

**THIS DOCUMENT IS IMPORTANT AND REQUIRES
YOUR IMMEDIATE ATTENTION**

If you are in any doubt about the contents of this document or the action you should take, you are recommended to take advice from a person authorised under the Financial Services and Markets Act 2000 who specialises in advising in connection with shares and other securities.

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 only part of your holding of shares in Petropavlovsk PLC you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.



PETROPAVLOVSK

**NOTICE OF ANNUAL GENERAL MEETING
TO BE HELD ON 22 JUNE 2017
AND A LETTER FROM YOUR CHAIRMAN
ON THE BUSINESS TO BE CONDUCTED
AT THAT MEETING**

This document gives notice of the Annual General Meeting, which is to be held at 2.30 p.m. on Thursday 22 June 2017 at 3 More London Riverside, London SE1 2AQ. A form of proxy for use in relation to the Annual General Meeting is enclosed.

A summary of the action to be taken by shareholders of the Company is set out on page 7 and in the Notice of Annual General Meeting set out at the end of this document. Whether or not you propose to attend the Annual General Meeting you are requested to complete and submit a form of proxy in accordance with the instructions printed on the enclosed form of proxy. The return of one or more completed forms of proxy will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so (and are so entitled). To be valid, the form of proxy must be completed and returned, in accordance with the instructions printed thereon, to the Company's registrars, by post to: Capita Asset Services, (PXS), at 34 Beckenham Road, Beckenham, Kent BR3 4TU; or by hand to: Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. You may also submit your proxy electronically using the Shareportal Service at www.signalshares.com. The form of proxy should be returned or, if doing so electronically, the electronic submission should be made, as soon as possible but in any event so as to be received not later than 2.30 p.m. on 20 June 2017.



PETROPAVLOVSK

Petropavlovsk PLC
Incorporated in England and Wales
with Registered No. 4343841

Directors:

Mr Peter Hambro (*Chairman*)
Dr Pavel Maslovskiy (*Chief Executive Officer*)
Mr Andrey Maruta (*Chief Financial Officer*)
Mr Robert Jenkins (*Senior Independent Director*)
Mr Alexander Green (*Non-Executive Director*)
Mr Andrew Vickerman (*Non-Executive Director*)

11 Grosvenor Place
Belgravia
London
SW1X 7HH
T +44 (0)20 7201 8900
Email contact@petropavlovsk.net
www.petropavlovsk.net

Dear Shareholder,

Annual General Meeting 2017 (AGM)

I am pleased to invite you to the fifteenth Annual General Meeting of Petropavlovsk PLC, to be held at 3 More London Riverside, London SE1 2AQ, at 2.30 p.m. on Thursday 22 June 2017.

A formal notice convening the AGM is set out on pages 9 to 15 of this document and an explanation of each of the resolutions that the Directors will be proposing at the AGM is set out below.

The Company will be making a presentation on the results for 2016, an update on 2017, including on the underground mining project and the Pressure Oxidation project. It will also cover the Reserve & Resources statement to be issued prior to the AGM. At this point the Board will take questions.

Board proposals

The Company has already announced that, as part of its consideration of Board succession, Petropavlovsk intends to appoint Andrew Vickerman, currently an independent Non-Executive Director of the Company, as independent Non-Executive Chairman and that I would step aside, continuing as an Executive Director. Assuming that the existing Directors are re-elected, this will take place immediately following the conclusion of the AGM. Mr Vickerman's appointment is intended to be for an interim period pending conclusion of an already initiated process for appointing a permanent independent Non-Executive Chairman of Petropavlovsk. The Board has engaged recruitment specialists to assist in this process.

The Company is also continuing its process to appoint a fourth independent Non-Executive Director.

Although currently fully compliant for a company of its size, following these changes, the Board structure will be in line with best practice corporate governance requirements for larger companies as well.

It gives me great pleasure that under direction of the current Board the Company returned to profit in 2016. The Trading Statement for Q1 2017 indicates that this success is continuing. The turnaround has not been easy but I am proud that we have achieved it.

Accordingly the Board recommends that shareholders vote in favour of resolutions 10 to 15 for the re-election of all of the existing directors.

