

19 August 2022

Petropavlovsk PLC - In Administration Update From Administrators

Background

1. In our last announcement, dated 8 August 2022, we provided a summary of the background to the Administrators' appointment; the Administrators' work and conclusions to date; and the terms of the sale and purchase agreement entered into by the Company (acting through the Administrators) and UMMC-Invest on 1 August 2022. A copy of our announcement dated 8 August 2022 is available [here](#).
2. On 8 August 2022 we also published copies of the evidence filed at the High Court in support of: (i) the application for the appointment of administrators over the Company dated 11 July 2022; and (ii) the Administrators' application for directions dated 27 July 2022. The evidence published consisted of:
 - a. The first witness statement of Charlotte Philipps, a director of the Company, dated 11 July 2022 (available [here](#)).
 - b. The first witness statement of Allister Manson, one of the Administrators, dated 11 July 2022 (available [here](#)).
 - c. The second witness statement of Charlotte Philipps dated 14 July 2022 (available [here](#)).
 - d. The second witness statement of Allister Manson dated 19 July 2022 (available [here](#)).
 - e. The third witness statement of Allister Manson dated 27 July 2022 (available [here](#)).
 - f. The fourth witness statement of Allister Manson dated 30 July 2020 (available [here](#)).
3. The witness statements were published in full but without the accompanying exhibits of documents referred to therein.

Exhibits to witness statements

4. The Administrators wish to provide stakeholders with as much information as practicable regarding our work and conclusions. This is why we published the witness statements in support of the administration application and the Administrators' application for directions.
5. In order further to assist interested parties to understand the basis of the Administrators' conclusions and the Court's decisions, we are now also publishing copies of the exhibits to

6. the witness statements published on 8 August 2022, being:
 - a. Exhibit CBEP1/AJM1 to the first witness statement of Charlotte Phillips dated 11 July 2022 and the first witness statement of Allister Manson dated 11 July 2022.
 - b. Exhibit CBEP2 to the second witness statement of Charlotte Phillips dated 14 July 2022.
 - c. Exhibit AJM3 to the third witness statement of Allister Manson dated 27 July 2022.
 - d. Exhibit AJM4 to the fourth witness statement of Allister Manson dated 30 July 2022.

7. Those exhibits are available [here](#).

8. However, there are a number of documents in the exhibits in respect of which third parties have asserted rights of confidentiality or which otherwise appear to the Administrators to be confidential or commercially sensitive. Although it was necessary for the Administrators to put all such material before the Court, we do not consider it appropriate, at least at this stage, for that material to be made available more widely. To do so would risk causing prejudice to third parties and could, we are advised, give rise to liability on the part of the Company to the detriment of the stakeholders as a whole.

9. The copies of the exhibits being published today therefore do not include a limited number of documents which were in the versions filed at Court. The documents which have been removed from the exhibits are as follows:

Exhibit	Tab	Document	Date
CBEP1/AJM1	28	Correspondence between the Board and Match Liquidity	5 April – 20 May 2022
CBEP1/AJM1	29	Correspondence between the Board and Prosperity	8 April – 28 June 2022
CBEP1/AJM1	50	Kroll Advisory Ltd valuation	2 May 2022
CBEP1/AJM1	78	Draft SPA	2 July 2022
CBEP1/AJM1	81	Email from Mr Potapov (UGC) to the Company with attachment	11 July 2022
CPEB2	8	Letter from Mr Strukov (UGC) to the Board	12 July 2022
CPEB2	9	Letter from Mr Strukov to the Board	13 July 2022
CPEB2	12	Letter from Chairman to Mr Strukov	14 July 2022
CPEB2	14	Email from the Company to UGC	14 July 2022
AJM3	10	Letter from the Administrators to UGC	12 July 2022
AJM3	13	Letter from Mr Strukov to the Company	15 July 2022
AJM3	15	Letter from Mr Strukov to the Administrators	18 July 2022
AJM3	20	Letter from the Administrators to Mr Strukov	19 July 2022
AJM3	21	Letter from Administrator to Prosperity	19 July 2022
AJM3	37	Draft SIP 16 statement	27 July 2022
AJM3	38	Draft SPA	Undated
AJM3	39	Draft consent protocol	Undated
AJM4	3	Emails between stakeholders and Opus	23-28 July 2022
AJM4	4	Email from kpr_spb@mail.ru to Opus	28 July 2022

