

High Court of Justice Case No. 002121 of 2022

Petropavlovsk PLC (In Administration) (“the Company”)

The Joint Administrators’ Progress Report to 17 January 2023

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Allister Jonathan Manson, Trevor John Binyon and Joanne Kim Rolls were appointed Joint Administrators of Petropavlovsk PLC on 18 July 2022. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

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1. THE PROGRESS OF THE ADMINISTRATION

1.1. The Joint Administrators' receipts and payments account

Attached at Appendix II is a receipts and payments account for the Review Period (18 July 2022 to 17 January 2023).

The rest of this report describes the key developments in the Administration over the Review Period. For a detailed list of work undertaken by the Joint Administrators as a whole, see Appendix V.

In this section, we have summarised the main asset realisations during the Review Period and an estimate of those assets yet to be realised, together with details of the associated costs incurred but remaining unpaid.

We would recommend that this report is read in conjunction with the Joint Administrators' Proposals dated 8 September 2022 for further background and detail in relation to the Administration of the Company. The Proposals can be accessed on the creditor portal and at <https://petropavlovskplc.com/administration-news/>.

1.2. Administration (including statutory reporting)

The Joint Administrators have carried out a significant amount of work to ensure that their statutory and regulatory obligations. Whilst some of these tasks have not directly resulted in realisations for the insolvent estate, they were necessary for the efficient and compliant progressing of the Administration.

During the Review Period, these tasks have included:

- Providing information to stakeholders, including by:
 - Informing all relevant persons of the commencement of the Administration, including filing statutory documents at Companies House and meeting statutory advertising requirements;
 - Issuing the Joint Administrators' Proposals, seeking relevant creditors' approvals and issuing notice of the outcome;
 - Issuing the Joint Administrators SIP16 Disclosure Report to creditors;
 - Negotiating, concluding and implementing a transaction for the sale of the Company's principal assets by way of a sale and purchase agreement ('SPA') dated 1 August 2022;
 - Realising assets of the Company (as detailed further below);
 - Considering, and ultimately, proposing a Scheme of Arrangement with the Company's creditors, with a Sanction Hearing taking place at the High Court on 20 January 2023 for the Court to sanction the Scheme;
 - Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
 - Maintaining case files, which must include records to show and explain the Administration and any decisions made by the Joint Administrators that materially affect the Administration;
 - Monitoring and maintaining an adequate statutory bond;
 - Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements;
 - Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments;
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- Dealing with matters relating to the Administration bank account and liaising with Citi Bank;
- Issuing updates to all stakeholders at various key stages of the Administration process which includes publications on the Company's website;
- Various Court hearings and liaising with solicitors and counsel;
- Identifying all bond and noteholders to the extent possible and preparing to make the payments due to them under the Scheme of Arrangement.
- Adjudicating on all creditor claims advanced against the Company; and
- Preparing to make distributions to all classes of creditors.

1.3. Realisation of assets

On 1 August 2022, following a Court Order of Jonathan Hilliard KC sitting as a Deputy Judge of the High Court made on that date which granted the Administrators the liberty to enter in the transaction, the Administrators and UMMC executed the Sale and Purchase Agreement ("SPA").

This transaction impacted the subsidiary companies of the Company as the transaction includes the shares of these subsidiary companies.

UMMC purchased the shares in the following companies, which are direct subsidiaries of the Company:

- Cayiron Limited
- LLC Albynskiy Rudnik
- Petropavlovsk (Cyprus) Limited
- JSC Pokrovskiy mine
- Eponymousco Limited
- Victoria Resources Limited
- Petropavlovsk Mining Treasury UK Limited
- Sicinius Limited
- JSC MC Petropavlovsk
- LLC Atlas Mining

The transfer of the shares was substantially completed on 7 September 2022.

The total consideration payable by UMMC was \$619m, summarised as follows:

- The Administration Fund of \$20m
 - The Administration Top Up Fund of \$10m
 - The Contingency Fund of \$6m
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- The Adjusted Cash Consideration being the surplus amount of \$380.5m less the value of any 2022 Notes that are already held by the Purchaser that has been agreed by the seller as clean.
- The 2022 Note Consideration Amount; and the face value of the Buyer 2022 Notes. The Notes held by the Purchaser by completion date. UMMC had purchased 177,509 as at the completion date.
- The Term Loan Consideration – an amount equal to any and all outstanding amounts payable in respect of the Term Loan from time to time (save for any statutory interest payable in respect of the Term Loan). This is anticipated to be \$202,500,000 and is owed to UMMC. This figure will be offset against UMMC's claim as an unsecured creditor in the Administration following the completion of distributions to all creditors. Any and all surplus funds following the offset, will be returned to UMMC once the distributions have been made.

Adjusted Cash Consideration under SPA

The Joint Administrators have received £155,969,423.39 Adjusted Cash Consideration from UMMC in accordance with the SPA. 2022 Notes totalling \$200,729,643 were purchased by UMMC prior to completion and were transferred to the Company, thus reducing the Adjusted Cash Consideration. We do not anticipate any future realisations on this amount in relation to the Adjusted Cash Consideration.

Administration Fund under SPA

The Joint Administrators have received £6,167,762.65 from UMMC with the potential of a further \$10,000,000 capable of being called upon, should the Joint Administrators require additional funds to dispense the costs of the Administration. It is not currently anticipated that the additional funds will be required.

Contingency Fund under SPA

The Joint Administrators have received £3,439,085.20 from UMMC. There remains a further potential future realisation of \$2,000,000 available to the Administration from the purchaser to cover costs of the Administration if required, to defend against any potential claims against the Administration.

Cash at bank

The sum of £141,477,199.84 has been realised to date as cash at bank, and there are no further realisations anticipated to be made in this respect.

Rates Refund

The Joint Administrators have realised £21,714.89 from Westminster Council regarding the business rates, as a refund on rates paid to the council in advance of the appointment date.

Refund of Retainers

The Joint Administrators have realised the sum of £4,315.93 in relation to a balance held on account as a retainer by William Fry LLP, for work done by them on behalf of the Company prior to the appointment. It is not anticipated that further realisations will be made in this regard.

The Administrators have also realised £69,598.50 in relation to a retainer of £115,585 paid to Bird & Bird by the Company prior to our appointment. The difference in the figures is due to Bird & Bird deducting its outstanding fees. We do not anticipate there will be any future realisations.

Gold

The Joint Administrators have realised £650 in relation to gold that was held by the Company in its premises.

Miscellaneous Income

The Administrators have realised £642.93 in relation to funds received from multiple parties prior to bank account being held by the Administrators.

Critical Illness Scheme

The Administrators have realised £532.20 in relation to a refund in respect of a critical illness scheme the Company had in place for the employees of the Company with Standard Life prior to appointment.

Group Life Assurance Scheme

The Administrators have realised £2,125.70 in relation to a refund in respect of a group life assurance scheme the Company had in place with Standard Life prior to appointment.

Credit Card Refund

The Administrators have realised £3,944.61 regarding a business credit card used by the employees of the Company and subsequently closed.

1.4. Estimated future realisations

There remains the sum of approximately \$25 million held in a bank account with Bank GPB International S.A. ("GPB Luxembourg"). The Administrators consider on advice that a licence from the Office of Financial Sanctions Implementation ("OFSI") is required before these funds can be accessed by the Administrators. That application was made in October 2022 and the Joint Administrators and their solicitors are in ongoing correspondence with OFSI. Given that nature of the realisations and the requirement for a licence from OFSI, it is difficult to anticipate when these funds will be realised.

There also remains the sum of £91,363 outstanding and due from BDO, who were paid a retainer on account prior to the Administration. The Joint Administrators continue to pursue this debt and repayment into the estate.

The Joint Administrators have not yet realised any amount in relation to furniture and equipment. We anticipate future realisations totalling £5,000 from the sale of the assets at the next available auction. These sales are being completed by the instructed asset agent PDS Valuers. Further details regarding this agent are stated below in the Other Professionals Instructed section.

