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If you have sold or otherwise transferred all of your shares in Petropavlovsk PLC (**Petropavlovsk** or the **Company**) please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank, or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred part only of your holding in shares in Petropavlovsk you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Merrill Lynch International is acting exclusively for the Company and no one else in connection with the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to this document or the Transaction, nor, apart from the responsibilities and liabilities, if any, which may be imposed by the FCA or the FSMA, for the contents of this document.



PETROPAVLOVSK

## **PETROPAVLOVSK PLC**

*(Incorporated in England and Wales with Registered No.4343841)*

### **Proposed sale of 76.62 per cent. of the issued shares in OJSC “Ore-mining Company” Berelekh**

#### **Notice of General Meeting**

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Your attention is drawn to the letter from the Chairman of Petropavlovsk set out in Part I of this document which recommends that you vote in favour of the Resolution to be proposed at the General Meeting referred to below. The Transaction is conditional, *inter alia*, upon the approval of Shareholders at the General Meeting.

Notice of a General Meeting of Petropavlovsk to be held at 11.00 a.m. on 14 November 2013 at 3 More London Riverside, London SE1 2AQ is set out at the end of this document. The Form of Proxy for use in relation to the General Meeting is enclosed. Whether or not you propose to attend the General Meeting you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it to the Company’s registrars, Capita Asset Services, (PXS), 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event, to be valid, it must be completed and returned so as to arrive not later than 11.00 a.m. on 12 November 2013.

**A summary of the action to be taken by Shareholders is set out on page 7 and in the Notice of General Meeting set out at the end of this document. The return of one or more completed Forms of Proxy will not prevent you from attending the General Meeting and voting in person if you wish to do so (and are so entitled).**

## CONTENTS

	<i>Page</i>
<b>Definitions</b>	3
<b>Part I Chairman's Letter</b>	5
<b>Part II Principal terms of the SPA</b>	8
<b>Part III Additional Information</b>	9
<b>Notice of the General Meeting</b>	11

## EXPECTED TIMETABLE

Last time and date of receipt of Form of Proxy	11.00 a.m. on 12 November 2013
General Meeting	11.00 a.m. on 14 November 2013

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

The following definitions apply throughout this document unless the context requires otherwise (in addition to the terms defined in the text):

<b>Act</b>	the Companies Act 2006 (as amended)
<b>Amur Region</b>	the Amur region of Russia
<b>Berelekh</b>	OJSC “Ore-mining Company” Berelekh, a subsidiary of the Group
<b>Board</b>	the board of Directors of the Company
<b>Company or Petropavlovsk</b>	Petropavlovsk PLC
<b>Directors</b>	the directors of the Company, whose names are set out on page 5
<b>FCA</b>	Financial Conduct Authority of the United Kingdom
<b>Form of Proxy</b>	the enclosed form of proxy for use by Shareholders in connection with the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>General Meeting</b>	the general meeting of the Company for which the notice is set out at the end of this document, or any reconvened meeting following adjournment thereof
<b>Group</b>	the Company and/or all or any of its Subsidiaries
<b>JORC Code (2004)</b>	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as prepared by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geosciences and Minerals Council of Australia
<b>Listing Rules</b>	the Listing Rules of the FCA
<b>Magadan Region</b>	the Magadan region of Russia
<b>Mal’diak</b>	LLC Mal’diak, a subsidiary of Berelekh
<b>Merrill Lynch</b>	Merrill Lynch International, a subsidiary of Bank of America Corporation
<b>OJSC</b>	Open Joint Stock Company
<b>Ordinary Shares</b>	ordinary shares of 1p each in the capital of the Company
<b>oz</b>	troy ounce
<b>PHM Cyprus</b>	Peter Hambro Mining (Cyprus) Limited
<b>PRA</b>	Prudential Regulation Authority of the United Kingdom
<b>Resolution</b>	the ordinary resolution to be put to the General Meeting as set out in the notice of General Meeting at the end of this document
<b>RUB</b>	Russian Roubles
<b>Russia</b>	the Russian Federation
<b>Shareholder</b>	a holder of Ordinary Shares