10. For ease of reference, the indices to the exhibits are reproduced at the end of this announcement with the documents which have been removed highlighted in red.
11. For the same reason, the Administrators have also applied to the High Court for a direction that the copies of those same documents held on the court file should not be made available for inspection without the permission of the Court. That application was issued on 17 August 2022 and supported by the fifth affidavit of Allister Manson dated 17 August 2022, which has also been published today and is available [here](#) (with its exhibit AJM5 available [here](#)). This evidence explains why the Administrators consider that each of the documents listed above should not be made available for the time being. The application has been listed to be heard on **25 August 2022** at **10.30am** (or as soon as possible thereafter) before an Insolvency and Companies Court Judge in the Rolls Building, Fetter Lane, London EC4A 1NL.

Update on transaction with UMMC

12. Since the SPA was executed on 1 August 2022, the parties have made significant progress towards completing the transaction. The Administrators continue to anticipate that the transaction will complete shortly but are unable to provide a precise time estimate because completion depends in part on factors outside of our control.
13. The Administrators also continue to consider, with our legal advisers and UMMC, the effect of executive decree no. 520 promulgated by the President of the Russian Federation on 5 August 2022. At present, we do not anticipate that decree will have a material effect on completion of the transaction, but we are reviewing the position continually.
14. We will provide further updates to all stakeholders when we are able to do so.

INDEX TO EXHIBIT CPEB1/AJM1

First witness statement of Charlotte Philipps dated 11 July 2022
and first witness statement of Allister Manson dated 11 July 2022

Tab	Document	Date	Pages
1.	Memorandum of the Company, as filed at Companies House on 23 September 2009	20 December 2001	6-10
2.	Trust Deed for US\$ 500 million notes due 14 November 2022 and issued by Petropavlovsk 2016 Limited (" 2022 Notes ")	November 2017 [Unsigned execution version]	11-121
3.	Offering Memorandum for 2022 Notes	10 November 2017	122-645
4.	Deed of Guarantee relating to 2022 Notes	14 November 2017	646-663
5.	Trust Deed for US\$ 125 million convertible bond due in 2024 and issued by Petropavlovsk 2010 Limited (" Convertible Bonds ")	3 July 2019	664-779
6.	US\$ 200 million committed term loan facility agreement between Bank GPB (JSC) (" GPB ") (as lender) and Petropavlovsk PLC (the " Company ") (as borrower) (the " Term Loan ") (redacted)	28 July 2019	780-877
7.	Offering Memorandum for Convertible Bonds	26 September 2019	878-1128
8.	Terms of reference for the division of responsibilities between the Chairman, the Chief Effective Officer and the Senior Independent Director	4 December 2019	1129-1131
9.	Articles of Association of the Company, as filed at Companies House on 18 July 2020	30 June 2020	1132-1201
10.	Annual report for the Petropavlovsk group (the " Group ") made up to 31 December 2020 and consolidated Group balance sheet as at 31 December 2020	31 December 2020	1202-1429
11.	Executive committee terms of reference	25 January 2021	1430-1432
12.	Audit committee terms of reference	21 May 2021	1433-1442
13.	Schedule of matters reserved for the board of directors of the Company	31 August 2021	1443-1447
14.	Company Press Release – Group's interim financial report for the period 1 January 2021 to 30 June 2021	1 September 2021	1448-1449

