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If you have sold or otherwise transferred, or you sell or otherwise transfer, all of your registered holding of Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was or is effected for onward delivery to the purchaser or transferee. If you have sold or otherwise transferred, or you sell or otherwise transfer, only part of your registered holding of Shares, please immediately contact your stockbroker, bank or other agent through or by whom the sale or transfer was effected.



# PETROPAVLOVSK PLC

*(Incorporated in England and Wales with Registered No. 04343841)*

## **Circular to Shareholders**

**And**

## **Notice of Requisitioned General Meeting**

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Notice convening a Requisitioned General Meeting of the Company, to be held at 11.00 a.m. on 10 August 2020, at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW, is set out at the end of this document.

The action to be taken by Shareholders in respect of the Requisitioned General Meeting is set out on page 6 of this document. In light of the impact of the COVID-19 pandemic, and in line with the Public Health England guidance, Shareholders will not be given the opportunity to attend the Requisitioned General Meeting in person. Shareholders will have the right to vote on the resolutions to be considered at the Requisitioned General Meeting, provided that they appoint the Chairman of the meeting or Mrs Katia Ray, Independent Non-Executive Director, as their proxy,

As such, you are urged to complete the accompanying Form of Proxy and return it in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by post or, during normal business hours only, by hand, by no later than 11.00 a.m. on 7 August 2020 (or, in the case of an adjournment of the Requisitioned General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

A copy of this document will also be available from the Company's website [www.petropavlovsk.net](http://www.petropavlovsk.net). Shareholders are encouraged to refer to the Company's website to review this document and any other communications from the Company in connection with the matters described in this document.

Shareholders will have the right to participate in the Requisitioned General Meeting via a conference call and to ask questions during the meeting. Details of these arrangements will be announced via a Regulatory News Service ahead of the date of the Requisitioned General Meeting. In addition Shareholders may contact the Company prior to the date of the Requisitioned General Meeting if they have any questions on the matters to be proposed by emailing [teamir@petropavlovsk.net](mailto:teamir@petropavlovsk.net) (and such communications will be made available to each of the Directors).

**Your attention is drawn to the letter from the Chairman set out in this document and recommendations contained thereon. The Board encourages all Shareholders to vote by proxy on the resolutions to be proposed at the Requisitioned General Meeting**

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	24 July 2020
Latest time and date for receipt of completed Forms of Proxy	11.00 a.m. on 7 August 2020
Latest time and date on the register to be entitled to vote	6.00 p.m. on 7 August 2020
Requisitioned General Meeting	11.00 a.m. on 10 August 2020

## PART I – LETTER FROM THE CHAIRMAN

# PETROPAVLOVSK PLC

(a public limited company incorporated in England and Wales with registered number 04343841)

### Directors

Peter Hambro (Chairman)  
James W. Cameron Jr  
Maxim Kharin  
Angelica Phillips  
Charlotte Philipps  
Ekaterina Ray  
Alfiya Samokhvalova  
Johnny Martin Smith  
Martin Smith

### Registered Office

11 Grosvenor Place  
London  
SW1X 9HH  
United Kingdom

24 July 2020

Dear Shareholder

### Notice of Requisitioned General Meeting

#### 1 Introduction and background to the Requisitioned General Meeting

I am writing to send you notice of a requisitioned general meeting of the Company which is to be held at 11.00 a.m. on 10 August 2020, at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW (the “**Requisitioned General Meeting**”).

This letter provides Shareholders with details of the resolutions that are to be put to Shareholders at the Requisitioned General Meeting and sets out the Board’s response to the Prosperity Requisitioned Resolutions and the Everest Requisitioned Resolutions (as defined below).

The Company’s 2020 annual general meeting was held on 30 June 2020 (the “**AGM**”). Seven of the eleven directors unanimously proposed by the Board for election or re-election were not elected (or re-elected) by shareholders.

#### 2 Requisition received from the Prosperity Funds:

On 6 July 2020, the Company received a shareholder request, pursuant to section 303 of the Companies Act 2006 (the “**Act**”) from Aurora Nominees Ltd (“**Aurora**”), the legal owner of 377,506,625 Petropavlovsk PLC ordinary shares (the “**Prosperity Requisition Shares**”) to call a general meeting. The Prosperity Requisition Shares comprise 11.4% of the Company’s issued share capital.

The purpose of the general meeting requested by Aurora on behalf of The Russian Prosperity Fund, The Russian Cub Fund and The Prosperity Quest Fund (together the “**Prosperity Funds**”), the beneficial owners of the Prosperity Requisition Shares, is to propose:

- The appointment of five of the seven directors that were proposed for election or re-election but were not elected (or re-elected) at the AGM, namely Mr Damien Hackett, Mr Harry Kenyon-Slaney, Dr Pavel Maslovskiy, Mr Timothy McCutcheon and Ms Fiona Paulus; and
- The appointment of two additional Directors; Mr Michael Kavanagh and Mr Vitaly Zarkhin

(together the “**Prosperity Requisitioned Resolutions**”). Prosperity Capital Management Limited, as investment manager to the Prosperity Funds, has advised the Company that it also manages (and can direct the voting of) a further c.9% of Petropavlovsk PLC ordinary shares on behalf of the Prosperity Funds and other funds managed by Prosperity Capital Management Limited (in addition to the Prosperity Requisition Shares).

The Statement of the Prosperity Funds and the Company's response to the statement are provided on pages 10 and 11.

Brief information for each of the directors whose appointment is proposed by the Prosperity Funds is set out on page 12.

Since the date of receipt of the Prosperity Requisitioned Resolutions, Ms Fiona Paulus has notified Prosperity Capital Management Limited and the Company that she has withdrawn her consent to act as a director due to personal reasons. Accordingly, by letter to the Company dated 19 July 2020, Prosperity Capital Management Limited has withdrawn the Prosperity Requisitioned Resolution in respect of the appointment of Ms Fiona Paulus.

### **3 Requisition received from Everest**

Furthermore, as announced on 10 July 2020, the Company received a requisition pursuant to section 303 of the Act, from Everest Alliance Limited ("Everest") (the "**First Everest Requisition**"). Everest is the registered holder of 5.04% of the Company's issued share capital (the "**Everest Requisition Shares**"). Everest has advised the Company that it also has a beneficial interest in a further 2.46% of Petropavlovsk PLC ordinary shares. In addition, on 14 July 2020, the Company received a second requisition pursuant to section 303 of the Act, from Everest (the "**Second Everest Requisition**") and together with the First Everest Requisition, (the "**Everest Requisitions**").

