

**JOINT ADMINISTRATORS' CONSENT UNDER
PARAGRAPH 64 OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986**

Pursuant to paragraph 64 of Schedule B1 to the Insolvency Act 1986 (**IA 1986**), Mr Allister Jonathan Manson, Mr Trevor Binyon and Ms Joanne Rolls (the **Joint Administrators**), the joint administrators of Petropavlovsk PLC (the **Company**), hereby consent to the exercise of the powers set out below by the undersigned directors of the Company (the **Directors**), subject always to the restrictions and conditions set out below and subject always to their entitlement to revoke or vary the consent at any time.

For the avoidance of doubt, the Joint Administrators have only provided their consent to the exercise of these powers on the basis that:

- (i) they are satisfied that the statutory purpose of the administration is reasonably likely to be achieved; and
- (ii) they are satisfied that they have no grounds to suspect that the conduct of any of the Directors renders them unfit to be concerned in the management of the company within section 6(1)(b) of the Company Directors Disqualification Act 1986.

The Joint Administrators have been provided with a Summary of the Governance Arrangements for the Company, which is appended hereto as Annex 1. The Joint Administrators have noted the extent of the Board's likely exercises of its powers as set out therein.

The Joint Administrators do not consent to the exercise of any other powers by the Directors, although they remain willing to consider any additional requests for further consents that may be required.

PART 1—Powers

1 Powers

- 1.1 The power to exercise the powers conferred upon the Directors by the Articles of Association and related governance documents of the Company in order to carry on the day-to-day business of the Company in the ordinary course of the Company's business, and in particular to perform the functions set out in Annex 1 hereto, subject always to the terms and conditions herein.
- 1.2 The power to manage, instruct and direct the employees of the Company in accordance with the functions set out in Annex 1 hereto.
- 1.3 Without prejudice to the generality of the foregoing or of the contents of Annex 1, the power to consider and, if the Directors think fit, approve any request made by or on behalf of one or more of the Company's subsidiaries in respect of any matter relating to the management or operation of the business of the Company's subsidiaries, including (without limitation) any request in respect of any of the following matters:
 - 1.3.1 any request for approval to enter into any contract for the supply of goods and services, provided such request is supported by sufficient supporting information to allow the Directors to assess such request properly;

- 1.3.2 any request for approval of any action or proposed action relating to compliance with any obligation on the part of any subsidiary of the Company relating to environmental protection and/or health and safety, and in the exercise of any oversight of such matters;
- 1.3.3 any request for approval of any payment by way of salary, bonus or other compensation to any employee of any subsidiary of the Company, and/or any material variation of any contract of employment between a subsidiary and an employee,

in each case, subject always to the obligation to inform the Joint Administrators of any such request made before approving such request.

PART 2—Conditions

2 Conditions

2.1 General

The powers set out above shall be exercised only:

- 2.1.1 in order to carry on the day-to-day business of the Company in the ordinary course of the Company's business; and
- 2.1.2 for the purpose of achieving the statutory purpose or purposes of the administration as notified to the Directors by the Joint Administrators from time to time.

2.2 Company property

The Directors shall ensure that they safeguard and maintain the books and records of the Company (including the retention of emails), and they shall provide the Joint Administrators with access to all books, records and other documents as the Joint Administrators may require. They shall immediately notify the Joint Administrators of any disclosure of any such information to any third party.

- 2.3 The Directors shall provide the Joint Administrators with access to all property of the Company as the Joint Administrators may require.

2.4 Bank accounts

The Directors shall forthwith ensure that:

- 2.4.1 the Joint Administrators are provided with details of the Company's pre-administration bank accounts (including sort codes and account numbers); and
- 2.4.2 the Joint Administrators are authorised to communicate with the Company's bank(s) and to obtain online access to the Company's pre-administration bank accounts.

2.5 Control and monitoring

The Directors shall comply within 24 hours with all requests for information as the Joint Administrators may require.

- 2.6 The Directors shall inform the Joint Administrators, in sufficient time to enable their attendance, of all board meetings of the Company, and shall provide copies of the board minutes to the Joint Administrators as soon as reasonably practicable thereafter.
- 2.7 The Directors shall inform the Joint Administrators immediately of any threatened or actual termination by contractual counterparties (or requests by counterparties to vary terms).
- 2.8 The Directors and the Joint Administrators shall attend a meeting (to be held in person or by video link as may be agreed between them) each week at a time to be agreed for the purposes of discussing the business and affairs of the Company with the Joint Administrators.
- 2.9 Without prejudice to the foregoing, the Directors shall meet with the Joint Administrators in person or by video link within 24 hours of the Joint Administrators' request for the purposes of reporting to the Joint Administrators on the business and affairs of the Company.
- 2.10 Where the Directors are directly in control of any Company funds, they shall prepare:
- 2.10.1 weekly management accounts and such other records of a type that would ordinarily be prepared by the Directors showing a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
 - 2.10.2 daily receipts and payments account;
 - 2.10.3 daily account of all costs/expenses incurred during the administration;
- 2.11 The Directors shall provide such management accounts and other books and records to the Joint Administrators on a weekly basis, or at the request of the Joint Administrators, during the administration
- 2.12 **Restrictions**
- The Directors shall not, without the prior consultation of the Joint Administrators:
- 2.12.1 enter into, renew, adopt, terminate or vary any contract of employment;
 - 2.12.2 negotiate or otherwise vary the terms of any business lease with the Company's landlord(s);
 - 2.12.3 negotiate or otherwise vary the terms of any contract for the supply of essential goods and services as defined by IA 1986, s 233;
 - 2.12.4 borrow new money;
 - 2.12.5 subject any asset to any new mortgage, charge or security interest;
- 2.13 The Directors shall obtain the Joint Administrators' prior written consent before:
- 2.13.1 paying any salaries or other sums to any of the Directors or any other persons connected with the Company within the meaning of IA 1986, s 249; or
 - 2.13.2 entering into any other transactions with the Directors or with such persons.