1.5. Costs incurred but remaining unpaid

The following table summarises the costs incurred during the Review Period, but which remain unpaid:

Cost Description	Amount (£)
Legal fees (JHA and Counsel fees)	£972,430.98
TOTAL	£972,430.98

There are some outstanding fees incurred by JHA, this is because the invoices concerning these amounts were received post the Review Period but related to costs that were incurred during the Review Period. As such these costs were not paid during the Review Period for this reason.

During the Review Period, the Joint Administrators have also incurred time costs and direct expenses, not all of which have yet been discharged. Further details of these costs are set out in section 5 below.

2. CREDITORS: CLAIMS AND DISTRIBUTIONS

2.1. Secured creditors

There are no secured creditors.

2.2. Preferential creditors

Joint Administrators and their staff have incurred significant time costs in assisting employees to calculate and finalise what entitlements they would be due following their termination of employment. Employment legal advice was received for the additional complexity of their redundancies following their post-appointment employment. The Joint Administrators adopted the employees contracts post-appointment to assist with all matters relating to the Bond and Note Holders, the shareholders, and the sale of the assets, for use of their vital knowledge and experience of the Company.

Preferential claims relating to unpaid holiday pay and pension contributions were estimated at £98,451 in the Administrator's Estimated Financial Statement. There will be sufficient realisations to pay a dividend, in full, to preferential creditors in full.

2.3. Secondary Preferential creditors

In any insolvency process started from 1 December 2020, HMRC is a secondary preferential creditor for the following liabilities:

- VAT
 - PAYE Income Tax
 - Employees' NIC
 - CIS deductions
 - student loan deductions
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This will mean that, if there are sufficient funds available, any of the above amounts owed by the Company will be paid after the preferential creditors have been paid in full.

The Joint Administrators and their staff have incurred significant time costs in finalising HMRC's claim which has included email correspondence and meetings with HMRC staff from the relevant departments.

Secondary Preferential claims relating to VAT and PAYE were estimated at £12,904,353 in the Administrator's Estimated Financial Statement.

Significant time has been incurred liaising with HMRC directly and the Joint Administrators instructed accountants to minimise the final claim of HMRC. The final claim is yet to be received from HMRC, however it is estimated to now be in the region of £3 million. This would result in a significant saving from the initial estimated claim to HMRC.

There will be sufficient realisations to pay a dividend, in full, to secondary preferential creditors.

2.4. Unsecured creditors

Unsecured creditor claims, including claims of the Petropavlovsk 2010 and the Petropavlovsk 2016 Note and Bond Holders, were estimated at £1,681,794,629 in the Administrator's Estimated Financial Statement. It is anticipated that a dividend will be paid to unsecured creditors.

The distribution process will be made through the creditor and Court approved Scheme of Arrangement ("the Scheme"). The details of the Scheme are as follows:

A convening Hearing was held on 21 December 2022 where the High Court approved the Company calling a meeting of its relevant creditors to vote on the Scheme.

The Creditors of the Company were then notified to vote on the Scheme with a creditors meeting held on 11 January 2023. The Scheme was approved by the creditors at this meeting.

Subsequent to the Review Period, the High Court sanctioned the Scheme, as approved by creditors, on 20 January 2023. The Scheme Effective Date was 30 January 2023.

The distribution process is currently underway following the Scheme Effective Date, and payments have been made to date, following the end of the Review Period, to the unsecured creditors in full. The payments to the Bond and Note Holders are yet to be distributed.

2.5. Claims process

Due to the imminent distribution to unsecured creditors from the Scheme detailed above, you are requested to submit claims to the address on the front of this report as soon as possible, marked for the attention of Allister Manson, if you have not already done so.

In accordance with the Scheme, unsecured creditors have a deadline of 90 days from the date of the Scheme Effective Date to submit a claim into the Scheme if a claim has yet to be submitted. Bond and Noteholders have a deadline of 365 days from the date of the Scheme Effective Date to submit a claim into the Scheme if a claim has yet to be submitted. Any claims should be submitted to the Managing Agent, I2 Capital Markets Limited using the details provided in the Proof of Debt form.

A Proof of Debt form is attached at Appendix VI.

3. INVESTIGATIONS

3.1. Investigations

In accordance with the Joint Administrators' statutory duties, an investigation into the conduct of the Company Directors was carried out.

In this regard, a confidential report was submitted to The Insolvency Service on 17 October 2022.

3.2 Initial Assessment of Potential Recoveries

As part of our duties as Joint Administrators, we are obliged to review shortly after appointment all the information available to us and conduct an initial assessment of whether there are any matters which may lead to any recoveries for the benefit of creditors. This would typically include any potential claims which may be brought against parties either connected to or who have past dealings with the Company.

This review has been completed and we confirm that we did not identify any further assets or actions which would lead to a recovery for creditors.

4. ETHICS

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

4.1 General ethical considerations

Prior to the Joint Administrators' appointment, the following threats potential issues were identified:

- Professional Competence and Due Care – the particular complexities and high-profile nature of this case, coupled with the unfavourable sanctions landscape in which the Group finds itself, could be deemed to present an ethical threat. However: (i) the Joint Administrators are satisfied that the significant experience and knowledge possessed by the Administrators' team (and their advisors) is commensurate to the risk of any potential ethical breach. The core Administration team is made up of the three Joint Administrators (who are all licenced insolvency practitioners with significant experience), three Associate Directors, a Senior Administrator and two
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paralegals; and (ii) the Joint Administrators have carefully considered, with the benefit of specialist legal advice, the risk presented by applicable sanctions legislation and have taken steps to mitigate that risk, which were set out in detail to the Court.

- Validity of Appointment – in order to provide complete transparency to all and any potential stakeholders regarding the validity of the Administration, and to provide an opportunity for any party to attend and participate in the process of appointment, the appointment of the Joint Administrators was sought by way of an application to Court. The appointment of the Joint Administrators was made at a Court hearing on 18 July 2022 (as set out in the subsequent Order dated 19 July 2022).

The safeguards put in place to mitigate these threats are:

- An internal ethical review having been completed by Opus and approved by the Joint Administrators;
- Disclosure of the potential ethical matters identified in our letter dated 4 August 2022 (and, similarly, to the Court); and
- The team dealing with the Administration having had no prior involvement or relationship with the Company or its Directors.

The safeguards have been reviewed continuously and we are satisfied that the issues identified above are being appropriately managed. No other threats to compliance with the Code of Ethics have arisen in the Review Period.

4.2 Specialist Advice and Services

When instructing third parties to provide specialist advice and services or having the specialist services provided by the firm, the Joint Administrators are obligated to ensure that such advice or work is warranted and that the advice or work contracted reflects the best value and service for the work undertaken. The firm reviews annually the specialists available to provide services within each specialist area and the cost of those services to ensure best value. The specialists chosen usually have knowledge specific to the insolvency industry and, where relevant, to matters specific to this insolvency appointment. Details of the specialists specifically chosen in this matter are detailed below.

Legal Advisors and Corporate Agents

- Joseph Hage Aaronson LLP (“JHA”) advised in relation to legal issues surrounding the Sale including negotiation of the SPA and subsequent work in relation to completing the Sale. They have continued to assist the Joint Administrators with matters arising in the Administration. JHA were initially instructed by the Company pre-appointment (alongside insolvency counsel) to assist with placing the Company into Administration and preparing the required documentation, including the initial application to Court for the appointment of administrators, as well as subsequent Court applications by the Administrators.
 - In addition, JHA advised on the potential impact of sanctions on the Administration and the sale of the Company’s assets and assisted in corresponding multiple times with OFSI. The majority of JHA’s pre-appointment costs were paid by the Company during the pre-Administration period.
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- JHA have also extensively worked on preparing and organising the Scheme of Arrangement in order to facilitate payment to the creditors. During the Review Period, their costs have totalled £1,789,380.21, and have been paid a total to date of £816,949.23, including costs paid to Counsels and legal disbursements.
- The Joint Administrators also instructed insolvency counsel (Peter Arden KC and Joseph Wigley) and sanctions counsel (Jim Sturman KC) to provide specialist advice and representation. The above costs to JHA also include payments to Counsel that were included in the invoices from JHA.
- Legal advice has been provided by Isadore Goldman Limited in relation to the Company's leasehold interest in its trading premises. Isadore Goldman provided advice regarding whether to assign or surrender the current lease. During the Review Period, their costs have totalled £1,704.00, and have been paid in full.
- DAC Beachcroft LLP ("DAC") were instructed by the Company prior to the Administration to deal with the outstanding employee claim prior to our appointment. The Joint Administrators instructed DAC to continue providing advice and assistance in dealing with this following their appointment. This matter is ongoing. During the Review Period, their costs have totalled £10,352.00, and have been paid in full.
- Shoosmiths LLP have been instructed to provide advice relating to all employment matters with the existing team and any potential TUPE implications. They assisted with the employee retention agreements entered into by the Company prior to Administration, as well as providing other employment and insolvency advice. During the Review Period, their costs have totalled £89,040.00, and have been paid in full.
- As stated above, in order to facilitate the transfer of the shares the Company holds in its key subsidiaries as part of the Sale, lawyers have been instructed in various jurisdictions to assist in preparing the relevant legal paperwork and documentation. The professionals instructed are:
 - Harneys Fiduciary (Cayman) Limited – Cayman Island Shares. During the Review Period, their costs have totalled £24,859.41, and have been paid in full.
 - Infracore, a Russian law firm, have provided Russian legal advice throughout the administration. During the Review Period, their costs have totalled £80,312.37, and have been paid in full.
 - Baker Tilly – Cyprus Shares. To date, no costs have been paid to them.

