



PRESS RELEASE

30 June 2020

Results of Proxy Voting on Board Appointments at the Petropavlovsk Annual General Meeting (“AGM”) and Appointment of four New Directors.

Petropavlovsk PLC (“Petropavlovsk” or the “Company”) announces the appointment of four new Directors with effect from the end of the Annual General Meeting to be held at 11.00am on 30 June 2020.

The new directors are Mr Peter Hambro (Non-Executive Chairman), Dr Alya Samokhvalova (Chief Executive Officer), Mr Johnny Martin Smith (Independent Non-Executive Director) and Ms Angelica Phillips (Independent Non-Executive Director) (together the “Temporary Directors”). Biographical details of the Temporary Directors will be announced shortly.

Proxy voting on the resolutions submitted to Petropavlovsk at the AGM have been cast to elect four Directors: Mr Maxim Kharin (a Director nominated by UGC) and Mr James Cameron, Mrs Katia Ray and Ms Charlotte Philipps as Independent Non-Executive Directors. The following candidates unanimously proposed by the Board for election or re-election have not been elected or re-elected: Dr Pavel Maslovskiy (CEO), Mr Danila Kotlyarov (Chief Financial Officer), and five Independent Non-Executive Directors: Ms Fiona Paulus (Chairman Designate), Mr Harry Kenyon-Slaney (Senior Independent Director), Mr Robert Jenkins (Chairman of the Audit Committee), Mr Damien Hackett (Chairman of the Risk Committee) and Mr Timothy McCutcheon.

Following the AGM, the Board will comprise Mr Peter Hambro (Non-Executive Chairman), Dr Alya Samokhvalova (Executive Director and CEO), Maxim Kharin (Director Nominated by UGC) and the following five Independent Non-Executive Directors: Mr Johnny Martin Smith, Ms Charlotte Philipps, Ms Angelica Phillips, Mr James Cameron and Mrs Katia Ray.

Analysis of the voting shows that the votes against the existing board members were cast almost entirely by four shareholder groups – Joint Stock Company “Uzhuralzoloto Group of Companies” (“UGC”) (22.37%), Everest Alliance (“Everest”) and Slevin (12.09% combined) and Fortiana Holdings (4.62%)¹.

The overwhelming majority (by number) of the Company’s other shareholders voted to support the Board and Executive Directors who have led Petropavlovsk to outstanding success over the past year. However as the turn-out of voting shareholders was only approximately c.73%, the minority views of the four parties holding approximately 39.08% prevailed over the views of the remaining shareholders.

In the Board’s opinion, the outcome of the voting has been engineered by Mr Konstantin Strukov’s UGC and Mr Nikolai Lustiger (who has over the past two years represented the combined interests of Everest and Slevin) at the expense of the Company’s good governance and effective management, and against the wishes of the independent majority of shareholders.

At the Board’s meeting on the 24 May 2020, the nominee Director of UGC, Mr Maxim Kharin, voted with other Directors in giving unanimous approval to the re-election of the current Board. This will have given the Board and the shareholders the misleading impression that UGC would vote for the continuation of the current properly constituted Board. Had shareholders been aware that, in the Board’s opinion, UGC and its partners intended to use their minority 39.08% shareholding to gain effective control of the

¹ Percentage holdings at the time of voting by proxy

Company, and to do so without paying any control premium, the Board considers it highly likely that they would have voted to prevent it. This opinion of the Board has been substantiated by analysis of the voting results.

The Board is aware that Mr Lustiger has been in very close contact with Mr Strukov from before the time when UGC acquired its stake and considers that he has at times sought to act jointly with Mr Strukov to influence the Company. The Board has therefore asked the Takeover Panel to investigate whether a concert party has acted in breach of Rule 9 of the Takeover Code.

The Board believes that the current results have been achieved in a manner which is neither transparent nor fair to shareholders; and would be hugely damaging to the corporate governance and executive management of the Company, and accordingly to the interests of the Company's shareholders and stakeholders.

In light of the above and in order to ensure that the Company has a properly constituted Board of sufficient expertise and independence, subject to their election by all shareholders in full knowledge of the relevant facts, the Board has therefore decided on the following actions:

1. To appoint the four Temporary Directors named above to take office at the conclusion of the AGM and remain in office until a further General Meeting of shareholders is convened and a new board can be reconstituted that matches the listing requirements of a Premium Listed company on the Main-Board of the London Stock Exchange and which was recently admitted to trading on the Moscow Stock Exchange.
2. To appoint Dr Alya Samokhvalova to be an Executive Director and Chief Executive Officer pending the further General Meeting.
3. To request that the interim Board convenes a General Meeting of shareholders within three months at which Resolutions will be laid before fully informed shareholders for the election of a reconstituted Board. Immediately following the election of a new Board at such General Meeting the Temporary Directors will retire.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

Sir Roderic Lyne, Chairman of Petropavlovsk said:

“Under the management of the current Board and thanks to the exceptional leadership of the CEO Dr Pavel Maslovskiy, Petropavlovsk has enjoyed a hugely successful year and has opened the prospect of even greater success in the future. Our shares have risen faster than those of any other listed gold company. The majority of our shareholders have shown their strong support and see no valid reason for a change. I do not believe that they want effective control of their company to be taken from them by stealth and to be wielded by a small group of shareholders.

It is the duty of the Board to protect corporate governance and the interest of all shareholders. We are therefore acting to ensure that, in the period until the next General Meeting, the Company has adequate governance arrangements and is properly managed by an interim team of Directors and Executives with detailed knowledge of the Company and its operations. It will then be for all shareholders to decide the future of the Company at a General Meeting in full knowledge of the facts.

The Board has sought to build an effective working relationship with the company's largest shareholder, UGC, which has a nominated Director under UGC's Relationship Agreement with Petropavlovsk. I am assured that the interim Board will continue these efforts in the hope of being able to present an agreed position to shareholders at the next General Meeting.”

About Petropavlovsk

Petropavlovsk PLC (LSE: POG. MOEX: POGR) is a major integrated Russian gold producer with JORC Resources of 21.03Moz Au which include Reserves of 8.46Moz Au. Following its IPO on the Alternative Investment Market (AIM) in 2002, Petropavlovsk was promoted to the London Stock Exchange in 2009, where today it is a Premium Listed company and a constituent of the FTSE 250, FTSE 350 and FTSE All Share indices.

The Company's key operating mines (Pioneer, Malomir and Albyn) are in the Amur Region in the Russian Far East. Petropavlovsk has produced a total of c.7.8Moz of gold since operations began in 1994 and has a strong track record of mine development, expansion and asset optimisation.

The Group recently entered a new era of growth following the successful commissioning and start-up of its flagship asset, the Pressure Oxidation (POX) Hub at Pokrovskiy, which enables the processing of the Company's abundant refractory reserves and resources.

Petropavlovsk is one of the region's largest employers and one of the largest contributors to the sustainable development of the local economy.

For more information

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