



OPUS

BUSINESS ADVISORY GROUP

5 August 2022

PETROPAVLOVSK PLC (in Administration) (“the Company”)

Update from Administrators

HHJ Jonathan Hilliard QC (the “**Judge**”), sitting as a Deputy Judge of the High Court, has today handed down his reasoned judgment, following the order and initial judgment dated 1 August 2022, in relation to the Administrators’ application for directions dated 27 July 2022. A copy of that judgment is available at <https://www.bailii.org/ew/cases/EWHC/Ch/2022/2097.html>.

The order sought by the Administrators, and made by the Court, included a direction that the Administrators should be at liberty to enter into, perform and procure the Company to perform a sale and purchase agreement with UMMC-Invest (“**UMMC**”) for the principal assets of the Company (the “**SPA**”).

On 1 August 2022, the Judge made an order giving the Administrators liberty to enter into the SPA. In a short accompanying judgment, the Judge indicated that he would hand down a longer written judgment later this week. A copy of that judgment and order is available at <https://www.bailii.org/ew/cases/EWHC/Ch/2022/2074.html>.

Following the granting of the order on 1 August 2022, the SPA was executed by the Company (acting through the Administrators) and UMMC. Under the SPA, UMMC will pay total cash and non-cash consideration of US\$ 619 million for the Company’s operating assets.

Since then, there has been substantial progress towards completing the transaction. Under the terms of the SPA, the transaction will not complete until consideration is received in full from UMMC. The parties are working towards substantial completion (at which point beneficial ownership in the shares will be transferred) in two weeks. Even allowing for some slippage, the Administrators envisage that the transaction will complete by no later than the end of August 2022. The longstop date under the SPA, being the latest date by which the transaction can be completed without termination rights being triggered, is 60 days after the date of the deed (i.e. 30 September 2022).

The Administrators anticipate that the sale proceeds will be sufficient to pay the Company’s creditors (including bondholders and noteholders) in full, but will not be sufficient for any return to be made to shareholders. While this is undoubtedly an unwelcome outcome for shareholders, the Administrators have given careful consideration to the financial position of, and options available to, the Company and have concluded that it is the best outcome achievable for the stakeholders as a whole, under the circumstances. The reasons for that,

and the evidence in support of the Administrators' application to the Court, are summarised in today's judgment.

The Administrators intend to publish further details regarding the terms of the transaction with UMMC and the Administrators' work, analysis and conclusions to date on Monday 8 August 2022. This will include the Administrators' report under Statement of Insolvency Practice 16.

Thereafter, the Administrators will issue press releases following major events in the Administration and will issue the following reports and notices via the Company's and Opus' website:

Reports	Approximate date or timescale (from commencement of Administration)
Statement of Administrators' Proposals (within max. 8 weeks)	19 August 2022
Notice of Creditors' Decision or of Deemed Approval of the Proposals	9 September 2022
Progress Report	7 months
Request for an Extension to the Administration (where necessary)	11 months
Notice of Extension of Period of Administration (where granted)	12 months
Final Progress Report (where no extension has been granted)	12 months
Progress Reports (where an extension has been granted)	13 and 19 months
Final Progress Report (unless a further extension is granted by the court)	24 months

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