<b>Russian Classification System</b>	the Russian Classification System approved by the State Committee on Reserves in 1965 (amended in 1981 and 2008) in relation to the classification of reserves and resources
<b>SPA</b>	the agreement dated 17 September 2013 for the sale and purchase of a 76.62 per cent. interest in the issued share capital of Berelekh between PHM Cyprus and Susumanzoloto
<b>Subsidiaries</b>	the Company's subsidiaries
<b>Susumanzoloto</b>	OJSC Susumanzoloto
<b>Transaction</b>	the proposed sale of the Company's 76.62 per cent. interest in the issued share capital of Berelekh
<b>United Kingdom or UK</b>	United Kingdom of Great Britain and Northern Ireland
<b>US</b>	United States of America
<b>US\$</b>	US Dollars
<b>£ and p</b>	pounds Sterling and pence Sterling respectively

All references in this document to laws and regulations are to English laws and regulations, unless otherwise stated, or as the context otherwise requires. Unless otherwise stated, references to categories of reserves and resources are to Russian categories of reserves and resources.

## PART I

### CHAIRMAN'S LETTER



**PETROPAVLOVSK**

*(Incorporated in England and Wales with Registered No. 4343841)*

11 Grosvenor Place, London SW1X 7HH

*Directors:*

Mr Peter Hambro

Mr Sergey Ermolenko

Dr Graham Birch

Mr Dmitry Chekashkin

Sir Malcolm Field

Field Marshal the Lord Guthrie of Craigiebank

Dr David Humphreys

Sir Roderic Lyne

Mr Andrey Maruta

Mr Charles McVeigh III

Dr Alya Samokhvalova

Mr Martin Smith

*Chairman*

*Chief Executive Officer*

*Senior Non-Executive Director*

*Chief Operating Officer*

*Non-Executive Director*

*Non-Executive Director*

*Non-Executive Director*

*Non-Executive Director*

*Chief Financial Officer*

*Non-Executive Director*

*Strategic Director*

*Deputy Chief Executive Officer*

28 October 2013

Dear Shareholder

#### **Proposed sale of a 76.62 per cent. interest in the issued share capital of Berelekh**

On 17 September 2013, Petropavlovsk announced the entry into a conditional agreement to sell 76.62 per cent. of Berelekh, a company which holds licences to mine and explore alluvial operations in the Magadan Region of Russia, to Susumanzoloto for a total cash consideration of US\$25 million.

Berelekh is being sold by PHM Cyprus, a wholly-owned subsidiary of Petropavlovsk, to Susumanzoloto, in which Mr Vladimir Khristov (**Mr Khristov**), who is a director of both Susumanzoloto and Berelekh, holds an aggregate 79.57 per cent. interest. Berelekh is being sold together with its subsidiary undertaking, Mal'diak, in which Mr Khristov indirectly holds an aggregate 17.8 per cent. interest.

The Transaction is a "related party transaction" for the purposes of the Listing Rules because Susumanzoloto is an associate of Mr Khristov who is a director of Berelekh and a substantial shareholder in Mal'diak, both of which are, and until completion of the Transaction will remain, Subsidiaries of Petropavlovsk.

As a result of the above factors, the Transaction is conditional, *inter alia*, upon the approval of Shareholders pursuant to the passing of the Resolution contained in the notice of General Meeting set out at the end of this document.

I am accordingly writing to Shareholders to describe the Transaction and to seek approval for the Transaction by way of the passing of the Resolution to be put to Shareholders at the General Meeting to be held on 14 November 2013, and for which the notice is set out at the end of this document.

## **About Berelekh**

Berelekh is an operator of a number of alluvial deposits in the Magadan Region. As at 1 January 2013, Berelekh held 549,000oz of C1 and C2 reserves and resources estimated in accordance with the Russian Classification System.

Total 2012 annual production from Berelekh was 52,500oz, representing 57 per cent. of the Group's total alluvial gold production and 7 per cent. of the Group's total attributable gold production for 2012. The total cash costs of production at Berelekh in 2012 were US\$1,400/oz. During H1 2013, Berelekh produced 13,800oz; its total 2013 gold production is expected to be at a similar level to 2012 production.

As at 30 June 2013 Berelekh had gross assets of c.US\$77 million and net assets of c.US\$35 million. Profit before tax for the year ended 31 December 2012 was c.US\$6 million.