Accounting and Tax Advisors

- MHA assisted with all tax related matters, including advising on any tax arising as a result of the Sale. MHA have also provided advice regarding the Company's liability to HMRC in respect of VAT. MHA were the Company's auditors prior to our appointment. Following the decision to apply for Administration, MHA resigned from their position as auditors in order to be able to advise the Joint Administrators. This was duly announced by the Company. It should be noted that MHA resigned as
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auditors prior to providing any advice in relation to the Company's tax matters. MHA have now completed the Corporation Tax returns for the Company for the periods ended 28 February 2022, 17 July 2022 and 31 October 2022. During the Review Period, their costs have totalled £67,690.00, and have been paid in full.

- A4G provided advice in connection with stamp duty arising on the sale of the UK based shares and withholding tax on the Term Loan. During the Review Period, their costs have totalled £47,000.00, and have been paid in full.
- Opus Pear Tree Ltd (OPT) and Pear Tree Forensic Accounting Ltd (PTFA) associated companies to the Joint Administrators and Opus Restructuring LLP, and provided advice in relation to sanction checks the Administrators wanted to undertake before proceeding. During the Review Period, their costs have totalled £45,543.75, has been paid in full.
- The Joint Administrators also instructed tax counsel (Rupert Baldry KC) to provide specialist advice and representation. The above costs to JHA also include payments to Counsel that were included in the invoices from JHA.

Other professionals instructed

- SIA Group, professional valuers, were instructed to assist with the practical advice and valuation of the lease. During the Review Period, their costs have totalled £6,000.00, and have been paid in full.
 - GN2, property agents, were instructed by the Company pre-appointment to identify an interested party for an assignment of the lease and were subsequently instructed by the Joint Administrators to assist with the proposed assignment of the lease to the interested party identified. However, since our appointment, negotiations have broken down. To date, no funds have been received and costs have been paid to them.
 - Office Freedom, property agents, were instructed to source alternative offices. The Company vacated their old office at the end of September 2022 into a new office from the beginning of October 2022. To date, no funds have been received and costs have been paid to them.
 - Burton & Smith Moving Limited were instructed to assist with the office move at the end of September 2022. This involved providing resources to carry out the relocation including crate hire delivery and collection. During the Review Period, their costs have totalled £1,535.62, and have been paid in full.
 - PDS Auctioneers & Valuers, a firm of chattel agents, was instructed by the Joint Administrators to undertake inventories and valuations of the Company's chattels and intangible assets where appropriate. The agent has been instructed to realise the assets once trading has ceased. These assets have negligible value in the overall context of the Administration. To date, no funds have been received and costs have been paid to them.
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- The Company's pre-appointment public relations company and webmaster, Thoburns, has been instructed to assist with publication of updates by the Joint Administrators to the Company's website. As explained above, publication in this way is intended to ensure that interested parties are kept abreast of the Administration and are supplied with copies of relevant documentation. During the Review Period, their costs have totalled £7,423.35, and have been paid in full.
 - Clumber Consultancy Limited have been instructed to assist with matters relating to the Company's pension scheme. Work will be required to wind down the pension scheme and deal with the RPS regarding any unpaid pension contributions which will be claimed in the Administration as a preferential creditor claim. During the Review Period, their costs have totalled £1,274.40, and have been paid in full.
 - The post-appointment insurance requirements are being dealt with by Marsh Commercial Limited who have been instructed to maintain adequate insurance cover for of the Company in Administration. To date, no funds have been received and costs have been paid to them.
 - The Joint Administrators are due to instruct CAPA, a firm of specialists in dealing with assessing the business rates position and whether the Company are entitled to any potential refunds. CAPA are contractually entitled to be remunerated by reference to a percentage of any refunds achieved. To date, no funds have been received and costs have been paid to them.
 - The Trustees of the 2010 Bonds, is Apex. The Trustee of the 2022 Notes was until recently, CitiBank and is now I2 Capital Markets. The Joint Administrators have engaged in ongoing dialogue with the trustees in order to assist with future distributions to the bond and noteholders. During the Review Period, their costs (Apex and Citi-Bank) have totalled £115,123.17, and have been paid in full.
 - Nick Hood, an external consultant to Opus, who has significant experience with the media has been retained to assist with managing the public relations both prior to and following the Administration. Nick Hood will be paid on an hourly rate and is working alongside the Joint Administrators' team. During the Review Period, their costs have totalled £15,960.00, and he has been paid in full.
 - Imperial & Legal have provided payroll information for the employees whilst they have remained employed. During the Review Period, their costs have totalled £375.00, and they have been paid in full.
 - I2 Capital Markets Limited ("I2") have been instructed following the resignation of Citibank as Trustee for the 2022 Notes. I2 have been instructed to facilitate the distribution and payment of Note and Bond holders in a capacity of Settlement Agent. They have also been instructed in the capacity of Tabulation Agent which involves them collating information on Bond and Note holders who claim in the Scheme and ensuring sufficient checks are completed on their Sanction status. They were also instructed as Information Agent and in this capacity, they would communicate with holders any information that the Joint Administrators may wish to publish to holders. I2 have also been instructed to arrange payments of the
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unsecured creditors, and distributions to the unsecured creditors have been made in full following the Review Period. To date no costs have been paid to them.

- All professional fees are based upon the parties' recorded time costs incurred at their standard charge out rates, unless a fixed fee is agreed or a percentage of realisations and will be reviewed and agreed by the Joint Administrators before being approved for payment.

5. THE JOINT ADMINISTRATORS' FEES AND EXPENSES

5.1. Pre-Administration Costs

Included within the Joint Administrators' Proposals was a Statement of Pre-Administration Costs.

These costs were approved on 26 September 2022, as detailed below:

All amounts exclude VAT *Conversion rate used 1.148. This may be subject to change.	Amount approved \$	Converted to £ as at 17.01.2023 £ (Conversion rate: 0.81420)
Opus Restructuring LLP	1,635,900	1,331,949.78
OPT and Pear Tree Forensic Accounting	50,947	41,481.05
Outlook Investment Ltd	14,350	11,683.77
Agents' costs – SIA Group	6,888	5,608.21
Agents' costs – PDS Valuers	2,623	2,135.65
Transfer of Shares Legal Fees – Infralex	46,139	37,566.37
ERA Specialists Fee	689	560.98
MHA MacIntyre Hudson	120,540	98,143.67
JHA	1,238,110	1,008,069.16
JHA – disbursements	313,173	254,985.46
Total	3,429,359	2,792,184.10

Further pre-appointment costs were approved on 28 November 2022, as below:

All amounts exclude VAT (unless otherwise stated)	Amount approved £
Weil, Gotshal & Manges (London) LLP	1,028,289.72 (including disbursements and VAT)
Nick Hood	38,750

Total	1,067,039.72
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5.2. The Joint Administrators' Fees

By resolution of the creditors, it was agreed that the basis of the Joint Administrators' remuneration should be as a fixed fee and the sum of £2,800,000 plus VAT was agreed.

