluent Russian speaker.

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