In addition to the resolutions that are normal at an Annual General Meeting certain shareholders have requisitioned additional resolutions and these are included as resolutions 6 to 9. These shareholders have also requested that the Company publish their statements that accompanied the requisitions. These are set out, together with the Board's response and recommendations on pages 5 to 7.

Resolutions to be proposed at the AGM

Resolutions 1 to 16 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 17 and 18 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Ordinary business

(Resolution 1) Annual Report and Accounts

The business of the AGM will begin with a resolution to receive and adopt the Annual Report and Accounts of the Company for the year ended 31 December 2016 (the **2016 Annual Report**) together with the report of the auditor, which are being posted to shareholders together with this document. Shareholders will have the opportunity to put any questions on the 2016 Annual Report to the Board before the resolution is proposed at the AGM.

(Resolutions 2 and 3) Consider and approve the Directors' Remuneration Report and Remuneration Policy

The Directors' Remuneration Report can be found on pages 87 to 103 of the 2016 Annual Report. An ordinary resolution will be proposed to shareholders to approve the Annual statement from the Chairman of the Remuneration Committee on page 87 and the Annual Report on Remuneration on pages 96 to 103. It should be noted that the vote on the resolution is advisory only.

The Directors' Remuneration Policy can be found on pages 88 to 95 of the 2016 Annual Report. The Directors' Remuneration Policy was approved by shareholders at the AGM in 2014 for a period of three years. During 2016 the Remuneration Committee conducted a review of the current policy to ensure that it continues to meet the Company's aims, which are principally to retain and motivate high-calibre executives and to attract new talent as required, with pay outcomes linked to performance against the Group's strategic objectives. In concluding its review, the Remuneration Committee considered that on the whole the current policy is fit for purpose, well aligned with strategy and reflects the market capitalisation of the Company whilst acknowledging the complexity of the Group. The proposed 2017 policy therefore remains broadly unchanged from the 2014 policy, except for a number of minor amendments to reflect evolving best practice changes. Full details are contained in the 2016 Annual Report.

(Resolutions 4 and 5) Auditors

The Company is required at each Annual General Meeting at which accounts are presented to appoint auditors to hold office until the next such meeting. Deloitte LLP have indicated their willingness to hold office until such meeting. Accordingly Resolution 4 re-appoints Deloitte LLP as auditor to the Company.

Resolution 5 authorises the Directors to determine the remuneration of Deloitte LLP as auditor to the Company.

(Resolutions 6 to 9) Appointment of new Directors

As announced on 12 May 2017, the Company has received requests from Renova Asset Holding Limited (**Renova**), Sothic Capital European Opportunities Master Fund Limited (**Sothic**) and M&G Debt Opportunities Fund II Limited (**M&G**) (shareholders of the Company) for ordinary resolutions to be proposed at the AGM for the appointment of four new directors.

In addition the shareholders have advised that they currently intend to vote against the re-election of the Chairman and the three independent non-executive directors if they offer themselves for re-election.

The statements from Renova and M&G and Sothic (the Requisitioning Shareholders) together with the Board's response are provided on pages 5 to 7.

(Resolutions 10 to 15) Re-election of existing Directors

Although directors of companies who are not FTSE 350 companies are not required to be elected annually by shareholders, as they have in the past, all of the Directors are submitting themselves for re-election at the AGM.

Information on all of the Directors is set out in the Appendix on page 17.

Following the formal Board evaluation which was facilitated by external consultants, the Board believes that the performance of each Director continues to be effective and to demonstrate commitment to the role, including commitment of time for Board and Committee meetings and any other duties. The Board continues to believe that it benefits substantially from their individual and collective experience and expertise. Information on the Board evaluation is contained in the 2016 Annual Report on page 76.

Accordingly, your Board believes that the re-election of each of the Directors is in the best interests of your Company.

Special Business

(Resolution 16) Renewal of the power of the Board to allot Shares

Paragraph (A) of this resolution would give the Directors the authority to allot ordinary shares of the Company up to an aggregate nominal amount equal to £10,900,000. This amount represents approximately one-third of the Company's issued share capital as at 26 May 2017, the latest practicable date before the publication of this Notice.