Notwithstanding creditors' approval of a fixed fee, the Joint Administrators have also set out a breakdown of the time costs incurred during the Review Period and for the Administration as a whole at Appendix III to assist creditors. Further information regarding the charge-out rates of the Joint Administrators and their staff is provided at Appendix IV.

Expenses

An amended Statement of Insolvency Practice (SIP), SIP 9, was issued on 1 April 2021. The amended SIP 9 has changed some of the terminology and introduced additional disclosure requirements. The information below may therefore not reflect the information previously provided.

The expenses, which include disbursements, that have been incurred and not yet paid during the period are detailed below. Also below is a comparison of the expenses likely to be incurred in the Administration as a whole with the original expenses estimate, together with reasons where any expenses are likely to exceed that estimate.

The category 1 expenses paid for in the period are detailed on the Receipts and Payments account at Appendix II and represent payments to parties not associated with the firm, who have provided services or goods for the administration of the assignment.

The category 2 expenses paid for in the period are detailed on the Receipts and Payments account at Appendix II. The basis of calculation of this category of expense was disclosed to creditors prior to their approval, which was given on 26 September 2022, and are also detailed below.

Information about this insolvency process may be found on the R3 website at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors' Guide to Fees' together with the firm's charge-out rate and expenses policy may be found at www.opusllp.com. A hard copy of both the Creditors' Guide and the firm's charge-out rate and expenses policy may be obtained on request.

Other professional costs

Sub-contracted work

During the administration of the case some of the work that was required to be undertaken was sub-contracted. The work consisted of providing employment advice and calculations on estimated redundancy costs as well as liaising with the current pension provider to understand the pension position. This work was contracted to Clumber Consultancy Ltd ("Clumber") who is an unconnected party. This work could have been carried out by the office holder and their staff, but the decision was made to instruct Clumber, because they are a reputable and respected firm who provide a wide range of specialist Employee,

Pension & Cyber Security services for businesses and the UK Restructuring and Insolvency market. Clumber are a common instruction on Opus cases, and they have demonstrated that they are reliable and good value. Clumber are specialist sector and there are not many others that provide this service. This work is ongoing and their costs to date are £1,274.40, which has been paid in full.

Associates

Nick Hood was instructed as a media and public relations liaison in relation to assist with managing the public relations both prior to and following the Administration and as previously advised they are considered associates under SIP 9. Their costs have been agreed and approved by creditors on 26 November 2022 on the basis of time costs, plus disbursements and VAT. Their fees for the Review Period amount to £15,960. Their total time costs from the date of appointment amount to £15,960 and they have been paid in full.

Opus Pear Tree Ltd and Pear Tree Forensic Accounting Ltd were instructed as forensic accountants to conduct a forensic review of the bondholder position and debts held both prior to and following the Administration and as previously advised they are considered associates under SIP9. Their costs have been agreed and approved by creditors on 26 November 2022 on the basis of time costs, plus disbursements and VAT. Their fees for the Review Period amount to £45,543.75. Their total time costs from the date of appointment amount to £45,543.75 and they have been paid in full.

Comparison of estimates

The expenses incurred to date are compared with the original expenses estimate as follows:

Petropavlovsk PLC (In Administration)
The Joint Administrators' Progress Report to 17 January 2023

	Original expenses estimate \$ (estimate was provided in the Proposals in \$)*	Original expenses estimate converted to £ as at 17.01.2023. £ (Conversion rate: 0.81420)	Actual expenses incurred in the Review Period £ (payments of expenses have been made in £)	Reason for any increase (if the expenses are likely to, or have, exceeded the original estimate)
Legal Fees (JHA)	1,607,200.00	1,308,582.24	661,854	
Legal Disbursements (JHA)	212,960.58	173,392.50	155,095.23	
Legal Fees (Sanctions)	300,000.00	244,260.00	-	Counsel has been instructed to provide specific sanctions advice during the Review Period. These costs have been invoiced through JHA.
Tax and accountancy fees	57,400.00	46,735.08	67,690.00	Further Corporation Tax returns needed to be submitted.
Transfer of Shares Legal Costs	249,306.57	202,985.41	106,119.57	
Tax Advice Fees – Stamp Duty	54,630.21	44,479.92	47,000.00	
Consultants' Fees	117,525.00	95,688.86	15,960.00	
Forensic Costs (Sanction checks and Financial Review of Valuation)	86,100.00	70,102.62	45,543.75	
Agents' Fees (property)	18,222.20	14,836.52	-	Estimate was provided as payable on completion on the assignment of the lease. This has not taken place to date.
Legal Fees (property)	1,052.72	857.12	1,704.00	Further advice needed in regard to dilapidation report and issues with landlord.
Agents' Fees (Rates Refund)	Uncertain	Uncertain		
Legal Fees (Employees)	51,955.04	42,301.79	89,040.00	Further advice needed in regard to employees with regard to retention bonuses and contracts.
Legal Fees (Employment Tribunal Claim)	20,664.00	16,824.63	12,421.80	

Petropavlovsk PLC (In Administration)
The Joint Administrators' Progress Report to 17 January 2023

Website Management Fees	10,000.00	8,142.00	7,423.35	
Insurance	15,000.00	12,213.00	-	
Payroll Costs	17,220.00	14,020.52	375.00	
Document Storage	6,000.00	4,885.20	2,497.18	
Admin employee costs	832,011.55	677,423.80	234,870.29	
Admin directors costs	100,000.00	81,420.00	54,162.84	
Admin trading costs (office etc)	68,880.00	56,082.10	38,517.45	
ERA / Pension Advisors' Fees	2,870.00	2,336.75	1274.40	
Provision for Jersey Liquidations	45,000.00	36,639.00	7,756.90	
General disbursements	19,110.00	15,559.36		
Repairs and Maintenance			90.00	Estimated under General Disbursements
Statutory Advertising			310.50	Estimated under General Disbursements
Bank Charges			2,425.56	Estimated under General Disbursements
Courier Charges			147.70	Estimated under General Disbursements
Property Expenses			1,535.62	Estimated under General Disbursements
Postage			2,615.40	Estimated under General Disbursements
Trustee Fees			115,123.17	Additional costs incurred from the Bond and Notes Trustees, that was not originally estimated.
TOTAL	3,870,478.00	3,169,768.42	1,671,554.00	

*Please note as shown above, the original expenses estimate is provided in USD because the sale was agreed in USD. However, the administration has been conducted in GBP and this is why the incurred expenses are shown in GBP.

The bases on which the expenses defined as Category 2 expenses are calculated are explained in Appendix IV.

Having regard for the costs that are likely to be incurred in bringing this Administration to a close, the Joint Administrators consider that:

- the original expenses estimate is unlikely to be exceeded as shown in the above table.

Legal Fees (lease)

The Joint Administrators have spent considerably more time than first anticipated negotiating the Dilapidation Report with the landlord once the property was no longer being used for the purpose of the Administration. This involved liaising with Isadore Goldman to receive advice and has meant the expenses estimate has been exceeded.

Tax and accountancy fees

The Joint Administrators have spent more time than anticipated preparing and organising the Corporation Tax returns with the assistance of MHA. This has required significant collaboration and communication with MHA and thus has meant the original expenses estimate has been exceeded.

Trustee Fees

The Joint Administrators have incurred unexpected additional costs in regard to Trustee Fees in respect of the 2022 Notes and 2024 Bonds. This was not included in the original expenses estimates as it was not anticipated that there would be costs incurred in dealing with these areas.

5.3. Creditors' right to request information

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Joint Administrators to provide additional information regarding fees or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

5.4. Creditors' right to challenge fees and/or expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

6. CONCLUSION

The Administration will continue in order to finalise the following outstanding matters:

- Distributions will be made through the Scheme. This includes paying funds into the Holding Period Trust for Creditors who have not yet claimed but which we are aware of.
 - We will continue to work to realise approximately \$25 million held in the Company's account at GPB Luxembourg following receipt of a licence from OFSI.
-

- We will resolve the remaining employees' employment and terminate their contracts.