The First Everest Requisition requires the Directors to convene a general meeting of the Company to propose ordinary resolutions which if passed would:

- Appoint two additional directors of the Board, Mr Paul Bushell and Mr Ivan Kulakov;
- Remove each of Mr Peter Hambro, Dr Alya Samokhvalova, Mr Johnny Martin Smith, Ms Angelica Phillips and Mr Martin Smith;
- Appoint each of Mr James W. Cameron Jr, Mr Maxim Kharin, Ms Charlotte Philipps and Mrs Katia Ray should they have been removed as Directors from the date of the Everest Requisition to the conclusion of the general meeting; and
- Remove any other director who has been appointed between 9 July 2020 and the end of the general meeting to consider the Everest Requisition (**Resolution 18**).

The Second Everest Requisition requires the Directors to convene a general meeting of the Company to propose a special resolution which if passed would direct the Board to commission an independent forensic investigation to review certain transactions and arrangements entered into by the Company or any of its subsidiaries and affiliates or by IRC Limited or any of its subsidiaries or affiliates with any former or current director or member of senior management of each such company in the three years preceding the date of this resolution (**Resolution 19**).

The resolutions proposed by Everest pursuant to the Everest Requisitions are together the "**Everest Requisitioned Resolutions**" and they shall be put at the same general meeting as the Prosperity Requisitioned Resolutions.

The Statement of Everest and the views of the Board on the statement are provided on pages 13 to 20.

Brief information for each of the directors whose appointment is proposed by Everest is set out on page 21.

**SHAREHOLDERS' ATTENTION IS DRAWN TO THE PURPOSE OF RESOLUTION 18 AND RESOLUTION 19, EACH AS PROPOSED BY EVEREST:**

**IF PASSED, RESOLUTION 18 PROVIDES THAT ANY OF THE DIRECTORS PROPOSED BY PROSPERITY UNDER RESOLUTIONS 1 TO 6 (NAMELY MR DAMIEN HACKETT, MR MICHAEL KAVANAGH, MR HARRY KENYON-SLANEY, DR PAVEL MASLOVSKIY, MR TIMOTHY MCCUTCHEON AND MR VITALY ZARKHIN) WILL IMMEDIATELY BE REMOVED AS A DIRECTOR AT THE CONCLUSION OF THE GENERAL MEETING IF THEY HAVE BEEN APPOINTED UNDER RESOLUTIONS 1 TO 6.**

**IF PASSED, RESOLUTION 19 PROVIDES THAT THE COMPANY MUST UNDERTAKE AN INVESTIGATION OF ANY TRANSACTION OR ARRANGEMENT BETWEEN (I) ANY MEMBER OF THE PETROPAVLOVSK GROUP AND/OR ANY MEMBER OF THE IRC GROUP (II) AND ANY CURRENT OR FORMER DIRECTOR OR MEMBER OF SENIOR MANAGEMENT OF ANY OF THE COMPANY OR IRC (OR THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES), OR ANY PERSON CONNECTED WITH SUCH PERSONS. SUCH INVESTIGATION WOULD APPLY TO ANY SUCH TRANSACTION OR ARRANGEMENT IN THE THREE YEARS FROM 10 AUGUST 2017 AND IN RESPECT OF ANY FORMER DIRECTOR OR MEMBER OF SENIOR MANAGEMENT (REGARDLESS AS TO WHETHER THEY WERE ENGAGED AS SUCH DURING THIS PERIOD) AND WITHOUT ANY MATERIALITY LIMIT.**

#### **Position of the Temporary Directors and Mr Martin Smith:**

As announced on 30 June 2020, the Company appointed four new Directors with effect from the conclusion of the AGM. The new directors were Mr Peter Hambro (Non-Executive Chairman), Dr Alya Samokhvalova (Executive Director and Chief Executive Officer), Mr Johnny Martin Smith (Independent Non-Executive Director) and Ms Angelica Phillips (Independent Non-Executive Director) (together the “**Temporary Directors**”).

The Temporary Directors were appointed to hold office until a further General Meeting of shareholders is convened. The Board confirms that the Temporary Directors will resign as Directors at the conclusion of the Requisitioned General Meeting, or at any adjourned meeting, even if the Resolution to remove them from office is not passed. In addition, Mr Martin Smith who was appointed as a Director on 30 June 2020, with effect from 1 July 2020, will resign as a Director at the conclusion of the Requisitioned General Meeting.

**Consequently, Resolutions 13 to 17 in respect of the removal of the Temporary Directors and Mr Martin Smith are deemed unnecessary Resolutions (as their substance will be given effect to at the conclusion of the General Meeting). However, Resolutions 13 to 17 will be proposed to the meeting at the request of Everest.**

The four Directors elected at the AGM; namely Mr James W. Cameron Jr, Mr Maxim Kharin, Ms Charlotte Philipps and Mrs Katia Ray (the “**Elected Directors**”) will remain as Directors at the conclusion of the Requisitioned General Meeting.

#### **4 Requisitioned General Meeting**

You will find set out at the end of this document a notice convening the Requisitioned General Meeting to be held at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW at 11.00 a.m. on 10 August 2020.

#### **5 Action to be taken**

The Board takes its responsibility to safeguard the health of its shareholders, stakeholders and employees very seriously and so the following measures will be put in place for the Requisitioned General Meeting in response to the continuing COVID-19 pandemic.

In order to reduce the risk of infection we are asking Shareholders to not attend the meeting. Any Shareholders who do attend will not be admitted. The Company is taking these precautionary measures to safeguard its shareholders’, stakeholders’ and employees’ health and make the Requisitioned General Meeting as safe and efficient as possible.

It is currently proposed that two Directors, Mr Peter Hambro and one Elected Director, Mrs Katia Ray, together with the Company Secretary and a number of personnel supporting the logistics of the meeting, including the Company’s Registrars, Link Asset Services, who will act as scrutineers for the poll will attend the meeting in person. Social distancing arrangements will be put in place. Any person admitted to the meeting in person will be required to wear a facemask in any public or common parts of the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW. However, as permitted under the Company’s Articles of Association approved by Shareholders at the AGM, Shareholders will be able to participate in the Registered General Meeting via conference call. Details of these arrangements will be announced via a Regulatory News Service release ahead of the date of the Requisitioned General Meeting.

However, Shareholders will not be able to vote at the Requisitioned General Meeting unless they appoint either the Chairman of the Meeting or Mrs Katia Ray as their proxy or representative and identify how they wish the voting rights attached to their Shares are to be voted

Shareholders who wish to vote on the business of the meeting are therefore strongly encouraged to submit their proxy voting electronically at [www.signalshares.com](http://www.signalshares.com) or, if they hold shares in CREST, by using the CREST electronic proxy appointment service. Shareholders may also complete the proxy form provided with this Circular and submit the completed proxy form in accordance with the instructions thereon. It is emphasised that any proxy forms being returned via a postal service should be submitted as soon as possible. It is strongly recommended that the Chairman of the meeting or Mrs Katia Ray, Independent Non-Executive Director, is appointed as proxy.