In line with guidance from the Investment Association (IA), paragraph (B) of Resolution 16 would give the Directors authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £21,800,000, as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 26 May 2017, the latest practicable date before the publication of this Notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the conclusion of the Annual General Meeting in 2018 or on 30 June 2018, whichever is sooner.

The Directors have no present intention to exercise either of the authorities sought under this resolution, except, under paragraph (A), to satisfy share awards under the Company's Long-Term Incentive Plan, but the Board wishes to ensure that the Company has maximum flexibility in managing the Group's capital resources. Where the Board does use the additional authority described in (B), the Directors intend to follow IA recommendations that all of the Directors will stand for re-election at the next Annual General Meeting.

The Directors will continue to seek to renew this authority at each Annual General Meeting, in accordance with current best practice.

As at the date of this Notice, no shares are held by the Company in treasury.

(Resolutions 17 and 18) Renewal of Directors' authority to allot shares for cash other than to existing shareholders

As in previous years, the Directors are also seeking authority to allot ordinary shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

Resolution 17 contains a two-part waiver. The first is limited to the allotment of shares for cash up to an aggregate nominal value of £1,651,880, which represents approximately 5% of the issued ordinary share capital as at 26 May 2017. The second is limited to the allotment of shares for cash in connection with a rights issue to allow the Directors to make appropriate exclusions and other arrangements to resolve legal or practical problems which, for example might arise in relation to overseas shareholders.

The waiver granted by Resolution 18 is in addition to the waiver granted by Resolution 17. It is limited to the allotment of shares for cash up to an aggregate nominal value of £1,651,880, which represents a further approximately 5% of the issued ordinary share capital as at 26 May 2017. This further waiver is being sought in accordance with the Pre-emption Group's 2015 Statement of Principles (**Statement of Principles**). The Statement of Principles permits disapplication authorities of up to 10% of issued share capital in total to be sought provided the additional 5% is used in connection with the financing (or refinancing) of an acquisition or other capital investment of a kind defined in the Statement of Principles.

The Directors confirm that they intend to use the authority sought in Resolution 18 only in connection with such an acquisition or specified capital investment which is announced contemporaneously with the issue or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

In respect of this aggregate nominal amount, the Directors confirm their intention to follow the recommendation in the Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period and in accordance with the Statement of Principles that usage in excess of 7.5% should not take place without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to above.

If given, the authority granted under Resolutions 17 and 18 will expire at the conclusion of the next Annual General Meeting in 2018 or on 30 June 2018, if earlier.

The Directors have no present intention to exercise these authorities other than in respect of shares which may be issued pursuant to the Company's share option schemes.

Proposed Board changes – Shareholder requisitions

As explained on page 3, the Requisitioning Shareholders have requested that their statements are included in this document. These statements are detailed below followed by the Board's response.

Statement from Renova Asset Holding Ltd.

“Renova Asset Holding Ltd. believes that the current Board lacks the requisite focus on corporate governance and does not endorse principles of good corporate governance that should be followed by a public company. **Therefore Renova Asset Holding Ltd. intends to vote against the re-election of the Chairman (Peter Hambro) and the three independent non-executive directors (Robert Jenkins, Alexander Green and Andrew Vickerman) and urges other shareholders to do so.**

In addition, Renova Asset Holding proposes to appoint two nominees to the Board whose experience and expertise will enable the Board to institute and adhere to the best practices of corporate governance. Renova Assets Holdings expects the value of Petropavlovsk's shares to increase if the Board's composition enables the company to maintain strong focus on good corporate governance.”

Certain details of the two nominees Mr Bruce M. Buck and Mr Vladislav Egorov as submitted by the requisitioners, are provided in the Appendix on page 18.