PART 3 – Expenses and Remuneration

3 Expenses and Remuneration

- 3.1 The Joint Administrators agree that in the event that the Directors reasonably incur any liabilities or expenses in relation to any claim or threatened claim against them arising out of the exercise of any of the powers set out herein, which would give rise to a claim against the Company by way of indemnity pursuant to Article 157 of the Articles of Association of the Company, such liabilities or expenses will be payable as an expense of the administration.
- 3.2 The Directors agree that they will promptly notify the Joint Administrators of any claim or threatened claim that may give rise to such a liability.
- 3.3 The Joint Administrators agree that the Directors may be compensated for the time involved in exercising any of the powers set out herein or performing any functions related thereto, to be paid as an expense of the administration. Such compensation will be equal to £300 per hour for each Director, to be paid within 7 days of presentation of an invoice for any such amount claimed.

PART 4 - Termination

4 Termination

- 4.1 The Joint Administrators are entitled to revoke or vary this consent at any time (subject to the Directors’ right to apply to the Court, on notice to the Joint Administrators, to challenge the Joint Administrators’ decision to do so).
- 4.2 For the avoidance of doubt, this consent does not affect, and is without prejudice to, the rights and duties of the Joint Administrators and the Directors under any applicable laws.

Signed by [<i>insert name of administrator</i>], administrator (without personal liability), for and on behalf of Petropavlovsk plc (in administration) Administrator
Signed by: James Cameron
Signed by: Charlotte Philipps
Signed by: Mikhail Irzhevsky

ANNEX 1

Overview of Petropavlovsk plc Governance structure

Background

Russian law gives strong powers and rights to a general director of a company. In order to reduce the risk associated with many 'human' general directors, POG adopted a format that replaces the individual manager of subsidiaries with Atlas Mining.

Atlas Mining's managing director is Denis Alexandrov, who also is group CEO. The Board has adopted a delegation of authority policy together with the Terms of Reference for the Executive Committee. The delegation of authority requires that the Board of Directors approve all contracts in excess of \$1mm. There is a schedule of matters reserved for Board approval. Anything within that schedule must be referred to the board for approval wherever it arises in the group. This includes setting strategy, budgets, culture, approving changes to capital or corporate structure, significant transactions or litigation, related party transactions. There are additional policies overseen by the Board (such as the delegation of authority which sets sign-off limits at different levels of seniority on transactions by value, fundamental safety rules, related party transactions, code of ethics) which build on these principles and are binding across the group.

In addition, the Board communicates with key managers such as the CEO, CFO, Head of Internal Audit, Head of HR and Head of HSE on a regular basis to ensure that no red flag issues arise, and that the Board is fully apprised of the company's operations. The CFO and Head of Internal Audit report to the Chair of the Audit Committee.

Atlas Mining LLC oversight can be described under four principal headings:

- 1) Any matter reserved to the board under the schedule of matters reserved and Delegation of contract authority in excess of \$ 1mm
 - a. Contract approval via email (all directors consent)
 - b. Contract approval via meeting of the BoD
 - c. Contract information provided in accordance with format developed by Internal Audit and Board
 - d. Board seeks input from Internal Audit, CFO and gets informed about the operations of the tender committee.

- 2) HSE (Health and Safety and Environment are combined functions)
 - a. All serious accidents and incidents have to be reported to the BoD within 24hours
 - b. In case of an accident or incident the BoD communicates with the head of HSE and ensures that policies are updated and, where required a proper investigation into the causes of an accident or incident are carried out.
 - c. The Board receives and reviews monthly HSE reports from the Head of HSE and engages with the head of HSE to further improve the HSE performance of the company.

- d. The Board's SSW committee (chaired by Mikhail Irzhevsky) oversees HSE performance and receives quarterly updates.
- e. The board approves HSE policies and budget.

3) Human Resources

The company has a 'RemCo population', a set of managers that are subject to the oversight of the Remuneration Committee. These are (a) the company secretary; (b) the CEO, CFO and head of Internal Audit, (c) the heads of mines; and (d) the Atlas N-1.

- i. Material changes to contracts
- ii. Award of bonuses
- iii. Award of special leave
- iv. Retention and dismissal of RemCo population employees

4) General Governance

The Board has regular communications with senior managers in PLC and on Atlas Mining level in order to maintain an oversight of the operations, to receive updates on key issues and to be appraised of red flags. In general, a regular contact between senior management and the Board ensures that management stays closely aligned with the objectives of the Board. The Board receives monthly reports on performance from management.