15.	Malomyr Mine Revolving Credit Line Agreement (Russian)	10 November 2021	1500-1512
16.	UMMC Presentation	January 2022	1513-1528
17.	Company Press Release – Statement on Events in Ukraine	9 March 2022	1529-1530
18.	Company Press Release – Statement on UK Sanctions on Dealings in Transferable Securities	9 March 2022	1531-1532
19.	FTSE Russell notice of removal of Company shares from all FTSE Russell indices effective from 21 March 2022	11 March 2022	1533-1534
20.	Interfax News Report - Makhmudov, Bokarev no longer controlling beneficiaries of four UMMC entities	14 March 2022	1535
21.	Interfax News Report - Euroclear restricts transactions on NSD account	18 March 2022	1536-1538
22.	<i>Left intentionally blank</i>		
23.	Office of Financial Sanctions Implementation General Licence INT/2022/1424276	24 March 2022	1539-1540
24.	Company Press Release – Statement in relation to GPB	25 March 2022	1541-1542
25.	Company Press Release – Update in relation to GPB	30 March 2022	1543-1544
26.	Company Press Release – Board Update Director Resignation	4 April 2022	1545
27.	TR-1 filed with the London Stock Exchange by ‘Uzhuralzoloto Group of Companies Joint Stock Company’ (“ UGC ”) in respect of its shareholding in the Company	5 July 2022	1546-1548
28.	Correspondence between the Board and Match Liquidity	5 April – 20 May 2022	1549-1560
29.	Correspondence between the Board and Prosperity	8 April – 28 June 2022	1561-1565
30.	Company Press Release – Board Update	11 April 2022	1566-1567
31.	Company Press Release – Update regarding GPB and Corporate Options	14 April 2022	1568-1569
32.	Letter of demand for pre-term repayment from GPB to Albynskiy Rudnik LLC in relation to Loan Agreement dated 10 November 2021 No. 133/21-P	18 April 2022	1570-1572
33.	Letter of demand for pre-term repayment from GPB to Malomyrskiy Rudnik LLC in relation to Loan Agreement dated 10 November 2021 No. 134/21-P	18 April 2022	1573-1575

34.	Letter of demand for pre-term repayment from GPB to JSC Pokrovskiy Mine in relation to Loan Agreement dated 21 April 2021 No. 39/21-P	18 April 2022	1576
35.	Event of default and acceleration notice from GPB to the Company in relation to the Term Loan	18 April 2022	1579-1581
36.	Notice of intention of resignation from GPB to the Company in relation to the Term Loan	18 April 2022	1582-1583
37.	Resignation notice from GPB (as agent) to the Company in relation to the Term Loan	19 April 2022	1584-1586
38.	Assignment notice from Joint Stock Company "UMMC-INVEST" ("UMMC") to the Company in relation to the Term Loan	19 April 2022	1587-1598
39.	Company Press Release – Update regarding GPB	20 April 2022	1599-1600
40.	Hannam & Partners ("Hannam") 'teaser' memorandum	20 April 2022	1601-1607
41.	Hannam Process Letter (Stage I)	20 April 2022	1608-1611
42.	Extract showing GPB's designation as a sanctioned person under the Regulations	21 April 2022	1612-1614
43.	Company Press Release – Q1 2022 Production and Sales Report	22 April 2022	1615-1621
44.	Letter from Atlas Mining LLC (on behalf of JSC Pokrovskiy Mine) to Petropavlovsk Rouble Treasury Limited	26 April 2022	1622
45.	Letter from Atlas Mining LLC (on behalf of LLC Malomyrskiy Mine) to Petropavlovsk Rouble Treasury Limited	26 April 2022	1623
46.	Letter from Atlas Mining LLC (on behalf of JSC Pokrovskiy Mine) to the Company	26 April 2022	1624
47.	Structure chart of the Group as at 5 July 2022	5 July 2022	1625
48.	Company Press Release – Update on Guaranteed Notes and Convertible Bonds	29 April 2022	1626-1627
49.	Monthly notice of significant shareholdings in the Company	30 June 2022	1628-1630
50.	Fair market valuation prepared by Kroll Advisory Ltd.	2 May 2022	1631-1674
51.	Minute of board meeting on 3 May 2022	3 May 2022	1675-1678
52.	Correspondence between the Board and UGC	3 May – 7 July 2022	1679-1733