## **Background to and reasons for the Transaction and effect of the Transaction on the Group**

The Board's decision to focus on balance sheet optimisation, taken earlier in the year in response to a volatile gold price environment, has already resulted in Petropavlovsk being able to double year-on-year net cash flows in H1 2013 and reduce net debt from its peak in March this year. This was achieved through a comprehensive cost cutting programme, working capital reduction and capital expenditure optimisation.

The disposal of Berelekh is the next stage of the optimisation plan. Berelekh is the only producing asset of the Group which is not located in the Amur Region – the region of the Group's current strategic focus – and its disposal is in line with the new strategy of the Group of focussing on its four hard-rock gold mines. The decision to dispose of this non-strategic asset will allow Petropavlovsk to decrease its net debt position even further and to focus on the development of the Group's highly prospective hard-rock mines in the Amur Region. The relatively high cash-cost base of Berelekh's operations also means that this Transaction is not expected to make a big impact on the Group's future profitability.

The Group's total mineral resources and ore reserves in accordance with the JORC Code (2004) are unaffected by this Transaction. In addition, due to the timing of the Transaction, production from Berelekh during September, October and November 2013 will be included in the Group's 2013 production and therefore the Transaction will not have a material effect on the Company's 2013 production target. None of the Group's outstanding hedging arrangements in 2014 relate to production from Berelekh.

Should this Transaction be completed in the year ending 31 December 2013, it is expected to result in an accounting loss on disposal of an estimated c.US\$15 million to be recognised in the Group's consolidated results for the year ending 31 December 2013. The actual result on disposal may vary depending on the operational results of Berelekh for the period up to the date of completion of the Transaction.

## **Transaction details and use of proceeds**

The Transaction will be effected in accordance with the terms of the SPA which is conditional, *inter alia*, upon (i) the approval of the Federal Antimonopoly Service of Russia (which was received on 9 October 2013) and (ii) the passing of the Resolution. The total cash consideration for the Transaction is US\$25 million payable in two tranches. The first payment of US\$5 million was paid on 18 September 2013 with the balance of US\$20 million payable within 10 days following the date when the above conditions have been satisfied. The consideration will be used to reduce the Group's net debt. Should the Transaction not proceed to completion, the first payment of US\$5 million is repayable to Susumanzoloto, subject to certain limited exceptions. Your attention is drawn to Part II of this document which contains a more detailed summary of the principal terms of the SPA.

## **The Resolution**

If passed, the Resolution will approve the Transaction and authorise the Directors and the directors of any relevant Subsidiaries to implement and complete the Transaction in accordance with the terms set out in the SPA, subject to such immaterial amendments or variations thereto as the Directors may in their absolute discretion agree to. Neither Mr Khristov nor Susumanzoloto are Shareholders and they will not be voting on

the Resolution. In addition, Mr Khristov and Susumanzoloto have taken all reasonable steps to ensure that their associates will not vote on the Resolution.

**Action to be taken**

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Please complete, sign and return the Form of Proxy as soon as possible in accordance with the instructions printed thereon. Whether or not you intend to be present at the General Meeting, you are particularly requested to complete the enclosed Form of Proxy and return it to the Company's registrars, Capita Asset Services, (PXS), 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to arrive as soon as possible and in any event no later than 48 hours before the time appointed for the General Meeting. Completion and return of the Form of Proxy will not preclude you from attending the Meeting and voting in person should you subsequently find that you are able to be present.

*Shareholders should note that if the Resolution is not passed the Transaction will not proceed.*

**Additional information and electronic communications**

Your attention is drawn to the additional information in Parts II to III of this document.

Accompanying this document is a separate letter to Shareholders in relation to electronic communications which you are encouraged to read.

**Recommendation**

The Board, having been so advised by Merrill Lynch, considers the Transaction to be fair and reasonable as far as the Shareholders are concerned. In providing advice to the Board, Merrill Lynch has taken into account the Directors' commercial assessments of the Transaction.

The Board considers the Transaction to be in the best interests of the Company and the Shareholders as a whole and accordingly, recommends that Shareholders vote in favour of the Resolution, as the Directors and their related Shareholders intend to do in respect of their own beneficial holdings amounting in aggregate to 7,224,432 Ordinary Shares, representing approximately 3.67 per cent. of the Company's issued ordinary share capital.