The Chairman of the meeting will direct that voting on all resolutions set out in the notice of meeting will take place by way of a poll.

## **6 Further information**

The expected timetable of principal events for the Requisitioned General Meeting is set out on page 3 of this document. Please note that the information contained in this letter is not a substitute for reading the remainder of this document.

If you hold any 8.25 per cent. Guaranteed Convertible Bonds due 2024 of Petropavlovsk 2010 Limited (the “**Bonds**”) and wish to convert them into Shares to be able to exercise the relevant voting rights at the Requisitioned General Meeting, you should ensure that any conversion request is validly tendered to Citibank N.A., London Branch (in its capacity as principal paying, transfer, conversion and exchange agent under the Bonds) in accordance with the terms of the Bonds by no later than 27 July 2020.

## **7 Recommendation**

The Order of the High Court dated 9 July 2020 in respect of the derivative claim made by Everest in respect of the appointment of the Temporary Directors (the “**Order**”) requires any resolution of the Board in relation to the convening and conduct of the Requisitioned General Meeting to have the approval of not less than 2 Elected Directors. This means that the Board is unable to make any recommendation based solely on a majority vote of the Directors (such as represented by the Temporary Directors and Mr Martin Smith) without the support of at least 2 Elected Directors,

Given the requirements of the Order, the Board is therefore unable to pass the necessary board resolution to make a recommendation as to how shareholders should vote in relation to resolutions 1 to 6, 9, 10 and 11 (as the Board was unable to agree the form of a recommendation in respect of such resolutions which had the support of at least two of the Elected Directors).

**The Board recommends that Shareholders should vote FOR resolutions 12 to 17 inclusive.**

**The Board recommends that Shareholders should vote AGAINST resolutions 7, 8 and 18 and unanimously recommends a vote AGAINST special resolution 19.**

**In the Board’s opinion voting in accordance with the Board’s recommendations set out above would be in the best interests of shareholders as a whole.**

In respect of resolutions 1 to 6, 9, 10 and 11, the position of the Directors is as follows:

<b>No.</b>	<b>Resolution</b>	<b>Number of Directors in favour</b>	<b>Number of Directors against</b>	<b>Reason for no agreed recommendation</b>
1.	To appoint Mr Damien Hackett as a Director	6	3	The resolution did not have the support of at least 2 Elected Directors as required by the Order.
2.	To appoint Mr Michael Kavanagh as a Director	5	4	The resolution did not have the support of at least 2 Elected Directors as required by the Order.
3.	To appoint Mr Harry Kenyon-Slaney as a Director	6	3	The resolution did not have the support of at least 2 Elected Directors as required by the Order.
4.	To appoint Dr Pavel Maslovskiy as a Director	6	3	The resolution did not have the support of at least 2 Elected Directors as required by the Order.
5.	To appoint Mr Timothy McCutcheon as a Director	5	4	The resolution did not have the support of at least 2 Elected Directors as required by the Order.
6.	To appoint Mr Vitaly Zarkhin as a Director	5	4	The resolution did not have the support of at least 2 Elected Directors as required by the Order.
9.	To appoint Mr James W. Cameron Jr if he has been removed as a director	3	6	The resolution was opposed by a majority of the Directors but such majority did not have the support of at least 2 Elected Directors as required by the Order.
10.	To appoint Ms Charlotte Philipps if she has been removed as a director	3	6	The resolution was opposed by a majority of the Directors but such majority did not have the support of at least 2 Elected Directors as required by the Order.
11.	To appoint Mr Maxim Kharin if he has been removed as a director	3	6	The resolution was opposed by a majority of the Directors but such majority did not have the support of at least 2 Elected Directors as required by the Order.

Accordingly, the Board is unable to make any recommendation as to the voting action shareholders should take for resolutions 1 to 6, 9, 10 and 11 and whether such resolutions are, in the Board's opinion, in the best interests of shareholders as a whole.

Notwithstanding, the Board recommends all Shareholders to vote by proxy on the resolutions to be proposed at the Requisitioned General Meeting.



**IMPORTANT NOTICE:**

Shareholders' attention is drawn to the purpose of resolution 18 and resolution 19, each as proposed by Everest.

***Resolution 18***

**If shareholders wish to appoint any of the persons proposed as directors by Prosperity (Mr Damien Hackett, Mr Michael Kavanagh, Mr Harry Kenyon-Slaney, Dr Pavel Maslovskiy, Mr Timothy McCutcheon and Mr Vitaly Zarkhin) they should vote IN FAVOUR of the relevant Resolutions 1 to 6 and vote AGAINST Resolution 18.**

If passed, resolution 18 provides that any of the persons proposed as directors by Prosperity under resolutions 1 to 6 (namely Mr Damien Hackett, Mr Michael Kavanagh, Mr Harry Kenyon-Slaney, Dr Pavel Maslovskiy, Mr Timothy McCutcheon and Mr Vitaly Zarkhin) will **immediately be removed as a director at the conclusion of the Requisitioned General Meeting** if they have been appointed under resolutions 1 to 6.

***Resolution 19***

**The Board unanimously recommends voting AGAINST Resolution 19.** As proposed, Resolution 19 would require the Company to incur significant costs and time to investigate all relevant transactions and arrangements, regardless of the materiality of such transactions or arrangements. Resolution 19 would also require the Company to disclose a non-redacted version of any investigative report to shareholders, regardless of any confidentiality obligations owed to third parties (which may result in a breach of such confidentiality provisions).

In addition, the Company is subject to the UK Listing Authority Listing Rules and IRC Ltd is subject to the Rules of the Hong Kong Stock Exchange (the "**Regulatory Authorities**"). The Rules of the Regulatory Authorities regulate related party transactions, with small related party transactions requiring disclosure or a fairness opinion and related party transactions over a certain threshold requiring Shareholder approval. Transactions with related parties are also subject to audit by external auditors and require disclosure under International Financial Reporting Standards.

Further, the Board considers that it would be unable to compel IRC Ltd to conduct any such review as required by Resolution 19, as it does not control the management of IRC Ltd.

The Board considers that it would be appropriate for the Board constituted at the Requisitioned General Meeting to consider this matter in due course and to engage with all shareholders, including Everest, to ascertain their views on the necessity and purpose of any investigation into historic transactions.