Statement from M&G Debt Opportunities Fund II Limited and Sothic Capital Management LLP

“M&G Alternatives Investment Limited, the investment manager of M&G Debt Opportunities Fund II Limited, and Sothic Capital Management LLP, the manager of Sothic Capital European Opportunities Master Fund Limited, (together, “we” or “us”) believe that strong strategic leadership and robust independent oversight are essential attributes of a well-functioning board and will be critical for the future success of Petropavlovsk during the current phase of transformational growth. We believe that there have been multiple strategic mistakes made by Petropavlovsk over the course of 2014, 2015 and 2016 which have significantly destabilized the business and delayed its recovery. Disappointingly, it appears to us that these mistakes are partially attributable to inadequate corporate governance controls within the Company. We therefore propose the appointment of Mr Ian Ashby as an experienced independent chairman with a leadership track record in the mining industry and the appointment of Mr Garrett Soden as a new independent non-executive director to add financial and capital markets experience to the skillset of the Board. We believe that the proposed appointments of these two independent directors will significantly strengthen governance and leadership to the benefit of all of Petropavlovsk PLC's shareholders.”

Certain details of Mr Ian Ashby and Mr Garrett Soden as submitted by the requisitioners, are provided in the Appendix on page 18.

Board's response to the requisition statements

The Board notes the Requisitions, together with the above statements, received from Renova and jointly from Sothic and M&G (together the **Requisitioning Shareholders**).

Response

In response to the points made in the Requisitioning Shareholders' statements the Board would make the following comments:

- At the Annual General Meeting held on 28 June 2016 the result of the votes for the re-election of the Directors was:

<i>Name</i>	<i>For</i>	<i>Against</i>
Peter Hambro	99.22%	0.78%
Pavel Maslovskiy	99.98%	0.02%
Andrey Maruta	99.98%	0.02%
Robert Jenkins	99.79%	0.21%
Andrew Vickerman	99.79%	0.21%
Alexander Green	99.98%	0.02%

Proposed replacement of Non-Executive Directors

- The appointments of Messer's Vickerman and Green on 22 October 2015 and 27 August 2015 respectively, were prior approved, following interviews, by Sothic, M&G and others.
- The Board has already announced that Andrew Vickerman would become interim Non-Executive Chairman, subject to re-election, with effect from the end of the AGM and that I would step aside, continuing as an Executive Director subject to re-election. Additionally, the Nomination Committee will seek to select an independent Non-Executive Chairman and an additional independent Non-Executive Director.
- The Board considers that the proposed change of two thirds of its composition being put forward by certain shareholders, at a time when the Company is in the process of completing its operational transformation through the successful development of underground mining, the POX Hub implementation and the development of its latest gold discovery, is not in the best interests of the Company or of its shareholders as a whole.
- The principal reasons cited by the three shareholders for proposing new directors and stating their intention to vote against the re-election of the Executive Chairman of the Company and each of the Independent Non-Executive Directors is the perceived lack of requisite focus on corporate governance by the existing Board, although no specific instances of corporate governance failure are cited in either of the statements. The Board considers such claims and concerns as being without foundation. The Board has always taken good corporate governance seriously and the independence of the Non-Executive Directors has been in line with this. The independence of the existing Non-Executive Directors was a key criterion in their selection, and this has also been confirmed in a recently conducted independent board external evaluation. They have highly relevant experience as Board members of a listed mining company operating in Russia and they conduct themselves to the highest standards in the execution of their fiduciary duties. The Board as a whole and the Group's management are highly focussed on good corporate governance, appropriate oversight of management, and financial and operational performance.

Proposed new Directors

- The Board recognises the wish of Renova, the Company's largest shareholder, to have Board representation and notes that Mr Egorov, one of the two proposed new Directors put forward by Renova, is an employee of their group. While the Board is supportive in principle of the appointment of a Renova representative to the Board, the Directors do not feel that they can recommend to Shareholders that they vote in favour of the new Directors proposed by Renova where the requisitions for their appointment appear to form part of a concerted exercise to replace a majority of the Board.

- If Mr Egorov, whose connection with Renova would mean that he would not be characterised as independent, is appointed as a Director the Board would hope that Renova would agree to enter into a relationship agreement with the Company.
- The Board believes that Messrs Ashby, Buck and Soden, who have been proposed as directors, are all connected with the Requisitioning Shareholders by reason of their relationship and/or engagement with other companies with which the Requisitioning Shareholders are associated. Accordingly their suitability as Independent Directors is in doubt.