Should you require any further information please contact the Petropavlovsk PLC team via email at petropavlovsk@opuslp.com.


Allister Manson
Joint Administrator

PETROPAVLOVSK PLC (IN ADMINISTRATION)**STATUTORY INFORMATION**

Company Name	Petropavlovsk PLC
Previous Names	Peter Hambro Mining PLC

Proceedings	In Administration
Court	High Court of Justice
Court Reference	002121 of 2022
Date of Appointment	18 July 2022
Joint Administrators	Allister Jonathan Manson Joanne Kim Rolls Trevor John Binyon Opus Restructuring LLP 322 High Holborn London WC1V 7PB
Registered office address	Formerly: 11 Grosvenor Place Belgravia London SW1X 7HH Changed to: 1 Radian Court Knowlhill Milton Keynes MK5 8PJ
Company Number	04343841
Appointment by	Appointed by the order of the High Court dated 18 July 2022

DEFINITIONS

The Act	Insolvency Act 1986
The Rules	Insolvency Rules 1986 or Insolvency (England & Wales) Rules 2016 (whichever applied at the time of the event)
The Joint Administrators	Allister Manson, Trevor Binyon and Joanne Rolls
The Company	Petropavlovsk PLC (in Administration)
The Court	High Court of Justice
SIP	Statement of Insolvency Practice
Review Period	Period covered by the report from 18 July 2022 to 17 January 2023
SPA	Sale & Purchase Agreement
Russia	The Russian Federation
HMRC	HM Revenue & Customs
The Sale	The agreement for the sale of the Company's shares in its main subsidiaries to joint stock company UMMC which was signed on 1 August 2022 and completed on 7 September 2022
UMMC	Joint stock company UMMC-Invest
GPB	Joint stock company Gazprombank
OFSI	Office of Financial Sanctions Implementation
Term Loan	GPB US\$200 million term loan to the Company
JHA	Joseph Hage Aaronson LLP
2022 Notes	US\$500 million 8.125% notes due in November 2022
2010 Bonds	US\$125 million 8.25% convertible bonds due in 2024
DAC	DAC Beachcroft LLP
MHA	MacIntyre Hudson LLP
A4G	A4G Chartered Accountants
OPT	Opus Pear Tree Limited
I2	I2 Capital Markets Limited
Adjusted Cash Consideration	a non-refundable cash payment of the amount obtained by deducting the 2022 Note Consideration Amount from the Cash Consideration.
Administration Fund	A payment of USD 20,000,000 which is non-refundable save as specified in clause 12.1 of the Sale Purchase Agreement

Contingency Fund	a non-refundable payment of USD 6,000,000
The 2022 Note Consideration Amount	the amount equal to the face value of the 2022 Notes together with accrued interest thereon or, if higher, the amount due on such Notes;
The Term Loan Consideration	an amount equal to any and all outstanding amounts payable in respect of the Term Loan from time to time (save for any statutory interest payable in respect of the Term Loan).
Scheme	Scheme of Arrangement sanctioned by the High Court on 20 January 2023
Sanctions	any economic or financial sanctions or trade embargoes affecting a person or activity administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Departments of State or Commerce, the United Kingdom Office of Financial Sanctions Implementation, the United Nations Security Council or the European Union, the government of the Bailiwick of Jersey, or the government of the Cayman Islands.

PETROPAVLOVSK PLC (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

Petropavlovsk PLC - In Administration
Joint Administrators' Abstract of Receipts & Payments

From 18 July 2022 to 17 January 2023

	As Previously Reported	18/07/22 to 17/01/23	Total £
RECEIPTS			
Cash at Bank	NIL	141,477,199.84	141,477,199.84
Rates Refund	NIL	21,714.89	21,714.89
Refund of retainers	NIL	4,315.93	4,315.93
Furniture & Equipment	NIL	NIL	NIL
Gold	NIL	650.00	650.00
Inter Company Loans	NIL	6,692,724.00	6,692,724.00
Balance held by BDO	NIL	NIL	NIL
Balance Held by Bird & Bird	NIL	69,598.50	69,598.50
Contingency Fund	NIL	3,439,085.20	3,439,085.20
Admin fund	NIL	6,167,762.65	6,167,762.65
Adjusted Cash consideration	NIL	155,969,423.39	155,969,423.39
Miscellaneous Income	NIL	642.93	642.93
Critical Illness Scheme	NIL	532.20	532.20
Group Life Assurance Scheme	NIL	2,125.70	2,125.70
Credit card refund	NIL	3,944.61	3,944.61
	NIL	313,849,719.84	313,849,719.84
PAYMENTS			
Rent	NIL	(4,622.75)	(4,622.75)
Inter Company Accounts	NIL	(146,272,063.11)	(146,272,063.11)
Repairs & Maintenance	NIL	(90.00)	(90.00)
Office Holders Fees	NIL	(1,200,000.00)	(1,200,000.00)
Agents/Valuers Fees (1)	NIL	(543,184.80)	(543,184.80)
Legal Fees - shares	NIL	(106,485.57)	(106,485.57)
Storage Costs	NIL	(2,497.18)	(2,497.18)
Statutory Advertising	NIL	(310.50)	(310.50)
Bank Charges	NIL	(2,425.56)	(2,425.56)
Accountancy Fees	NIL	(47,000.00)	(47,000.00)
Professional fees - forensics - pre appt	NIL	(23,750.00)	(23,750.00)
VAT Irrecoverable (33%)	NIL	(148,459.69)	(148,459.69)
Courier Charges	NIL	(147.70)	(147.70)
Property Expenses	NIL	(1,535.62)	(1,535.62)
Postage	NIL	(2,615.40)	(2,615.40)
Professional fees - forensics	NIL	(45,543.75)	(45,543.75)
IT Costs	NIL	(7,423.35)	(7,423.35)
Legal fees	NIL	(747,538.00)	(747,538.00)
Legal fees - pre appt	NIL	(929,357.60)	(929,357.60)

APPENDIX II

Legal disbursements - pre appt	NIL	(121,808.59)	(121,808.59)
Legal disbursements	NIL	(155,098.23)	(155,098.23)
IT costs - pre appt	NIL	(83,464.64)	(83,464.64)
Payroll costs	NIL	(225.00)	(225.00)
Trustees fees - Petropavlovsk 2016 Ltd	NIL	(67,379.35)	(67,379.35)
Professional fees - pensions - pre appt	NIL	(600.00)	(600.00)
Jersey Administrative Costs - Post.	NIL	(7,756.90)	(7,756.90)
VAT (Weil Fees) (irrecoverable)	NIL	(202,288.41)	(202,288.41)
Consultancy fees - Media & PR	NIL	(15,960.00)	(15,960.00)
Trustee Expenses Petropavlovsk 2016 LTD	NIL	(42,874.96)	(42,874.96)
Professional Fees - Tax	NIL	(67,690.00)	(67,690.00)
Trustee Fees Petropavlovsk 2010 Limited	NIL	(4,868.86)	(4,868.86)
Vat Receivable	NIL	(44,212.91)	(44,212.91)
Vat Control Account	NIL	(313,157.71)	(313,157.71)
Specific Bond	NIL	(1,170.00)	(1,170.00)
	NIL	(151,213,606.14)	(151,213,606.14)
TRADING			
Trading Profit/(Loss)	NIL	(863,609.66)	(863,609.66)
CASH IN HAND	NIL	161,772,504.04	161,772,504.04

Petropavlovsk PLC - In Administration
Joint Administrators' Abstract of Trading Receipts & Payments