Yours faithfully,

Peter Hambro  
Chairman  
**Petropavlovsk PLC**

**STATEMENT OF THE BENEFICIAL SHAREHOLDERS**  
**THE RUSSIAN PROSPERITY FUND, THE PROSPERITY CUB FUND**  
**AND THE PROSPERITY QUEST FUND**

The Russian Prosperity Fund, The Prosperity Cub Fund and The Prosperity Quest Fund (“**we**”, “**our**”), as beneficial owners of **11.4** % of the paid-up voting share capital of Petropavlovsk PLC (the “Company”) have caused the directors of the Company (“**Directors**”) to be required to call a general meeting of the Company in order to appoint additional directors to the Company’s board of directors (“**Board**”).

We made this requisition as we believe that the recent annual general meeting of the Company (“**AGM**”) has returned a substantially weakened Board which does not, in our view, reflect the public nature of the Company and diverse shareholder structure it has, mainly comprised of institutional and retail investors.

We believe that a board constituted of only those Directors elected at the AGM lacks diversity and they do not, by themselves, provide the optimal corporate governance model for the Company. Additionally we understand that, as a result of not being re-elected to the Board, the Company’s CEO, Pavel Maslovskiy, was removed from the CEO position. We believe that this creates substantial risks for the Company and its shareholders. We also see from the voting numbers that the vote against the reappointment of most of the directors was successful by only a narrow majority, and resulted primarily from low turnout at the AGM. It is also our understanding that if all shareholders had been made aware, by way of public disclosure, of the intention to significantly alter the Board’s composition and possible change of the Company’s management, the meeting’s attendance would have been significantly higher, and the meeting’s results may have been completely different.

Though the previous Board has taken action to rectify this on temporary basis, the funds under investment management of Prosperity Capital Management (which manages the second largest shareholding (approximately 20%) in the Company), would like to propose to appoint additional independent directors to the Board This is aimed to stabilize the Board and allow the Company’s management to continue creating value for shareholders, similarly to what has already been achieved in recent years. While we in no way wish to shut out or exclude any significant shareholder, the principles behind our nominations are (1) Board continuity, (2) strengthening the independence of the Board, (3) Management continuity.

For the reasons outlined above, a diverse and independent board is extremely important for the Company, especially given its premium listing. We propose as candidates for appointment as additional directors of the Company three persons that have already served on the board. In order to diversify and further strengthen the Board, we also propose two extra independent candidates with extensive skill sets, including mining industry, corporate governance and accounting experience. Finally, we propose Pavel Maslovskiy who served as the CEO of the Company for many years. The candidates are all eligible for election as directors of the Company. Accordingly, we propose the following persons to be appointed as additional directors of the Company at the meeting: Mr Damien Hackett, Mr Michael Kavanagh, Mr Harry Kenyon-Slaney, Dr Pavel Maslovskiy, Mr Timothy McCutcheon, and Mr Vitaly Zarkhin.

Additionally, we regret to inform shareholders that Ms. Paulus withdrew her name from the ballot for family reasons. We would like to underline that the reasons for her departure have nothing to do whatsoever with Petropavlovsk situation. We wish Ms Paulus all the best.

## BOARD'S RESPONSE TO PROSPERITY STATEMENT

The Company cannot confirm whether Messrs Vitaly Zarkhin and Michael Kavanagh would, if appointed by Shareholders, be considered as independent directors. This would be a matter for the Board's consideration following any such appointment in accordance with the UK Corporate Governance Code.

Prosperity state that "*We propose as candidates for appointment as additional directors of the Company three persons that have already served on the board.*" Please note that Dr Pavel Maslovskiy, Mr Tim McCutcheon, Mr Harry Kenyon-Slaney and Mr Damien Hackett have all previously served on the Board of Petropavlovsk PLC.

## Information on the Directors Proposed by Prosperity Funds

**Mr Damien Hackett.** Mr Hackett has 26 years critical equity research coverage of globally diverse mining companies. Mr Hackett's early career in resources was grounded in 4 years of exploration, resource development and mining in the Hamersley Basin of Western Australia at Mining Area "C", followed by 7 years in mineral exploration and economic assessment in Saudi Arabia with the Directorate General of Mineral Resources.

**Mr. Michael Kavanagh.** Mr. Kavanagh began his working career as an accountant at KPMG and later an analyst with Merrill Lynch covering a number of sectors including metals & mining. Michael also worked on the LSE IPO of Russia's NLMK steel and at MDM Bank as senior metals and mining analyst. In 2007 he moved to Uralsib Bank as head of equity research. In 2010 he returned to South Africa and joined Indian owned firm Religare in January 2011 and now he is CEO of NOAH Capital Markets. Michael is a qualified CA (SA).

**Mr Harry Kenyon-Slaney.** Mr Kenyon-Slaney is previously a global FTSE 20 executive with ExCo experience in natural resources, energy, manufacturing and logistics as well as experience of handling complex stakeholders across Africa, Japan, India, North America and Australia. Mr Kenyon-Slaney has run a wide range of large mining and processing businesses and has led two of Rio Tinto's major product groups – Diamonds and Minerals and Energy.

**Dr Pavel Maslovskiy.** Dr Pavel Maslovskiy co-founded the Company in 1994 and was its CEO since inception and till December 2011, when he was appointed as a Senator-Member of the Federal Council (Upper House of the Russian Federation's Parliament). After he retired from that position, he was re-appointed as CEO of the Company in November 2014 and served in that capacity until the recent AGM.

**Mr Timothy McCutcheon.** Mr. McCutcheon has been involved in all aspects of the mining industry for almost two decades, from the capital markets side to actively managing mining companies in an executive capacity. Throughout his career he has worked in Russia, Chile, Kyrgyzstan, Slovakia, Canada, Mali and Ghana, and he has good understanding of Petropavlovsk PLC business, including in a global context.

**Mr Vitaly Zarkhin.** Mr Zarkhin has a 20+ years' wide experience in the utilities and mining sectors, including work for the top aluminium and coal producers in Russia as well as investment banking and portfolio management experience within the biggest Russian banks and international global houses, including Morgan Stanley. Mr Zarkhin has been serving as an independent director since 2018 and focusing on corporate governance issues, including in the mining and utilities sector.

## STATEMENT OF EVEREST ALLIANCE LIMITED

### Everest Alliance Limited statement

Everest Alliance Limited (“we”) currently owns 7.54% of the outstanding share capital in Petropavlovsk PLC (the “Company”).

Since 2018, when we became a shareholder, we have been closely monitoring the performance of the Company and have been concerned that the Company was not being managed properly in the best interests of its shareholders.

In 2018, we supported the return of Dr Pavel Maslovskiy to the management of the Company because we believed that his experience made him the right person to see the commissioning of the Company’s long-awaited Pressure Oxidation Hub (“**POX Hub**”) through to completion. The POX Hub has since been completed and a change of leadership of the Company is now required to inject much needed life into the Company and to shape its future.