Yours faithfully,

**Peter Hambro**  
*Chairman*

## PART II

### PRINCIPAL TERMS OF THE SPA

#### **Transaction**

PHM Cyprus holds 76.62 per cent. of the issued shares in Berelekh. On 17 September 2013, the Company announced the entry into the SPA with Susumanzoloto relating to the sale of its entire interest of 76.62 per cent. of the issued shares in Berelekh for cash consideration of US\$25 million.

Berelekh is being sold to Susumanzoloto, in which Mr Khristov, who is a director of both Susumanzoloto and Berelekh, holds an aggregate 79.57 per cent. interest. The interest in Berelekh is being sold together with its subsidiary undertaking, Mal'diak, in which Mr Khristov indirectly holds an aggregate 17.8 per cent. interest. The Transaction is a "related party transaction" for the purposes of the Listing Rules because Susumanzoloto is an associate of Mr Khristov due to his 79.57 per cent. effective interest in Susumanzoloto and Mr Khristov is a director of Berelekh and a substantial shareholder of Mal'diak, and both Berelekh and Mal'diak are, and until completion of the Transaction will remain, Subsidiaries. As a result of the above factors, the Transaction is conditional, *inter alia*, upon the approval of Shareholders pursuant to the passing of the Resolution contained in the notice of General Meeting set out at the end of this document.

#### **Consideration**

The total cash consideration for the sale is US\$25 million payable in two tranches. The first payment of US\$5 million was paid on 18 September 2013 with the balance of US\$20 million payable within 10 days following the latter of the receipt of the approvals referred to below. Should the Transaction not proceed to completion, the first payment of US\$5 million is repayable to Susumanzoloto, subject to certain limited exceptions.

#### **Conditions precedent**

The Transaction will be effected in accordance with the terms of the SPA which is conditional upon (i) the approval of the Federal Antimonopoly Service of Russia on satisfaction of Susumanzoloto's application as to the purchase of 76.62 per cent. of the issued shares in Berelekh (which approval was received on 9 October 2013) and (ii) the passing of the Resolution.

#### **Completion**

Within five business days following receipt by PHM Cyprus of the second tranche of US\$20 million, PHM Cyprus shall present to the registrars of Berelekh a duly executed transfer instrument together with other documents necessary to record the transfer of title to the shares in Berelekh in the share register and further deliver to Susumanzoloto a copy of the registrar's notice confirming that the shares in Berelekh have been transferred from PHM Cyprus's account to the account opened by Susumanzoloto.

Title to the shares in Berelekh transfers from PHM Cyprus to Susumanzoloto on the date of registration in Berelekh's share register.

#### **Representations and warranties and termination**

Each of PHM Cyprus and Susumanzoloto has given limited representations and warranties, including as to capacity and title, to the other in connection with the Transaction. In the event of a breach of such warranties, the party not in breach may terminate the SPA within 12 months of the date of the SPA, in which event the consideration would be returned to Susumanzoloto and the shares in Berelekh would be returned to PHM Cyprus within 10 business days of the date of termination.

#### **Governing law and jurisdiction**

The SPA is governed by the law of Russia with the Arbitration Court of Moscow having jurisdiction over any disputes connected with the SPA.

## PART III

### ADDITIONAL INFORMATION

#### 1 The Company

- 1.1 The Company was incorporated on 20 December 2001 and registered with registered number 04343841 under the laws of England and Wales as a public company limited by shares under the name Excelsior Corporation PLC. The name of the Company was changed to Peter Hambro Mining PLC on 14 March 2002 and to Petropavlovsk PLC on 23 September 2009. The legal and commercial name of the Company is Petropavlovsk PLC. The principal legislation under which the Company operates is the Act and regulations made thereunder. The liability of the members of the Company is limited.
- 1.2 The Company is domiciled in the United Kingdom with its registered office and principal place of business at 11 Grosvenor Place, London SW1X 7HH. The telephone number of the Company's registered office is +44 (0) 20 7201 8900.

#### 2 Major Shareholders

- 2.1 The Company has been notified under the FCA's Disclosure and Transparency Rule 5 (**DTR5**) as at 25 October 2013 (being the latest practicable date prior to the publication of this document) of the following significant holdings of voting rights in its Ordinary Shares:

	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Share capital</i>
Vanguard Precious Metals & Mining Fund	18,000,000	9.11
Norges Bank	13,809,416	6.99
Van Eck Associates Corporation – Junior Gold Miners ETF Russia ETF Russia Small-Cap ETF	13,041,731	6.60
Schroders plc	9,733,386	4.93
Peter Hambro & Associates	6,773,933	3.43

#### 3 Directors' interests in Ordinary Shares

- 3.1 As at 25 October 2013 (being the latest practicable date prior to the publication of this document), Mr Khristov did not hold any Ordinary Shares nor did he have any options over any Ordinary Shares.