The Board considers that the actions of the Requisitioning Shareholders, in seeking to replace a majority of the Board, might be viewed as an attempt to gain effective control of the Company. This would have been done without paying a control premium, which shareholders might reasonably expect when a takeover offer is made in the ordinary way.

Action to be taken

You will find enclosed a form of proxy for use at the AGM. Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the AGM. Forms of proxy should be returned so as to be received by the Company's registrars, by post to: Capita Asset Services (PXS), at 34 Beckenham Road, Beckenham, Kent BR3 4TU; or by hand to: Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event no later than 2.30 p.m. on 20 June 2017. You may also submit your proxy electronically using the Shareportal Service at www.signalshares.com. Electronic submissions should be made as soon as possible, but in any event no later than 2.30 p.m. on 20 June 2017. If you are not already registered for the share portal, you will need your investor code which can be found on your share certificate or on the personalised form of proxy enclosed with this document.

Completion and return of the form of proxy, or electronic submission of the proxy using the Shareportal Service, will not prevent you from attending in person and voting at the meeting should you subsequently decide to do so.

Attendance at AGM

The Board welcomes the attendance of shareholders at the AGM. If you are intending to attend the AGM please read the notes on page 16 regarding access to the meeting to ensure that you have the correct documentation with you to gain admission to the meeting. Shareholders without the correct documentation will not be entitled to attend the meeting and may not therefore gain admission.

Recommendation

Your Board believes that resolutions 1 to 5 (inclusive) and 10 to 18 (inclusive) to be proposed at the meeting are in the best interests of the Company and its shareholders as a whole and, accordingly, **unanimously recommends that shareholders vote IN FAVOUR of resolutions 1 to 5 (inclusive) and 10 to 18 (inclusive)**, as the Directors intend to do in respect of their own beneficial shareholdings in the Company.

For the reasons set out in this letter, your Board believes that resolutions 6 to 9 (inclusive) will not promote the success of, and are not in the best interests of, the Company and its shareholders as a whole. Your Board therefore **unanimously recommends that you vote AGAINST resolutions 6 to 9**, as the Directors intend to do in respect of their own beneficial shareholdings in the Company.

The results of voting on all of the Resolutions will be announced via the Regulatory News Service and published on the Company's website as soon as possible after the end of the AGM.

There is more information about the AGM on the following pages.

Yours sincerely,

Peter Hambro
Chairman

Inspection of documents

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 11 Grosvenor Place, Belgravia, London SW1X 7HH up to and including the date of the AGM and also on the date and at the place of the AGM, 3 More London Riverside, London SE1 2AQ from 2.00 p.m. until the conclusion of the AGM:

- Executive Directors' service contracts;
- Letters of appointment of the Non-Executive Directors;
- Memorandum and Articles of Association of the Company.

Petropavlovsk PLC
Notice of Annual General Meeting 2017
(Incorporated in England and Wales with Registered No. 4343841)

NOTICE IS HEREBY GIVEN that the fifteenth Annual General Meeting of the Company will be held at 2.30 p.m. on Thursday 22 June 2017 at 3 More London Riverside, London SE1 2AQ (the **Notice**) for the following purposes:

Ordinary Business:

- 1 To receive and adopt the reports of the Directors and the audited accounts of the Company for the year ended 31 December 2016 together with the report of the auditors.
- 2 To approve the Directors' Remuneration Report set out on pages 87 to 103 (inclusive) (other than the part containing the Directors' Remuneration Policy) of the Annual Report and Accounts for the year ended 31 December 2016.
- 3 To approve the Directors' Remuneration Policy set out on pages 88 to 95 (inclusive) of the Annual Report and Accounts for the year ended 31 December 2016.
- 4 To re-appoint Deloitte LLP as auditor of the Company until the conclusion of the next general meeting at which accounts are laid before the Company.
- 5 To authorise the Directors to determine the remuneration of the auditor.
- 6 To appoint Mr Vladislav Egorov as a Director of the Company.
- 7 To appoint Mr Bruce M. Buck as a Director of the Company.
- 8 To appoint Mr Ian Ashby as a Director of the Company.
- 9 To appoint Mr Garrett Soden as a Director of the Company.
- 10 To re-elect Dr Pavel Maslovskiy as a Director of the Company.
- 11 To re-elect Mr Andrey Maruta as a Director of the Company.
- 12 To re-elect Mr Robert Jenkins as a Director of the Company.
- 13 To re-elect Mr Alexander Green as a Director of the Company.
- 14 To re-elect Mr Andrew Vickerman as a Director of the Company.
- 15 To re-elect Mr Peter Hambro as a Director of the Company.