Our concerns are:

#### *Unsatisfactory operating performance*

The 2019 Annual Report shows that the Company reported profits of \$25.7 million for the year ended 31 December 2019. However, after excluding the net impairment gains on financial instruments totalling \$30.8 million, it made a net loss of at least \$5 million.

The reported slight improvement in the net debt position of \$6.7 million was achieved by substituting the Company’s guarantee over its associate’s, IRC Limited, external borrowings with new guarantee arrangements. Excluding this, the Company reported \$50 million negative cash flow from its operating and investment activities.

Amid rallying gold prices and stellar performance of competitors, we believe these results are highly unsatisfactory.

#### *Breach of the pledge to keep CAPEX and OPEX under control*

We note that in early 2019 the Company committed to keeping its capital expenditure within the guidance range of \$45 million to \$55 million.

In fact, in its 2019 Annual Report the Company reported a total capital expenditure of \$103 million – double its target.

At the same time, the Company reported increased operating costs on almost all fronts. Most alarming are the staff costs, which increased by 30% in dollar terms from \$101 million in 2018 to \$131 million in 2019 (the Russian rouble depreciated against the dollar by approximately 3% over the same period). The growth in the size of the board from four in 2001 to twelve in 2020 is yet another illustration of this.

#### *Attempt to purchase 25% of the issued share capital in TEMI LLC (“TEMI”)*

TEMI is a 75% owned indirect subsidiary of the Company which in turn holds licences for the Elginskoye Ore Field and Afanasievskaya Prospective Ore Area (the “**Licences**”). The remaining 25% of TEMI is owned by Agestinia Trading Ltd (“**Agestinia**”), an offshore entity. We understand that the amount initially invested by the Company and Agestinia to acquire the Licences did not exceed \$1 million.

We believe that, since the time of the acquisition, the Company alone, without any contribution from Agestinia, has financed the development of the Elginskoye Ore Field, by providing interest free loans which would have amounted to at least \$100 million including interest were such loans provided on arm’s length terms, with zero contribution from Agestinia. Had these loans been provided at arm’s length by a third party, Agestinia’s share in TEMI would have been significant diluted in line with existing market practice.

As this was apparently a non-arm’s length transaction with a clear risk of a conflict of interests, it was a major concern to us that the Company’s management and certain directors recommended in April 2020 the proposed acquisition of Agestinia’s share for \$53.5 million – \$60 million (on top of the option price of \$13 million paid in 2019). Unsurprisingly, the board had to withdraw the resolutions to support this deal from the Company’s general meeting on 29 April 2020 due to a lack of majority shareholder support.

### *Other management failures*

There are numerous other examples of management failures, including:

- the proposed structure to convert the Company's bonds due 2024 into shares via an accelerated book building process through a private placement, which would make it difficult for ordinary investors to participate and so risk their dilution;
- the most recent "technical circumstances" which prevented shareholders from participating in the 2020 AGM.

For two years we have been actively trying to engage with the board but to no avail. On 25 June 2020, we submitted a list of questions to be addressed during the 2020 AGM Q&A session, including asking the board to confirm and explain the figures referred to in the above paragraphs. Our questions were completely ignored as never submitted.

### *Undoing the AGM*

We are disappointed that directors who knew they were going to lose office at a vote of the company at the 2020 AGM failed to respect that vote, and appointed "temporary directors" with control of the board from the moment the AGM finished.

We are disappointed that the Prosperity Funds (via Aurora Nominees Limited) has requisitioned a general meeting to reappoint five of the directors who were rejected by a clear majority of shareholders at the AGM. Shareholders should not be made to vote over and over again until they reach a predetermined result.

Prosperity Funds' proposal to appoint Mr Vitaly Zarkhin as an independent director is misleading. In 2018, Mr Zarkhin was appointed to the board of KTK, one of the largest Russian producers and exporters of thermal coal, as a representative of the Prosperity Funds which at the time owned 27.34% of KTK. Mr Zarkhin will not be an independent director.

The shareholders have a choice: stand by the decision they made at the AGM and take the Company forward with the Proposed Directors; or allow Prosperity and a rejected board to take over the Company. Everest is convinced that the appointment of the Proposed Directors will revitalise the board and allow the Company to implement the necessary reforms to address the underperformance described above for the benefit of all shareholders.

## BOARD'S RESPONSE TO EVEREST ALLIANCE STATEMENT

The Company cannot confirm whether Messrs Paul Bushell and Ivan Kulakov would, if appointed by Shareholders, be considered as independent directors. This would be a matter for the Board's consideration following any such appointment in accordance with the UK Corporate Governance Code.

The Company issued its Annual Report for the year ending 31 December 2019 on 1 June 2020. The Annual Report includes the financial statements of the Company as audited by Deloitte. The Board as constituted at the time of publishing of the Annual Report, approved the audited financial statements contained in the report. The Board invites shareholders to review the Annual Report and the audited financial statements to form their own view on the claims raised by Everest.

The Board does not have a unanimous view on all the claims made in the statement by Everest. However, the Board's following comments seek to address some of the issues raised.

### Comment 1

#### Everest comment:

*The 2019 Annual Report shows that the Company reported profits of \$25.7 million for the year ended 31 December 2019. However, after excluding the net impairment gains on financial instruments totalling \$30.8 million, it made a net loss of at least \$5 million.*

#### Board's Response:

- It is the auditors and the Temporary Directors' view that selectively excluding one net revaluation gain as proposed by Everest is contrary to the regulatory guidance.
- The FRC and ESMA guidance on Alternative Performance Measures (APMs) state there should be balance and consistency in adjusting for both gains and losses when presenting an additional key performance metric. In line with this guidance, below is a list of non-cash gains and losses as reported in the Company's 2019 Annual Report ("**AR**"):
  - A \$30.8 million net impairment gain on financial instruments which largely reflected the successful refinancing of IRC's external debt facilities
  - A \$31.1 million fair value loss on the conversion option of the New Convertible Bonds, which largely reflected the significant increase in the Group's share price over the second half of 2019 (see Note 9, p222 of the AR)
  - A \$11.2 million non-cash loss on early redemption and refinancing of the Group's Existing Convertible Bonds which has successfully re-phased the debt maturity profile (see Note 9, p222 of the AR)
  - \$52.2 million of mining and service company impairment reversals, predominantly in relation to the Pioneer mine (see Note 6, p219 of the AR) and a further \$2.8 million of ore stockpile impairment reversals
  - A \$23.4 million impairment loss on the investment in IRC which reflected the announced Stocken transaction (see Note 14, p227 of the AR)
  - A \$3.6 million reversal of credit losses in respect of IRC following loan repayments (see Note 9, p222 of the AR)
  - A \$2.0 million re-measurement loss on the fair value of the TEMI LLC option (see Note 9, p222 of the AR)
- The Statutory IFRS profit for the year remained consistent with the prior year at \$26 million