#### 4 Service contracts

- 4.1 Mr Khristov has not entered into any service contract with Berelekh or any other subsidiaries of the Company. Mr Khristov does however receive 30,000 RUB per month in respect of his position as a director of Berelekh. This payment was approved by shareholders at the 2013 annual general meeting of Berelekh. This monthly payment will expire in April 2014, when any further payments will require approval by shareholders at Berelekh's 2014 annual general meeting.

#### 5 Related party transactions

- 5.1 For the purposes of paragraph 13.6.1(2)(c) of the Listing Rules, there are no related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) 1606/ 2002) during any of the financial years ended 31 December 2011 and 31 December 2012 and up to the date of this document.

## **6 Significant changes**

- 6.1 There has been no significant change to the financial or trading position of the Group since 30 June 2013, being the end of the last financial period for which a half-year report has been published.

## **7 Material contracts**

- 7.1 No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Group either: (i) within the period of two years immediately preceding the date of this document, which are or may be material to the Group; or (ii) at any time, which contain any provisions under which any member of the Group (as relevant) has any obligation or entitlement which is, or may be, material to the Group (as relevant) as at the date of this document and which is considered relevant for consideration by Shareholders in the context of deciding how to vote on the Resolution, save as disclosed below:

(a) the SPA – as summarised in Part II of this document;

(b) Omchak Share Purchase Agreement

On 4 December 2012, the Company entered into a share purchase agreement with Susumanzoloto relating to the transfer of 65 per cent. of the issued shares in ZAO ZRK Omchak (**Omchak**) to Susumanzoloto. The total consideration for the sale was US\$21,650,000, payable in four equal tranches during 2013, three of which have been received by the Company, and the last tranche of which is payable to the Company by 31 December 2013. The transfer of the shares was completed on 5 December 2012. The Company remains a 25 per cent. shareholder in Omchak.

(c) Uduma Share Purchase Agreement

On 5 December 2012, PHM Cyrus entered into a share purchase agreement with LLC Kolymskie Rossipi (**KR**) relating to the transfer of 100 per cent. of the issued shares in LLC Uduma to KR. The total consideration for the sale was RUB15,000,000 (payable in two tranches within 45 days from the date of notarisation of the share purchase agreement) which has been received by PHM Cyprus. The transfer of the shares was completed on 5 December 2012.

## **8 Advisers and consents**

- 8.1 Merrill Lynch has given, and has not withdrawn, its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

## **9 Documents available for inspection**

- 9.1 Copies of the following documents may be inspected at the registered office of the Company and at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of the General Meeting:

(a) the Memorandum and Articles of Association of the Company;

(b) the annual reports and accounts for the year ended 31 December 2011 and 2012 and the half-yearly report for the period ended 30 June 2012;

(c) the written consent referred to in paragraph 8 above; and

(d) this document.

The above documentation will also be available for inspection on the date and at the place of the General Meeting for at least 15 minutes before the General Meeting is held until its conclusion.



PETROPAVLOVSK

## Petropavlovsk PLC

*(Incorporated in England and Wales with Registered No. 4343841)*

### Notice of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of Petropavlovsk PLC (the **General Meeting**) will be held at 11.00 a.m. on 14 November 2013 at 3 More London Riverside, London SE1 2AQ for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as an ordinary resolution:

### ORDINARY RESOLUTION

THAT the proposed sale by PHM Cyprus Limited (**PHM Cyprus**), a subsidiary of Petropavlovsk PLC (the **Company**), of a 76.62 per cent. interest in OJSC Berelekh (the **Sale**) as described in a circular to shareholders dated 28 October 2013, pursuant to the terms of an agreement dated 17 September 2013 between PHM Cyprus and OJSC Susumanzoloto (the **SPA**) be and is hereby approved and the directors of the Company and of any relevant subsidiaries of the Company be and are hereby generally and unconditionally authorised to do all such acts and things and execute all such deeds and documents as they may in their absolute discretion consider necessary and/or desirable in order to implement and complete the Sale in accordance with the terms set out in the SPA, subject to such immaterial amendments or variations thereto as the Directors of the Company may in their absolute discretion agree to.