From 18 July 2022 To 17 January 2023

	As Previously Reported	18/07/22 to 17/01/23	Total £
RECEIPTS			
	NIL	NIL	NIL
PAYMENTS			
Wages & Salaries - net	NIL	(218,655.34)	(218,655.34)
Rents	NIL	(29,281.95)	(29,281.95)
Utility Payments	NIL	(2,262.82)	(2,262.82)
Travel Expenses	NIL	(6,333.69)	(6,333.69)
Telephones / Mobiles	NIL	(809.24)	(809.24)
Professional fees - pensions	NIL	(2,151.90)	(2,151.90)
Bank Charges	NIL	(4,691.65)	(4,691.65)
Postages	NIL	(199.15)	(199.15)
PAYE & NI	NIL	(335,991.67)	(335,991.67)
IT Support and Costs	NIL	(8,053.25)	(8,053.25)
Cleaning Costs	NIL	(594.08)	(594.08)
Licence Fees	NIL	(2,948.93)	(2,948.93)
Directors Wages - net	NIL	(54,162.84)	(54,162.84)
Pension contributions	NIL	(50,264.41)	(50,264.41)
Medical Insurance - Employees	NIL	(1,734.07)	(1,734.07)
Employee Benefits	NIL	(370.00)	(370.00)
Office supplies	NIL	(132.26)	(132.26)
Forex	NIL	(13.70)	(13.70)
Media Costs	NIL	(1,298.18)	(1,298.18)
Legal Fees	NIL	(3,008.00)	(3,008.00)
Employee Retention Bonus	NIL	(140,327.53)	(140,327.53)
Payroll Costs	NIL	(125.00)	(125.00)
Employee Expenses	NIL	(200.00)	(200.00)
	NIL	(863,609.66)	(863,609.66)
TRADING			
Trading Profit/(Loss)	NIL	(863,609.66)	(863,609.66)

PETROPAVLOVSK PLC (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' TIME COSTS

Joint Administrators' Remuneration Schedule
 Petropavlovsk PLC
 Between 18 July 2022 and 17 January 2023

Classification of work function	Partner/ Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
Administration & Planning							
Cash Accounting and Time Records	0.00	0.00	1.80	1.50	3.30	1,080.00	327.27
Meeting ,Travel & Waiting Time	0.00	0.00	2.90	0.00	2.90	1,196.25	412.50
Case Closure	0.00	0.00	0.90	2.30	3.20	888.75	277.73
Internal Documentation and IT	4.20	0.00	0.20	28.10	32.50	9,277.50	285.46
Case Planning	994.20	0.00	89.00	596.20	1,679.40	943,436.25	561.77
Case Reviews including MR1s/MR2s	2.40	0.00	1.00	0.50	3.90	2,145.00	550.00
Administrative Set Up	0.00	0.00	3.40	2.80	6.20	2,032.50	327.82
Appointment Notification	1.50	0.00	61.10	0.00	62.60	26,216.25	418.79
Maintenance of Records	1.70	0.00	0.60	14.30	16.60	4,612.50	277.86
Statutory Reporting and Compliance	108.80	1.10	29.10	0.00	139.00	88,477.50	636.53
Firms Administration - Feeing etc	5.00	0.00	1.70	0.00	6.70	3,986.25	594.96
Cashiering	67.20	0.00	3.30	98.10	168.60	71,793.75	425.82
Scheme of division	2.00	0.00	0.00	0.00	2.00	1,875.00	937.50
Statutory forms	0.60	0.00	1.50	0.60	2.70	1,143.75	423.61
Post appointment Corporation tax	6.80	0.00	0.00	0.00	6.80	4,590.00	675.00
Capital gains tax - post appointment	2.40	0.00	0.00	0.00	2.40	1,935.00	806.25
Post appointment VAT	1.50	0.00	0.00	0.30	1.80	1,080.00	600.00
Other post appointment tax matters	1.20	0.00	0.00	0.00	1.20	888.75	740.63
Advisory	0.00	0.00	0.00	0.20	0.20	45.00	225.00
Statutory Meetings	6.10	0.00	1.90	0.50	8.50	5,013.75	589.85
File Review	0.00	0.00	0.00	9.20	9.20	2,070.00	225.00
Voting by Correspondence	1.00	0.00	0.00	0.20	1.20	720.00	600.00
	1,206.60	1.10	198.40	754.80	2,160.90	1,174,503.75	543.53
Investigations							
D Reports	2.00	0.00	5.60	0.00	7.60	3,975.00	523.03
Other Investigations	6.10	0.00	0.30	9.80	16.20	6,446.25	397.92
Internal Documentation	0.40	0.00	0.00	63.30	63.70	14,512.50	227.83
Analysis of financial records	1.70	14.20	2.20	10.50	28.60	10,807.50	377.88
CDDA Reports	0.00	0.00	0.00	3.60	3.60	810.00	225.00
Legal Correspondence	0.00	0.00	0.00	6.70	6.70	1,507.50	225.00
Meeting with Directors	0.00	0.00	0.00	3.00	3.00	675.00	225.00
Correspondence with director	0.00	0.00	0.40	4.60	5.00	1,200.00	240.00
	10.20	14.20	8.50	101.50	134.40	39,933.75	297.13
Realisation of Assets							

APPENDIX III

Sale of Assets	185.30	0.00	2.80	1.20	189.30	140,467.50	742.04
Debt Collection	1.50	0.00	0.00	0.00	1.50	1,012.50	675.00
Internal Documentation	2.10	0.00	0.00	11.00	13.10	4,365.00	333.21
Telephone Calls/Letters	0.00	0.00	0.00	5.00	5.00	1,125.00	225.00
Insurance	0.70	0.00	0.70	0.00	1.40	746.25	533.04
Hire Purchase/Leased Assets	0.00	0.00	0.00	1.50	1.50	337.50	225.00
Correspondence with Agent	3.30	0.40	0.50	20.00	24.20	7,297.50	301.55
Legal Matters	35.70	0.00	0.00	5.00	40.70	26,535.00	651.97
Identifying, securing, insuring assets	6.00	0.00	0.00	0.00	6.00	5,598.75	933.13
Other assets	6.40	0.00	2.70	35.90	45.00	13,511.25	300.25
Property, business and asset sales - general	0.00	0.00	1.10	0.00	1.10	453.75	412.50
Cash at Bank	10.40	0.00	0.00	1.40	11.80	8,778.75	743.96
KYC	0.00	0.00	0.00	2.00	2.00	450.00	225.00
Correspondence/calls and emails with solicitors	7.50	0.00	0.00	7.20	14.70	6,682.50	454.59
	258.90	0.40	7.80	90.20	357.30	217,361.25	608.34

Trading							
Trading Accounts	5.30	0.00	0.00	2.00	7.30	4,027.50	551.71
Ongoing Trading Activities	70.20	0.00	0.00	7.80	78.00	66,333.75	850.43
Employee Matters	45.50	0.00	0.00	42.90	88.40	40,365.00	456.62
Sale of Business	0.00	0.00	0.00	0.30	0.30	67.50	225.00
Management of operations	39.40	0.00	0.00	2.70	42.10	29,302.50	696.02
Legal Correspondence	1.10	0.00	0.00	1.30	2.40	1,035.00	431.25
HMRC - PAYE and NIC	2.20	0.00	0.00	3.40	5.60	2,250.00	401.79
	163.70	0.00	0.00	60.40	224.10	143,381.25	639.81

Creditors							
Internal Documentation	3.50	0.00	0.00	20.90	24.40	7,065.00	289.55
Employees	18.30	0.00	0.00	0.00	18.30	12,352.50	675.00
Employee Communications	5.00	0.00	0.40	1.00	6.40	3,765.00	588.28
Correspondence and telephone calls	42.00	0.00	0.00	13.20	55.20	33,315.00	603.53
Distributions	7.50	0.00	0.70	2.60	10.80	5,936.25	549.65
Communication with creditors	116.70	0.00	9.30	40.20	166.20	105,015.00	631.86
Dealing with legal reps re creditors	2.70	0.00	0.00	1.20	3.90	2,092.50	536.54
Preferential creditors	8.80	0.00	0.00	0.00	8.80	5,940.00	675.00
Ordinary creditors	4.50	0.00	0.00	0.00	4.50	3,037.50	675.00
Employee claims	11.30	0.30	1.20	5.40	18.20	9,442.50	518.82
Pre appointment CT returns	1.30	0.00	0.00	0.00	1.30	877.50	675.00
Pre appointment VAT returns	3.60	0.00	0.00	0.00	3.60	2,430.00	675.00
Adjudication on claims	26.00	0.00	0.00	19.60	45.60	24,322.50	533.39
Creditors Committee	0.00	0.00	0.00	0.80	0.80	180.00	225.00
Post-Appointment Creditor Meetings	6.80	0.00	0.00	10.40	17.20	7,691.25	447.17
Dealing with Trade & Expense Creditor Claims	49.00	0.00	0.20	5.00	54.20	45,570.00	840.77
	307.00	0.30	11.80	120.30	439.40	269,032.50	612.27