53.	Hannam Process Letter (Stage II)	4 May 2022	1734-1736
54.	Letter from UMMC to LLC Malomyrskiy Rudnik as guarantor under the Term Loan (in Russian and with English translation)	6 May 2022	1737-1740
55.	Company Press Release – Update on debt and gold sales	12 May 2022	1741-1742
56.	Notice of assignment from GPB and Nordic LLC to the JSC Pokrovskiy Mine in relation to the subsidiary facilities (English translation)	12 May 2022	1743-1744
57.	Notice of event of default to holders of the 2022 Notes	15 May 2022	1745
58.	Company Press Release – Update on Gazprombank Debt	16 May 2022	1746-1747
59.	Offer letter from UMMC to the Company	16 May 2022	1748-1758
60.	Letter from Nordic LLC to the Company	23 May 2022	1759
61.	<i>Left intentionally blank</i>		
62.	Letter from UGC to the Company (requisition notice and statement)	4 June 2022	1760-1767
63.	Company’s “Investors” webpage	5 June 2022	1768-1769
64.	Company’s “Contact Us” webpage	5 June 2022	1770
65.	Company’s overview page from Companies House	5 June 2022	1771-1772
66.	Company’s directorship register from Companies House	5 June 2022	1773-1775
67.	Company’s mortgage index from Companies House	5 June 2022	1776
68.	<i>Left intentionally blank</i>		
69.	Form AA01 (change of accounting reference date), as filed at Companies House on 7 June 2022	7 June 2022	1777
70.	Company Press Release – Change of Accounting Reference Date and Corporate Update	7 June 2022	1778-1779
71.	Company’s management report	9 June 2022	1780-1791
72.	HM Government Press Release	26 June 2022	1792-1794
73.	Company Press Release – Moscow Exchange Listing Level Re-classification	27 June 2022	1795-1796

74.	Email chain between GPB and the Company	27- 28 June 2022	1797-1798
75.	Letter from JHA to OFSI	29 June 2022	1799-1818
76.	UMMC Final Extension Letter	30 June 2022	1819-1820
77.	Company Press Release - Resignation of Auditor	1 July 2022	1821-1822
78.	Draft SPA	2 July 2022	1823-1869
79.	Letter from JHA to OFSI	5 July 2022	1870-1871
80.	Company Press Release - Update on Convertible Bonds	11 July 2022	1872-1873
81.	Email from Mr Potapov to the Company with attachment	11 July 2022	1874-1876
82.	Resolutions of a meeting of the board of directors of the Company (approval of administration application)	11 July 2022	1877-1878
83.	GlobalX insolvency search carried out in respect of the Company	11 July 2022	1879-1887
84.	Proposed administrators' statements and consents to act	11 July 2022	1888-1893
85.	Company letterhead	Undated	1894
86.	Draft Estimated Outcome Statement	Undated	1895-1899

INDEX TO EXHIBIT CBEP2
Second witness statement of Charlotte Philipps dated 14 July
2022

Tab	Document	Date	Pages
1.	Albyskiy Rudnik LLC revolving credit line agreement (English translation of Russian original)	10 November 2021	2-13
2.	Statutory Demand	24 May 2022	14-19
3.	Draft minute of meeting on 11 July 2022	11 July 2022	20-28
4.	Letter from Russian Federal Antimonopoly Service ("FAS") addressed to UGC (Russian original and English translation)	11 July 2022	29-34
5.	Company Press Release - Notice of Application for an Administration Order	12 July 2022	35-36
6.	Letter from the Company to MOEX	12 July 2022	37-46
7.	Petropavlovsk 2016 Ltd Press Release - Administration Application by Guarantor	12 July 2022	47-48
8.	Letter from Mr Strukov to the Board	12 July 2022	49-50
9.	Email from Company to Mr Carlo Jimenez	13 July 2022	51-52
10.	Letter from Opus to UGC	13 July 2022	53-54
11.	Letter from UMMC to the Board	13 July 2022	55-56
12.	Letter from Chairman to Mr Strukov	14 July 2022	57-58
13.	Notices from UMMC to Pokrovskiy Rudnik JSC, Albyskiy Rudnik LLC, Malomirskiy Rudnik LLC and TEMI LLC	14 July 2022	59-70
14.	Email from the Company to UGC	14 July 2022	71
15.	Letter from JHA to OFSI	14 July 2022	72-73
16.	Company Press Release - Update on the Application for the Appointment of Administrators	14 July 2022	74

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Third witness statement of Allister Manson dated 27 July 2022