Dated 28 October 2013

By order of the Board

Amanda Whalley  
*Company Secretary*

*Registered Office:*

11 Grosvenor Place,  
London SW1X 7HH

#### Notes:

1. Only members entitled to receive notice, or persons appointed as a proxy/corporate representative, are entitled to attend the General Meeting and only those entitled to attend the General Meeting will be admitted to the meeting without the prior approval of the Company.
2. Every member entitled to attend and vote at the General Meeting has the right to appoint some other person(s) of their choice, who need not be a Shareholder, as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
3. A Form of Proxy is provided with this Notice. Completion and return of such a proxy, or electronic submission of the proxy using the Shareportal Service, will not prevent a member from attending the General Meeting and voting in person. Amended instructions must also be received by the Company's Registrars by the deadline for receipt of Forms of Proxy.
4. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided on the enclosed Form of Proxy. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of ordinary shares in relation to which they are authorised to act as your

proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

5. To appoint more than one proxy you may photocopy the enclosed Form of Proxy. Please indicate in the box next to the proxy holder's name the number of ordinary shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. If you submit more than one valid proxy appointment in respect of the same share or shares, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which was received last, none of the proxy appointments in respect of that share or shares shall be valid.
6. To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with the Company's registrars, by post to: Capita Asset Services, (PXS), 34 Beckenham Road, Beckenham, Kent BR3 4TU; or by hand to: Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for the General Meeting or any adjourned General Meeting.
7. Alternatively, you may submit your Form of Proxy electronically using the Shareportal Service at [www.capitashareportal.com](http://www.capitashareportal.com) where full details of the procedure are given. This website is operated by the Company's registrars.
8. To be effective, the electronic appointment of a proxy for the meeting and any power of attorney or other authority under which the proxy appointment is made must be received by the Company's registrars not less than 48 hours before the time appointed for the General Meeting or any adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used. Please note that any electronic communication sent to the Company or to the Shareportal Service that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the General Meeting is governed by the Shareportal Service's conditions of use set out on the website, [www.capitashareportal.com](http://www.capitashareportal.com) and may be read by logging on to that site. If you want to appoint more than one proxy electronically please contact the Company's registrar on the Capita Telephone Helpline on 0871 664 0300 (calls cost 10p per minute plus extras, lines are open 8.30am-5.30pm Mon-Fri) or if you are calling from overseas please call +44 208 639 3399.
9. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (the **Act**) (a **Nominated Person**) should note that the provisions in this Notice concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.  
  
Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
10. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) (as amended) and for the purposes of section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at 11.00 a.m. on 12 November 2013 or if the meeting is adjourned, on the day which is two days prior to the time of the adjourned meeting shall be entitled to attend and vote at the General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the register of members after 11.00 a.m. on 12 November 2013 shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 14 November 2013 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID number RA10) by the latest time(s) for receipt of proxy appointments, together with any power of attorney or other authority under which it is sent. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)).
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended). For further information relating to the CREST proxy system, please refer to the CREST Manual.
15. A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Notes 2, 3, 6-8 and, if relevant, Notes 10-11 above. Please note, however, that if multiple corporate representatives purport to vote the same block of shares in different ways, they will be treated as not having voted.
16. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
17. Any shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a shareholder attending the General Meeting. However, members should note that no answer need be given in the following circumstances:
  - (i) if to do so would interfere unduly with the preparation of the General Meeting or would involve a disclosure of confidential information;
  - (ii) if the answer has already been given on a website in the form of an answer to a question; or
  - (iii) if it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
18. As at 25 October 2013, being the latest practicable date before the publication of this Notice of General Meeting, the Company's issued capital consisted of 197,638,425 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 25 October 2013 are 197,638,425 Ordinary Shares.
19. This Notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 25 October 2013, being the latest practicable date before the publication of this Notice of General Meeting, and, if applicable, any members' matters of business received after the publication of this Notice of General Meeting can be found on the Company's website at <http://www.petrodavlovsk.net>.
20. Shareholders are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice of Meeting, the Form of Proxy, or Chairman's letter should not be used to communicate with the Company (including the service of documents or information relating to the proceedings at the General Meeting).