Case Specific Matters							
Pre-appointment VAT	1.80	0.00	0.00	2.10	3.90	1,687.50	432.69
Shareholders liaison	18.00	0.00	0.00	0.80	18.80	12,330.00	655.85
General Property Issues	0.80	0.00	0.00	3.40	4.20	1,305.00	310.71
legal issues	17.20	0.40	0.00	4.90	22.50	12,892.50	573.00

APPENDIX III

Pre-appointment Corporation Tax	10.60	0.00	0.00	1.40	12.00	7,470.00	622.50
Pre-appointment PAYE	1.30	0.00	0.00	0.00	1.30	877.50	675.00
Pension Scheme	0.60	0.00	0.00	0.00	0.60	405.00	675.00
Correspondence regarding assets of subsidiary companies	0.00	0.00	1.50	0.00	1.50	618.75	412.50
Sale of Shareholding	4.20	0.00	0.00	0.00	4.20	2,835.00	675.00
accounts review	0.00	0.00	0.00	0.60	0.60	135.00	225.00
Correspondence with Company's accountant	1.00	0.00	0.00	1.20	2.20	945.00	429.55
Property leases and general issues	1.50	0.00	0.00	13.50	15.00	4,050.00	270.00
Utilities	0.00	0.00	0.00	4.10	4.10	922.50	225.00
	57.00	0.40	1.50	32.00	90.90	46,473.75	511.26

Pre Appointment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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Forensics	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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Total hours	2,003.40	16.40	228.00	1,159.20	3,407.00		
Time costs	1,528,488.00	7,380.00	93,885.00	260,932.50	1,890,685.50		
Average hourly rate	762.95	450.00	411.78	225.10	554.94		

Summary of Fees		
Time spent in administering the Assignment	Hours	3,407.00
Total value of time spent to 17 January 2023	£	1,890,685.50
Total Joint Administrators' fees charged to 17 January 2023	£	1,200,000.00

Disbursements		
Description	Total Incurred £	Total Recovered £
CAT 1 Advertising	103.50	0.00
CAT 1 Postage	2,516.24	2,516.24
CAT 2 Company searches	20.00	0.00
Totals	2,639.74	2,516.24

PETROPAVLOVSK PLC (IN ADMINISTRATION)**CHARGE-OUT RATES AND BASES OF CATEGORY 2 EXPENSES****Information relating to Opus Restructuring LLP's Fees and Expenses****Explanation of Opus Restructuring LLP's charging and expense recovery policies****Time recording**

Work undertaken on cases is recorded in 6-minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge-out rates are:

	Rates from 04.05.2020 £'s
Partner	863 – 938
Senior Manager / Director	563 – 675
Assistant Manager / Manager	450 – 585
Junior Administrator / Administrator / Senior Administrator	225 – 413
Cashier	300 - 338
Support Staff	225

Expense recovery

In line with the revised Statement of Insolvency Practice 9 effective from 1 April 2021, creditors will note that in our previous circulars, expenses were known as disbursements. Should any creditor require any clarification on this point or the impact it will have on their claim, please contact us for further information.

Expenses are categorised as either Category 1 or Category 2.

Category 1 expenses will generally comprise of external parties which will include the supplies of incidental services specifically identifiable to the case. Where these have initially been paid by Opus Restructuring LLP and then recharged to the case, approval from creditors is required and are identified as Category 2 expenses. The amount recharged is the exact amount incurred.

Examples of Category 1 expenses include but are not limited to case advertising, invoiced travel, agents' costs and expenses, solicitors' fees and expenses, external room hire, bank charges, Insolv case management charge and properly reimbursed expenses incurred by personnel in connection with the case (including business mileage up to the HMRC approved rate for cases commenced before 1 November 2011). Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Category 2 expenses include elements of shared or allocated costs incurred by Opus and are recharged to the estate; they are not attributed to the estate by a third party invoice and they do not include a profit element. These disbursements are recoverable in full, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of Category 2 expenses are photocopying, all business mileage (for cases commencing on or after 1 November 2011). Payment of Category 2 expenses require the approval of creditors.

Included in Category 2 expenses are costs incurred with associated parties. These include Forensic work undertaken by Opus Pear Tree Limited.

Examples of the current levels of Category 2 expenses recovered by Opus Restructuring LLP are as follows:

Postage	The current royal mail postage rates
Business mileage per mile	£0.45
Physical file set-up cost (per file) this is the actual cost of the stationery used for the setting up of the file*	£6.00
Bank Charges	£2 per month
Opus Pear Tree Limited for forensic work	Forensic work reviewing potential sanction issues and parties

*The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

PETROPAVLOVSK PLC (IN ADMINISTRATION)

DETAILED LIST OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS

General Description	Includes
Administration (including statutory reporting)	
Statutory/advertising	Filing and advertising to meet statutory requirements
Document maintenance/file review/checklist	Filing of documents Periodic file reviews, including ethical, anti-money laundering and anti-bribery matters Maintenance of statutory and case progression task lists/diaries Updating checklists
Bank account administration	Preparing correspondence and liaising with banks regarding the opening of accounts Liaising with Citibank regarding ongoing use of existing account Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Maintenance of the estate cash book Banking remittances and issuing cheques/BACS payments
Planning / review	Regular (lengthy) discussions regarding strategies to be pursued (constantly moving) Meetings with team members and independent advisers to consider practical, technical, and legal aspects of the complexities of the case including specialist counsel opinion on matters regarding sanctions Seeking advice on and making application to court as regards Administrators discharge as necessary.
Books and records / storage	Liaising with staff members regarding records to be collected. Dealing with records in storage Sending case files to storage
Creditor reports	Detailed SIP16 disclosure following pre-pack sale of assets Preparing proposal, six monthly progress reports, fee authority report to creditors (where appropriate), conversion to CVL (where appropriate) and final report Seeking extension via creditors (where appropriate) and/or court
Creditors' decisions	Preparation of decision notices, proxies/voting forms Collate and examine proofs and proxies/votes to establish decisions Consider objections received and requests for physical meeting or other decision procedure (For virtual meeting) Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, advertisement of meeting and draft minutes of meeting Issuing notice of result of decision on Proposals
Investigations	
SIP 2 Review	Collection, and making an inventory, of company books and records Correspondence to request information on the company's dealings, making further enquiries of third parties Reviewing questionnaires submitted by creditors and directors Reconstruction of financial affairs of the company if necessary Reviewing company's books and records Preparation of deficiency statement Review of specific transactions (if identified) and liaising with directors regarding certain transactions
Statutory reporting on conduct of director(s)	Preparing statutory investigation reports Liaising with the Insolvency Service Submission of report to the Insolvency Service

	Preparation and submission of supplementary report (if required) Assisting the Insolvency Service with its investigations
Examinations	Preparing brief to solicitor* Liaising with solicitors regarding examinations * Attendance at examination* Reviewing examination transcripts * Liaising with solicitors regarding outcome of examinations and further actions available * *subject to findings from investigations
Litigation / Recoveries	Strategy meeting regarding litigation* Seeking funding from creditors* Reviewing terms of solicitors' conditional fee agreements* Preparing brief to solicitors/Counsel* Liaising with solicitors regarding recovery actions* Dealing with ATE insurers* Attending to negotiations* Attending to settlement matters* *subject to findings from investigations
Realisation of Assets	
Office furniture and equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
Leasehold Property	Liaising with valuers and agents on marketing strategy and offers received Liaising with landlords Agreeing assignment or surrender Reviewing and negotiation dilapidations position Seeking alternative temporary office space
Leasing	Reviewing leasing documents Liaising with agents and owners/lessors
Sale of the Assets	Detailed, complex and lengthy negotiations regarding the share sale Seeking tax advice as necessary Undertaking daily multinational conference calls in hiatus period (between signing SPA and completion) to report progress and deal with any queries. Finalising the transfer of the shares to the purchaser Collecting full consideration on completion Sanction checks on all bonds prior to transfer and sale
Other assets: Cash held in international bank accounts	Liaising with bank(s) to recover cash at bank Application for OFSI licence to recover funds held in Cyprus Considerations as to residual balances held in other overseas accounts
Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
Trading	
Management of operations	Establishing new accounts with utility providers Ensuring security of premises, computer system and equipment Daily discussions with management and staff Weekly meeting to discuss trading liabilities and authorising expenditure Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with RPO and Job Centre Plus regarding redundancies Arranging new PAYE scheme with HMRC and submitting online payroll returns Concluding payroll and issuing forms P45 when trading ceases Liaising with Pensions regulator regarding auto-enrolment
Accounting for trading	Reviewing company's cashflow Maintaining trading profit & loss