## Comment 2

### Everest comment:

*The reported slight improvement in the net debt position of \$6.7 million was achieved by substituting the Company's guarantee over its associate's, IRC Limited, external borrowings with new guarantee arrangements. Excluding this, the Company reported \$50 million negative cash flow from its operating and investment activities.*

### Board's Response:

- The Group's Net Debt for the year improved by \$6.7 million due to strong operating cash flow generation of \$95.4 million, which funded net investing cash flows of \$84.7 million with a net \$12.6 million inflow arising on financing activities, principally related to the convertible bond refinancing (see Note 20, p.231 of AR).
- IRC is an equity accounted associate and therefore the Group does not include IRC's borrowings in its reported net debt and similarly the reissuance of a Group guarantee with a much reduced fair value is not reflected as a benefit to net debt, which is defined in the Company's Annual Report as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>US\$ million</b>	<b>US\$ million</b>
Cash and cash equivalents.....	<b>48.2</b>	26.2
Notes <sup>(c)</sup> .....	<b>(500.4)</b>	(499.0)
Convertible bonds <sup>(d)</sup> .....	<b>(109.1)</b>	(95.2)
Net Debt ♦.....	<b>(561.3)</b>	(568.0)

(a) US\$500 million Guaranteed Notes due on 14 November 2022 at amortised cost.

(b) US\$125 million convertible bonds due on 03 July 2024 at amortised cost.

Everest's statement about \$50m of negative cash flow from Operating and Investment activity is factually incorrect.



Details of the Company cash flow are presented in the Consolidated Statement of Cash Flows (see p.202 of AR):

	note	2019 US\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operations.....	25	189,321
Interest paid .....		(67,160)
Guarantee fee received in connection with ICBC facility .....	26	6,000
Income tax paid .....		(32,723)
<b>Net cash from operating activities.....</b>		<b>95,438</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment.....	25	(120,798)
Expenditure on exploration and evaluation assets .....	12	(10,136)
Proceeds from disposal of property, plant and equipment.....		111
Repayment of loans granted/ (loans granted) to an associate .....	26	56,243
Other loans granted .....	26	(389)
Interest received.....		3,283
Call option over non-controlling interests.....	26	(13,000)
<b>Net cash used in investing activities .....</b>		<b>(84,686)</b>
<b>Cash flows from financing activities</b>		
Issue of Bonds, net of transaction cost.....	20	120,561
Repayment of Bonds .....	20	(108,000)
Repayments of borrowings .....		—
Notes related costs.....		—
Debt transaction costs paid in connection with bank loans .....		—
Exercise of the Call Option over the Company's shares.....	18	(2,215)
Funds advanced to the Group under investment agreement with the Russian Ministry of Far East Development .....	30	8,772
Funds transferred under investment agreement with the Russian Ministry of Far East Development .....	30	(8,772)
Principal elements of lease payments .....		(1,468)
<b>Net cash from/(used in) financing activities .....</b>		<b>8,878</b>
Net increase in cash and cash equivalents in the period .....		19,630
Effect of exchange rates on cash and cash equivalents.....		2,371
Cash and cash equivalents at beginning of period .....	17	26,152
<b>Cash and cash equivalents at end of period .....</b>	17	<b>48,153</b>

- The operating cash inflow \$95.4 million, is net of increase in working capital of \$61 million which mostly related to the purchase of third-party concentrates (purchased in 2019 for processing in H1 2020 (see details in Note 25 on p.235 of the AR). This more than offset the investing cash inflow of \$56 million following the repayment of the temporary bridging loans made to IRC in Q1 2019.
- The investment cash flows included expenditure on property, plant and equipment of \$120.8 million and E&E assets of \$10.1 million, which largely reflected the successful completion of the POX plant and the continued development on Elginskoye.

### Comment 3

#### Everest's comment:

*Amid rallying gold prices and stellar performance of competitors, we believe these results are highly unsatisfactory.*

#### Board's Response:

The table below shows comparison of the key operating metrics referred to by Everest in Comment 1 (namely gold sales, revenues and EBITDA), for Petropavlovsk and its competitors.

	2018/19 Y-o-Y growth		
	Sales Volumes	Revenues	EBITDA
<b>Petropavlovsk</b> .....	<b>39%</b>	<b>48%</b>	<b>45%</b>
Highland Gold <sup>(1)</sup> .....	11%	27%	34%
Polymetal <sup>(2)</sup> .....	6%	19%	38%
Polyus <sup>(3)</sup> .....	23%	37%	44%

*(1) Highland Gold's Sales Volumes refers to Gold and Gold Equivalent Ounces*

*(2) Polymetal's Sales Volumes refers to Gold Equivalent Ounces*

*(3) Polyus's EBITDA refers to Adjusted EBITDA*

### Comment 4

#### Everest's comment:

*We note that in early 2019 the Company committed to keeping its capital expenditure within the guidance range of \$45 million to \$55 million.*

*In fact, in its 2019 Annual Report the Company reported a total capital expenditure of \$103 million – double its target.*

#### Board's Response:

The capex guidance of US\$45m – US\$55m given in early 2019 was defined as “consisting of sustaining, exploration + remaining POX capex”. During the year, the Board elected to accelerate construction of the Pioneer flotation plant; which will be operational in Q4 2020 and as previously announced, it will substantially increase the profit margin on treating refractory concentrates. The Board also chose to accelerate the development of workings at the Elginskoye deposit to ensure that Albyn's plant capacity is filled given the main pit at Albyn is expected to be exhausted in 2020.

For these reasons and adjusting for US\$27.1m of capitalised stripping (an accounting adjustment), capex exceeded initial guidance given in early 2019. Details can be found in the AR, p.79 in the Key movements in cash and Net debt.

### Comment 5

#### Everest's comment:

*At the same time, the Company reported increased operating costs on almost all fronts. Most alarming are the staff costs, which increased by 30% in dollar terms from \$101 million in 2018 to \$131 million in 2019 (the Russian rouble depreciated against the dollar by approximately 3% over the same period). The growth in the size of the board from four in 2001 to twelve in 2020 is yet another illustration of this.*

#### Board's Response:

The rise in staff costs is partially due to a 39% increase in sales volumes, changes in the number and the composition of the Group's employee profile as a result of the advanced technological requirements of the new POX plant, and bonuses paid for the successful POX launch.

Everest's comment regarding Board composition changes over the course of 19 years from 2001 to 2020 is difficult to comment upon as Corporate Governance standards and requirements have drastically changed over that period.