Tab	Document	Date	Pages
1.	VAT assessment notices of the periods from April 2011 – June 2018	1 October 2015 – 22 June 2022	4-51
2.	OFSI non-binding guidance	December 2020	52-90
3.	UK Government Announcement - UK announces new economic sanctions against Russia	15 March 2022	91-95
4.	UMMC ownership chart	6 May 2022	96
5.	Email chain between GPB and the Company	27 - 28 June 2022	97-98
6.	Letter from JHA to OFSI	29 June 2022	99-117
7.	Email chain between the Company and Nordic	29 June 2022	118
8.	Letter from JHA to OFSI	5 July 2022	119-120
9.	Letter from Hannam & Partners to the Administrators	8 July 2022	121-122
10.	Letter from the Administrator to UGC	12 July 2022	123-124
11.	Letter from JHA to OFSI	14 July 2022	125-126
12.	Email from JHA to OFSI	15 July 2022	127-128
13.	Letter from Mr Strukov to the Company	15 July 2022	129-130
14.	Notice from Nordic LLC to TEMI LLC demanding immediate repayment of sums due under the Facilities	15 July 2022	131-132
15.	Letter from Mr Strukov to the Administrators	18 July 2022	133
16.	Administration Order	18 July 2022	134-137
17.	Company Press Release - Appointment of Administrators	18 July 2022	138
18.	Minute for UMMC Board meeting held 19 July 2022	19 July 2022	139-144
19.	Administrator Press Release - Appointment of Administrators & Potential Sale of Assets	19 July 2022	145-147
20.	Letter from the Administrators to Mr Strukov	19 July 2022	148-149
21.	Letter from Administrator to Prosperity	19 July 2022	150-151
22.	Board resolution confirming Mr Ismagilov's appointment	20 July 2022	152-153
23.	FCA supervisory notice re cancellation of LSE listing	20 July 2022	154-155
24.	MOEX notice re cancellation of MOEX listing	20 July 2022	156
25.	Citibank notice of resignation as paying agent in respect of the Convertible Bonds	20 July 2022	157-158
26.	Ocorian Limited resignation notice	20 July 2022	159
27.	Extract of Russian trade register	22 July 2022	160-164

28.	Letter from the Administrators to UMMC	22 July 2022	165-166
29.	UMMC Press Release - Andrey Kozitsyn stepped down from his position as the General director (CEO) of JSC "UMMC" as of 19.07.2022	22 July 2022	167-168
30.	Estimate of Company liabilities	22 July 2022	169-170
31.	Citibank notice of resignation as trustee of the 2022 Notes	25 July 2022	171-172
32.	Letter from JHA to OFSI	25 July 2022	173-174
33.	Letter from JHA to Central Bank of Cyprus	25 July 2022	175-178
34.	Letter from JHA to UMMC	25 July 2022	179
35.	Letter from UMMC to the Administrators and JHA re Mr Kozitsyn	25 July 2022	180
36.	Letter from UMMC to the Administrators containing " <i>final binding offer</i> "	25 July 2022	181-182
37.	SIP 16 statement	27 July 2022	183-211
38.	Draft SPA	Undated	212-258
39.	Draft consent protocol	Undated	259-264

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Fourth witness statement of Allister Manson dated 30 July
2022

Tab	Document	Date	Pages
1.	Opus Pear Tree report	28 July 2022	1-24
2.	Correspondence between JHA and OFSI	27 July 2022 – 28 July 2022	25-30
3.	Emails between stakeholders and Opus	23-28 July 2022	31-87
4.	Email from kpr_spb@mail.ru to Opus	28 July 2022	88
5.	Template letter from Russian shareholders to Russian authorities (Russian original and English translation)	Undated	89-93

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Fifth witness statement of Allister Manson dated 17 August
2022

Tab	Document	Date	Page
1.	Email from the Chancery Judges Listing to JHA re Ms Caroline Edwards email of 10 August 2022	12 August 2022	2 - 4
2.	Email from JHA to the Chancery Judges Listing	15 August 2022	5 - 7
3.	Email from the Chancery Judges Listing to JHA and Ms Edwards	16 August 2022	8 - 12
4.	Administrators' announcement: Appointment of Administrators & Potential Sale of Assets	19 July 2022	13 - 15
5.	Administrators' announcement: Hand-down of Judgment on Administrators' Application	3 August 2022	16
6.	Administrators' announcement: Update from Administrators	5 August 2022	17 - 18
7.	Administrators' announcement: Update from Administrators	8 August 2022	19 - 26
8.	SIP 16 report	8 August 2022	27 - 40