	<p>Trading strategy review Corporation tax returns Liaising with HMRC re VAT group position and reclaiming VAT</p>
Ongoing employee issues	<p>Review of staffing requirements for trading period Significant level of consultation with employees regarding contracts and entitlements Retention award considerations Deciding on and making redundancies as necessary Director indemnity considerations</p>
Creditors (claims and distribution)	
Creditor communication	<p>Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post Corresponding with the PPF and the Pensions Regulator Seeking to identify bondholders. Requesting advice and potential application to Court for directions.</p>
Dealing with proofs of debt ('POD')	<p>Receipting and filing POD when not related to a dividend Corresponding with RPO regarding POD when not related to a dividend</p>
Processing proofs of debt	<p>Preparation of correspondence to potential creditors inviting submission of POD Receipt of POD Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication Seeking solicitors' advice on the validity of secured creditors' claims and other complex claims</p>
Distribution procedures	<p>Paying distribution to preferential/secondary preferential or unsecured creditors The process below will need to be applied for each class of creditor paid: Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of notice of intended dividend Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Preparation of cheques/BACS to pay dividend Preparation of correspondence to creditors enclosing payment of distribution Seeking unique tax reference from HMRC, submitting information on PAYE/NI deductions from employee distributions and paying over to HMRC Dealing with unclaimed dividends When paying the secondary preferential creditor the adjudication of HMRC's secondary preferential claim, may involve bringing the Company's preferential tax affairs up to date</p>
Scheme of Arrangement	<p>Application to Court Initial Hearing at Court where Court decides whether to grant permission to call a meeting of proposed Scheme creditors Communicate with Creditors to ensure they vote on the Scheme and provide claim documents Meeting of creditors held where they voted to pass the Scheme Return to Court in order to receive final Court sanction Calculation of scheme consideration payable to creditors including statutory interest</p>
Creditors' Committee	<p>No estimate has been provided, as it has been assumed that no Committee will be established</p>

PETROPAVLOVSK PLC (IN ADMINISTRATION)

PROOF OF DEBT

This Form and the following Schedules 1 & 2 are to be used by Scheme Creditors who are General Creditors of Petropavlovsk PLC to register their claims in the Scheme of Arrangement and in the Administration

General Creditor Proof

For use further to the Scheme Meeting of the General Creditors of Petropavlovsk PLC convened by order of the High Court of Justice of England and Wales and held at 11:30 am (London time) on 11 January 2023 via teleconference.

We hereby certify that:

1. We have a General Claim in the amount of: USD/GBP (delete as applicable) incurred in the circumstances set out in Schedule 1 hereto.
2. We hereby request that our Scheme Consideration be paid to the following bank account in our name/in the name of our Designated Recipient:

Correspondent Bank Name:

Correspondent Bank SWIFT/ABA:

Beneficiary Bank Name:

Beneficiary Bank SWIFT:

IBAN:

Account Name:

Account Number:

Further Credit Account Name:

Further Credit Account Number:

3. By signing this letter we give the representations, warranties, undertakings and confirmations set out in Schedule 2 hereto.

Signature:

Signed by a duly authorised officer on behalf of:

Name of General Creditor:

Date:

Schedule 1

DETAILS OF CLAIM		
1.	Name of Creditor (if a company, its registered name)	
2.	Address of Creditor (i.e. principal place of business)	
3.	If the Creditor is a registered company: <ul style="list-style-type: none"> • For UK companies: its registered number • For other companies: the country or territory in which it is incorporated and the number if any under which it is registered • The number, if any, under which it is registered as an overseas company under Part 34 of the Companies Act 	
4.	Total amount of claim, including any Value Added Tax, as at the date of administration, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25	£/\$ (delete as applicable)
5.	If the total amount above includes outstanding uncapitalised interest, please state	YES (£/\$) / NO
6.	Particulars of how and when debt incurred	
7.	Particulars of any security held, the value of the security, and the date it was given	
8.	Details of any reservation of title in relation to goods to which the debt relates	
9.	Details of any document by reference to which the debt can be substantiated. The Scheme Company may call for any document or evidence to substantiate the claim at its discretion.	
10.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986	Category Amount(s) claimed as preferential £/\$

Schedule 2

The Scheme Creditor signing this letter hereby represents, warrants, undertakes and confirms to the Scheme Companies and the Information Agent that:

1. it is lawful to seek and accept Voting Instructions from that Scheme Creditor in respect of the Schemes;
 2. it is assuming all of the risks inherent in that Scheme Creditor participating in the Scheme and has undertaken all the appropriate analysis of the implications of participating in the Scheme for that Scheme Creditor without relying on the Scheme Companies, any Trustee or the Information Agent (other than any information provided by the Scheme Companies under the Explanatory Statement);
 3. it has observed the laws of all relevant jurisdictions; obtained all requisite governmental, exchange control or other required consents; complied with all requisite formalities; and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of the Schemes, or which will or may result in the Scheme Companies, the Guarantors, the Information Agent, the Trustees or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Schemes;
 4. it has full power and authority to provide its Voting Instruction and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Scheme Companies to be necessary or desirable to evidence such power and authority;
 5. it agrees to ratify and confirm each and every act or thing that may be done or effected by the Scheme Companies or any of the Administrators or any person nominated by the Administrators in the proper exercise of their powers and/or authority;
 6. by providing the Voting Instruction to the Information Agent, and/or instructing the relevant Clearing System (where applicable), it has authorised the Information Agent and the relevant Clearing System to provide details concerning its identity, the Scheme Claim which is the subject of the Voting Instruction Delivered on its behalf and the applicable Account Holder details to the Company and the Information Agent and their respective legal and financial advisers at the time the Voting Instruction is submitted;
 7. none of the Trustees, the Information Agent or any of their respective Agents or Affiliates, directors, officers or employees has made any recommendation to that Scheme Creditor as to whether, or how, to vote in relation to the Scheme, and that it has made its own decision with regard to voting based on any legal, tax or financial advice that it has considered necessary to seek;
 8. all authority conferred or agreed to be conferred pursuant to these representations, warranties and undertakings shall be binding on the successors and assigns of that Scheme Creditor (in the case of a corporation or institution) or the successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives of that Scheme Creditor (in the case of a natural person) and shall not be affected by, and shall survive, the insolvency, bankruptcy, dissolution, death or incapacity (as the case may be) of that Scheme Creditor;
 9. no information has been provided to it by Trustees, the Company, the Information Agent or any of their respective Affiliates, directors, officers, advisers or employees with regard to the
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tax consequences to that Scheme Creditor arising from voting in favour of the Schemes, and that it is solely liable for any taxes or similar payments imposed on it under the laws of any applicable jurisdiction as a result of voting in favour of the Schemes, and that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Trustees, the Company, the Information Agent or any of their Affiliates, directors, officers, advisers or employees in respect of such taxes or similar payments;

10. it is not a Disqualified Person;
 11. it is not holding any Scheme Claim as trustee, nominee or otherwise on behalf of any Disqualified Person;
 12. it will not make any Scheme Consideration available to any Disqualified Person, directly or indirectly; and
 13. without prejudice to the generality of the foregoing, the payment to and receipt by it of any Scheme Consideration:
 - a. would not be unlawful or prohibited under the laws or regulations of any applicable jurisdiction; and
 - b. would not, or would not be likely, to result in the relevant Scheme Company being required to comply with any filing, registration, disclosure or other onerous requirement in any jurisdiction where that person is a citizen or subject to the laws of or in which that person is domiciled or resident.
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