Special Business:

- 16 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the **Act**) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

- (A) up to an aggregate nominal amount of £10,900,000 (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560 of the Act) allotted or granted under paragraph (B) of this resolution in excess of £10,900,000); and

- (B) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £21,800,000 (such amount to be reduced by any shares allotted or rights granted under paragraph (A) above (in connection with an offer by way of a rights issue):
- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements or securities represented by depository receipts, record dates, legal, regulatory or practicable problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter.

The authorities conferred on the Directors under paragraphs (A) and (B) will expire at the conclusion of the next Annual General Meeting of the Company to be held in 2018 or, if earlier, at the close of business on 30 June 2018, save that under each authority the Company may, before such expiry, make offers or enter into agreements which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the relevant authority conferred hereby had not expired.

- 17 To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT subject to the passing of Resolution 16, the Directors be authorised, pursuant to section 570 and section 573 of the Companies Act 2006 (the **Act**), to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1), of the Act did not apply to any such allotment or sale, such authority to be limited to:

- (A) the allotment of equity securities in connection with or pursuant to an offer by way of rights issue or open offer or other pre-emptive offer to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings, but subject to such exclusions, limits, restrictions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, or securities represented by depository receipts, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange or any other matter; and
- (B) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) to any person up to an aggregate nominal amount of £1,651,880.

The authority granted by this resolution will expire at the conclusion of the Annual General Meeting of the Company to be held in 2018 or, if earlier, at the close of business on 30 June 2018, save that the Company may, before such expiry make offers and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

- 18 To consider and, if thought fit, to pass the following resolution as a special resolution:

THAT subject to the passing of Resolutions 16 and 17, the Directors be authorised, in addition to any authority granted under Resolution 17, to allot equity securities (as defined in section 560 of the Companies Act 2006 (the **Act**)) for cash under the authority given by Resolution 16 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

- (A) limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £1,651,880; and
- (B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

The authority granted by this resolution will expire at the conclusion of the Annual General Meeting of the Company to be held in 2018, or, if earlier, at the close of business on 30 June 2018, save that the Company may, before such expiry make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

Dated 30 May 2017

Registered office:
11 Grosvenor Place,
Belgravia,
London
SW1X 7HH

By Order of the Board
Amanda Whalley
Company Secretary

Notes

1. Only members entitled to receive notice, or persons appointed as a proxy/corporate representative, are entitled to attend Annual General Meetings and only those entitled to attend Annual General Meetings will be admitted to the meeting without the prior approval of the Company.
2. Every member entitled to attend and vote at the AGM 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 AGM 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 AGM and voting in person. Amended instructions must also be received by the Company's Registrars by the deadline for receipt of proxy forms.
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), at 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 (excluding any part of a day that is Saturday, Sunday or a public holiday) before the time appointed for the AGM or any adjourned AGM.
7. Alternatively, you may submit your form of proxy electronically using the Shareportal Service at www.signalshares.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 later than 2.30 p.m. on 20 June 2017 or not less than 48 hours (excluding any part of a day that is Saturday, Sunday or a public holiday) before the time appointed for the AGM or any adjourned AGM 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 AGM is governed by the Shareportal Service's conditions of use set out on the website, www.signalshares.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 0871664 0300 (calls cost 12p

per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Capita is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

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 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 close of business on 20 June 2017 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 AGM in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after close of business on 20 June 2017 shall be disregarded in determining the rights of any person to attend and vote at the AGM.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 22 June 2017 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). 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).