## Comment 6

### Everest's comment:

*TEMI is a 75% owned indirect subsidiary of the Company which in turn holds licences for the Elginskoye Ore Field and Afanasievskaya Prospective Ore Area (the "Licences"). The remaining 25% of TEMI is owned by Agestinia Trading Ltd ("Agestinia"), an offshore entity. We understand that the amount initially invested by the Company and Agestinia to acquire the Licences did not exceed \$1 million.*

*We believe that, since the time of the acquisition, the Company alone, without any contribution from Agestinia, has financed the development of the Elginskoye Ore Field, by providing interest free loans which would have amounted to at least \$100 million including interest were such loans provided on arm's length terms, with zero contribution from Agestinia. Had these loans been provided at arm's length by a third party, Agestinia's share in TEMI would have been significant diluted in line with existing market practice.*

*As this was apparently a non-arm's length transaction with a clear risk of a conflict of interests, it was a major concern to us that the Company's management and certain directors recommended in April 2020 the proposed acquisition of Agestinia's share for \$53.5 million – \$60 million (on top of the option price of \$13 million paid in 2019). Unsurprisingly, the board had to withdraw the resolutions to support this deal from the Company's general meeting on 29 April 2020 due to a lack of majority shareholder support.*

### Board's Response:

The information provided by Everest is factually incorrect as the loans granted by the Company for the Elginskoye development were \$52m.

In relation to the value of Agestinia's 25% share, the Company obtained an independent valuation from a Big 4 accounting firm which shows its fair value, as of 30<sup>th</sup> June 2020, to be \$96m, and therefore significantly higher than the sales price agreed with Agestinia.

The TEMI Licenses hold a substantial amount of non-refractory as well as refractory reserves and resources confined within the Elginskoye, Unglichikanskoye and the smaller Afanasevskoye deposits. Non-refractory reserves are expected to be suitable for processing via the existing Albyn processing plant with the first production from the Elginskoye deposit expected in the second half of 2020. Known TEMI refractory reserves are expected to be suitable for flotation and POX processing with the construction of the flotation plant planned in 2027.

## Comment 7

### Everest's comment:

#### *Other management failures*

*There are numerous other examples of management failures, including:*

- *the proposed structure to convert the Company's bonds due 2024 into shares via an accelerated book building process through a private placement, which would make it difficult for ordinary investors to participate and so risk their dilution;*
- *the most recent "technical circumstances" which prevented shareholders from participating in the 2020 AGM.*

### Board's Response:

The Board has discussed bonds conversion in a closed Board meeting but made a decision not to proceed.

At the 2020 AGM, technical issues outside of the Company's control meant that the AGM was not accessible to all participants who dialled-in and had to be rescheduled at a different time, using different dial-in details provided by the conference operator, Arkadin, which has since issued a written apology to the Company. Under these circumstances, the Company issued a RNS as soon as was practically possible with new time and dial-in details, and has learned from the experience and will ensure future events will be run differently. The Company notes this was an exceptional event, given it was a closed meeting by virtue of COVID-19 restrictions in place at the time.

**Comment 8****Everest's comment:**

*For two years we have been actively trying to engage with the board but to no avail. On 25 June 2020, we submitted a list of questions to be addressed during the 2020 AGM Q&A session, including asking the board to confirm and explain the figures referred to in the above paragraphs. Our questions were completely ignored as never submitted.*

**Board's Response:**

The Company wishes to treat all shareholders on an equal basis. With specific reference to the written questions submitted, Everest or their representative were given the opportunity during the live Q&A session to discuss these questions, or certain aspects of their concerns, but declined the opportunity.

Directors of the Board and members of the Executive team have engaged with Everest on a regular basis since Everest became a major shareholder in 2018.

## **Information on the Directors Proposed by Everest**

### ***Paul Adrian Bushell***

Mr Bushell was born and educated in Great Britain and has more than 37 years' experience within the metals industry. This longstanding tenure has yielded an invaluable number of industry connections, and a comprehensive knowledge, understanding and expertise in all facets of the commodity trading business. Over the years, Mr Bushell has held positions as a trader, senior trader, owner and consultant; with global mines, owners, smelters and agencies, regarding commercial sales, logistics solutions, procurement of feed, risk assessment and agency-style operations.

He is currently Director of Marketing at Swiss trading house, Bluequest Resources, where his responsibilities include trading, agency business, the development of trading opportunities and undertaking consultancy assignments for mines and smelters involve in copper, zinc, lead, nickel, ferro-nickel and refractory gold operations. Previously Mr Bushell was a copper trader at Cliveden Trading, Glencore and Marc Rich and an LME ring trader at J.H. Rayner (Mincing Lane). In 2002 he purchased Kapan Mountain Mining CJSC from the Government of Armenia which he ran until its eventual sale to Dundee Precious Metals in 2007.

### ***Ivan Kulakov***

Ivan Kulakov graduated from the Bauman Moscow State Technical University with a degree in Mechanical Engineering and from the State Financial Academy with a degree in Finance and Banking. In 1995, he became Chairman of ZAO Oil Finance, a company of the Sibneft group. In 1998, Mr Kulakov became Chairman of "MNV" LLC, the owner of the Mnogovershinnoe gold mining complex and associated operations located in the Khabarovsk region of far eastern Russia, which was acquired by Highland Gold Mining Limited in 2002. Mr Kulakov was Managing Director of Highland Gold from 2002 and then a non-executive director from 2008 to 2010. He is currently chairman of "Sunsky open-pit" LLC, a crushed aggregate quarry in Russia.



# PETROPAVLOVSK PLC

*(Incorporated in England and Wales with Registered No. 04343841)*

## Notice of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at 11 a.m. on 10 August 2020 at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW (the **Notice**) for the following purposes THAT:

- 1 Mr Damien Hackett is appointed as a Director of the Company with immediate effect.
- 2 Mr Michael Kavanagh is appointed as a Director of the Company with immediate effect.
- 3 Mr Harry Kenyon-Slaney is appointed as a Director of the Company with immediate effect.
- 4 Dr Pavel Maslovskiy is appointed as a Director of the Company with immediate effect.
- 5 Mr Timothy McCutcheon is appointed as a Director of the Company with immediate effect.
- 6 Mr Vitaly Zarkhin is appointed as a Director of the Company with immediate effect.
- 7 Mr Paul Adrian Bushell be appointed as a Director of the Company with immediate effect.
- 8 Mr Ivan Kulakov be appointed as a Director of the Company with immediate effect.
- 9 If Mr James William Cameron Jr has been removed as director of the Company at any time before the end of this general meeting, to appoint Mr James William Cameron Jr as a director of the Company with immediate effect.
- 10 If Ms Charlotte Bertha Elisabeth Philipps has been removed as director of the Company at any time before the end of this general meeting, to appoint Ms Charlotte Bertha Elisabeth Philipps as a director of the Company with immediate effect.
- 11 If Mr Maksim Kharin has been removed as director of the Company at any time before the end of this general meeting, to appoint Mr Maksim Kharin as a director of the Company with immediate effect.
- 12 If Mrs Ekaterina Ray has been removed as director of the Company at any time before the end of this general meeting, to appoint Mrs Ekaterina Ray as a director of the Company with immediate effect.
- 13 To remove Mr Peter Charles Percival Hambro as a director of the Company with immediate effect.
- 14 To remove Dr Alfiya Samokhvalova as a director of the Company with immediate effect.
- 15 To remove Ms Angelica Phillips as a director of the Company with immediate effect.
- 16 To remove Mr Jonathan Eric Martin Smith as a director of the Company with immediate effect.
- 17 To remove Mr Martin Smith as a director of the Company with immediate effect.
- 18 To remove as a director of the Company with immediate effect any person appointed as a director of the Company since 9 July 2020 and up to the end of this general meeting, and who is not one of the persons referred to in the resolutions numbered 7 to 12 (inclusive) above.

## SPECIAL RESOLUTION

19 To direct the board to commission an independent forensic investigation to review all transactions and arrangements entered into in the three years preceding the date of this resolution to which any of the following entities:

- (a) the Company or any of its subsidiaries or affiliates; or
- (b) IRC Limited, LLC KS GOK (Kimkano-Sutarsky GOK) or any of their subsidiaries or affiliates,

was directly or indirectly a party and in which any of the following persons is or was during the last three years, in any way, directly, or indirectly, interested:

- (i) any current or former director or senior manager of the Company or any of its subsidiaries or affiliates; or
- (ii) any current or former director or senior manager of IRC Limited or any of its subsidiaries or affiliates; or
- (iii) any legal or natural person connected with and/or who is an associate of any of the persons referred to in (i) and (ii) above, where “connected with” and “associate of” shall have the meanings set out in section 252 of the Companies Act 2006 and section 435 of the Insolvency Act 1986, respectively.

For the purpose of carrying out such independent forensic investigation the board shall retain one of the following firms: Deloitte, EY, KPMG or PwC. The purpose of such forensic investigation is to determine if each such transaction or arrangement was carried out in the best interests of the Company and to the benefit of its shareholders or otherwise. The independent forensic investigator shall provide a written report detailing its findings. The board shall promptly make available to the shareholders an unredacted copy of the independent forensic investigator’s report.

Dated 24 July 2020

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

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

## Notes

### Right to Attend General Meeting

- 1 Only members entitled to receive notice, or persons appointed as a proxy/corporate representative, are entitled to attend General Meetings and only those entitled to attend General Meetings will be admitted to the meeting without the prior approval of the Company.

**In light of the Covid-19 pandemic situation, it is currently expected that no shareholders, proxies or corporate representatives will be permitted to attend the General Meeting in person (other than as set out in the document accompanying this notice of general meeting). However, arrangements will be made in order that they can attend the meeting by audio or audio-visual arrangements. Details of such arrangements will be notified by way of an announcement by the Company prior to the date of the Requisitioned General Meeting.** In addition Shareholders may contact the Company prior to the date of the Requisitioned General Meeting if they have any questions on the matters to be proposed by emailing [teamir@petropavlovsk.net](mailto:teamir@petropavlovsk.net) (and such communications will be made available to each of the Directors).

### Proxies: General

- 2 Every member entitled to attend and vote at a General Meeting 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 General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.

### Completion of Form of Proxy

- 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 or appointment of a proxy through the CREST electronic proxy appointment service, will not prevent a member from attending the General Meeting 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 as your proxy, please insert the name of your chosen proxy 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 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 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, at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF; or by hand to: Link Asset Services (PXS), 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 General Meeting or any adjourned General Meeting.

**In light of the Covid-19 pandemic situation, it is currently expected that no shareholders, proxies or corporate representatives will be permitted to attend the general meeting in person (other than as set out in the document accompanying this**



**notice of general meeting). Therefore members appointing a proxy are strongly encouraged to appoint the chairman of the General Meeting to be their proxy in order that their proxy vote can be counted.**

#### Electronic Proxy Appointments

- 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. Details of how CREST members may appoint proxies through the CREST electronic proxy appointment service are set out in paragraph 11 below.
- 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 11.00 a.m. on 7 August 2020 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 any adjourned General Meeting. 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 General Meeting 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 Shareholder Helpline on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Link Asset Services are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### Nominated Persons

- 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 (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 relation to their investment in the Company remains the member who nominated them as a 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.

#### General Meeting Record Date

- 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 Companies Act, the Company has specified that only those members registered on the register of members of the Company at close of business on 7 August 2020 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 General Meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after close of business on 7 August 2020 shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

### CREST Proxy Appointments

- 11 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (including for 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'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 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.

### Corporate Representatives

- 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 the Notes above. Please note, however, that if multiple corporate representatives purport to vote the same shares in different ways, they will be treated as not having voted.

**In light of the Covid-19 pandemic situation, it is currently expected that no shareholders, proxies or corporate representatives will be permitted to attend the general meeting in person (other than as set out in the document accompanying this notice of general meeting). If a corporation which is a member wishes to appoint a corporate representative it is strongly recommended that it nominates the chairman of the General Meeting as its representative in order to ensure that such representative can attend and vote at the General Meeting.**

### Questions at the General Meeting

- 16 Any shareholder attending in person, or participating in the General Meeting via audio or visual arrangements, 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 General Meeting. However, members should note that no answer need be given in the following circumstances: (a) if to do so would interfere unduly with the preparation of the General Meeting or would involve a disclosure of confidential information; (b) if the answer has already been given on a website in the form of an answer to a question; or (c) if it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

#### General

- 17 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 FCA. As a result, any member holding 3 per cent. 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 FCA.
- 18 As at the close of business on 23 July 2020, being the latest practicable date before the publication of this document, the Company's issued capital consisted of 3,314,307,303 ordinary shares. The total voting rights in the Company as at 23 July 2020 are 3,314,307,303 ordinary shares.
- 19 The following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW from the date of this document until the time of the General Meeting and at the General Meeting venue itself for at least 15 minutes prior to the start of the General Meeting until the end of the General Meeting:
  - (a) the memorandum and Articles; and
  - (b) this Circular.
- 20 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 General Meeting).
- 21 A copy of this Notice and other information required by section 311A of the Companies Act 2006 can be found at <http://www.Petropavlovsk.net>.