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, 5-8 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 Guidance 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% 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 Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
17. Any shareholder attending the AGM 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 AGM. 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 AGM 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 AGM that the question be answered.
18. As at 26 May 2017, being the latest practicable date before the publication of this Notice of AGM, the Company's issued capital consisted of 3,303,768,532 Ordinary Shares. The total voting rights in the Company as at 26 May 2017 are 3,281,393,974 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 26 May 2017, being the latest practicable date before the publication of this Notice of AGM can be found on the Company's website at <http://www.petrovlovsk.net>.
20. Copies of the service agreements and letters of appointment between the Company and its Directors referred to in Resolutions 10 to 15 will be available at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and any public holidays excluded) until the

date of the AGM and also on the date and at the place of the AGM from at least 30 minutes prior to the AGM through to its conclusion.

21. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
 - (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or
 - (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.

The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

22. Unless otherwise stated, any telephone number, website or 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 AGM).

Administration of the Company's

Annual General Meeting

To be held at 2.30 p.m. on Thursday 22 June 2017 at 3 More London Riverside, London SE1 2AQ.

Entry for Members, Proxy Holders & Corporate Representatives

All Members, Proxy Holders and Corporate Representatives wishing to attend the meeting must bring with them evidence of identification satisfactory to the Company.

If you have any queries regarding the administration of the AGM please contact the Company Secretary by letter at the Company's registered office address: 11 Grosvenor Place, Belgravia, London SW1X 7HH, by telephone +44 (0) 20 7201 8900, or via email at aw@petropavlovsk.net.

Entry for Guests

The AGM is a private meeting of shareholders and their representatives. The Company's policy concerning the admission of guests is as follows:

1. Guests are not entitled to attend the meeting as of right, but they may be permitted entry at the absolute discretion of the Chairman of the Company.
2. A shareholder may be permitted to enter with one pre-registered guest. All guests should be pre-registered in order to be permitted entry. Any shareholder wishing to bring a guest should contact the Company Secretary by letter at the Company's registered office address: 11 Grosvenor Place, London SW1X 7HH, by telephone +44 (0) 20 7201 8900, or via email at aw@petropavlovsk.net.
3. All guests must bring photo id for entry verification purposes. The shareholder and their guest must enter the meeting at the same time. The shareholder is responsible for the behaviour of their guest.
4. Proxies and corporate representatives, as they represent other shareholders, may not bring guests to the meeting.

Security

The Company does not permit behaviour that may interfere with anyone's security or safety or the good order of the meeting. Anyone who does not comply may be removed from the meeting.

Appendix

Directors' information

Peter Hambro

Peter Hambro is Chairman of the Board at Petropavlovsk PLC, a London-listed gold mining company co-founded in 1994 with Dr. Pavel Maslovskiy. Mr Hambro started his career at a bank owned by his family, later becoming a co-director of Smith St. Aubyn Holdings Ltd. He then proceeded to work at Mocatta Group, the world's largest bullion trader, before founding his own boutique mining finance house in 1990 called Peter Hambro Ltd., of which he remains chairman and the largest shareholder.

Pavel Maslovskiy

Pavel Maslovskiy is Chief Executive Officer of Petropavlovsk PLC and together with Peter Hambro, co-founded the Company in 1994. Dr Maslovskiy was Chief Executive Officer from the Group's inception until December 2011, when he relinquished all remunerated positions following his appointment as a Senator-Member of the Federation Council (Upper House of the Russian Parliament). Dr Maslovskiy retired as a Senator-Member in October 2014 and was re-appointed as Chief Executive Officer in November 2014, having acted as the Company's Honorary President during 2012 to November 2014.

Prior to embarking on his business career, Dr Maslovskiy was a Professor of Metallurgy at the Moscow Aircraft Technology Institute.

Andrey Maruta

Andrey Maruta was appointed to the Board as Finance Director – Russia in January 2011, and promoted to the position of Chief Financial Officer in April 2012. Mr Maruta is a fellow member of The Association of Chartered Certified Accountants having qualified at Moore Stephens in 2001. Mr Maruta joined the Group in 2003 as Group Chief Accountant and was promoted to the position of Deputy Finance Director in 2005 and the position of Finance Director in 2006.

Andrew Vickerman

Andrew Vickerman spent 20 years with Rio Tinto, the last 10 as a member of the Operations and Executive Committees. He is currently a Non-Executive Director of Trafigura, a leading international commodities trading group, and Director of Direct Nickel, an Australian business that has developed technology for processing nickel laterite deposits. Mr Vickerman was appointed to the Board on 22 October 2015.

Mr Vickerman is Chairman of the Nomination and Remuneration Committees and a member of the HSE Committee.

Robert Jenkins

Robert Jenkins has been associated with the company since 2014 and was appointed to the Board on 30 April 2015. Mr Jenkins has approaching 25 years of Russia related investment experience. He has been CFO of two Russia focussed natural resource companies, Eurasia Mining and Urals Energy, and also a Director and Audit Committee Chairman of Ruspetro plc and of Toledo Mining Corporation plc, including as Senior Independent Director of the former.

Mr Jenkins, who is a Russian speaker, also chairs the Audit Committee and is Senior Independent Director. Mr Jenkins is also a member of the Nomination Committee.

Alexander Green

Alexander Green joined the Board on 27 August 2015 having been selected by the Nomination Committee. He has two decades of experience in the resources industry, including as a Marketing Director at BHP Billiton. He was also a Non-Executive Director of Torm A/S Copenhagen and is a member of the advisory board of Bahia Mineração S/A and Board Observer with Fluidic Analytics Limited.

Mr Green chairs the HSE Committee and is a member of the Audit, Remuneration and Nomination Committees.

Proposed Directors

Information submitted by the Requisitioning Shareholders

Bruce Buck

Bruce Buck has been practicing law in Europe since 1983. His work at the law firm of Skadden, Arps, Slate, Meagher and Flom, where he was a partner and is currently Of Counsel, includes a broad range of mergers, acquisitions and capital markets transactions, including IPOs and high-yield transactions. Mr Buck has been involved in work in Central and Eastern Europe, and particularly in Russia, since 1990. Mr Buck's mergers and acquisitions practice has involved some of the highest profile transactions involving Russian companies. Mr Buck is also the chairman and a director of Chelsea FC plc. In 2012, Mr Buck was named to *The Times* list of the U.K.'s most influential lawyers. He was also named one of the two most high-profile lawyers in the U.K. by *The Lawyer* in 2009.

Vladislav Egorov

Vladislav Egorov has been practicing law in Russia since 1998. His practice areas include mergers and acquisitions, dispute resolution, antitrust and antidumping regulations and general corporate work. He also has significant experience working as an in-house counsel at Russian natural resources companies. Mr Egorov is currently a Deputy M&A and Project Director at Renova Group. He was previously a Vice President for Legal Affairs at TNK-BP Management, a senior legal counsel at Altimo and the Head of Antidumping and International Arbitration Practice at UC RUSAL.

Ian Ashby

Mr Ashby has 35 years of international experience in the minerals industry across a range of commodities that include copper, iron ore, coal, silver, gold, lead and zinc. In his most recent executive role between 2006 and 2012, Mr Ashby was President of BHP Billiton's Iron Ore division, the largest and most profitable business within BHP Billiton, where he was responsible for global strategy development and execution, opportunity identification, project development and operations. Post his executive career, Mr Ashby has pursued Non-Executive Director roles at Genco Shipping and New World Resources. Ian currently holds NED positions on the board of Nevsun Resources and Alderon Iron Ore Corporation.

Garrett Soden

Mr Soden is a senior executive with extensive international operations and restructuring experience as Chairman, CEO, CFO and Director of various public companies in the natural resources sector. He has worked with the Lundin Group of Companies for the last decade. Mr Soden is currently a board member of Etrion Corporation, Gulf Keystone Petroleum Ltd. and Panoro Energy ASA. Previously, he was Chairman and CEO of RusForest AB, CFO of Etrion and PetroFalcon Corporation and a non-executive director of PA Resources AB. Mr Soden holds a BSc honours degree from the London School of Economics and an MBA from Columbia Business School.

Petropavlovsk PLC
Incorporated in England and Wales
with Registered No. 4343841

11 Grosvenor Place
London
SW1X 7HH

T +44 (0)20 7201 8900
E contact@petropavlovsk.net
www.petropavlovsk.net



PETROPAVLOVSK