



PRESS RELEASE

15 June 2018

Petropavlovsk PLC (the “Company”) Response to letter from CABS Platform Limited (“CABS”) and Slevin Ltd (“Slevin”)

The Company has received letters from CABS, dated 13 June 2018, and from Slevin, dated 11 June 2018, in response to the letters sent by the Company dated 8 June 2018 requesting that CABS and Slevin rectify deficiencies in their responses dated 20 May 2018 and 1 June 2018, respectively and reveal to the Company any agreements or arrangements that exist in relation to the exercise of the voting rights of the Company.

CABS is a 4.55% shareholder in Petropavlovsk PLC which together with Slevin, a 4.55% shareholder have requisitioned resolutions at the Company’s AGM. The proposed resolutions are to remove the entire Board, which is compliant with the UK Corporate Governance Code, and elect three former directors which the Board considers are not independent.

The letters reveal that the natural persons, shell companies and trusts behind CABS and Slevin are located or registered in Liechtenstein, British Virgin Islands (Tortola), Cyprus, Latvia, Russia, West Indie (Nevis and Anguilla) and Gibraltar.

CABS letter

The letter notes that CABS has “made further enquiries” and “so far as it is known” provides information naming further natural persons, companies and trusts that are involved in the structure of ownerships and interests behind CABS. Specifically:

1. CABS is the legal and beneficial owner of shares in the Company.
2. Durham Trade & Invest Limited is the sole director of CABS.
3. Olena Dorati is the sole director and shareholder of Durham Trade & Invest Limited.
4. Patia Trading Limited is the sole shareholder of CABS.
5. Olena Dorati is the sole director and sole legal owner of shares in Patia Trading Limited.
6. Patia Trading Limited holds the shares it owns in CABS on trust for 6th Wave Trust, a discretionary trust established under the laws of the Island of Nevis. The five beneficiaries of the 6th Wave Trust are:
 - i. Evgeny Khata
 - ii. Viktoriya Grynova
 - iii. Erika Gordisheva
 - iv. Yulia Mangusheva
 - v. Mikhail Volkov
7. Sagittarius Development LLC with its registered address in Nevis is the trustee of the 6th Wave Trust.
8. Evgeny Khata is the settlor of the 6th Wave Trust.
9. Mr Maxim Galkin of Russia and Mr Dimitrii Skandakov of Russia are the managers of the trustee entity.
10. Mr Vladislav Mitskevich of Russia is the member of the trustee entity.
11. Mr Andris Kibilds of Latvia is the protector of the 6th Wave Trust.

The letter sets out that certain powers of Sagittarius Development LLC as trustee of the 6th Wave Trust are subject to the consent of the protector, Mr Andris Kibilds. Sagittarius Development LLC as trustee of the 6th Wave Trust has the discretion to accept recommendations of the settlor, Evgeny Khata. Evgeny Khata, as the settlor, and the beneficiaries can remove and appoint Mr Andris Kibilds. Mr Andris Kibilds can change, remove and appoint a new trustee.

The letter also states that Mr Nikolai Lioustiger met with Mr Pavel Maslovskiy, Sir Roderic Lyne, Mr Robert Jenkins (the 'Proposed Directors) and Peter Hambro to "determine their willingness to be proposed for re-election" and that the Proposed Directors and Peter Hambro are not connected to any of the entities or persons set out on 1-11 above.

Slevin letter

The Company also notes the letter received from Slevin dated 11 June 2018 in response to the Company's letter dated 8 June 2018. This letter has provided no material information, save for that fact that the Lacetti Foundation is a body corporate.

The Board's conclusion

Despite the efforts of the Company, the further disclosures by the requisitioning shareholders provides no further clarity in respect of the identities of the controlling person(s) of CABS and Slevin. There is no evidence of any experience or background in the gold mining industry to support the requisitioners' views and no indication of the source of funds which will have exceeded £20m to acquire the 9.1% shareholding. The Board considers these letters as evidence of yet another veil of secrecy, and we expect there are further layers to be peeled back before the true identity of the controlling person(s) is revealed.

Ian Ashby, Chairman of Petropavlovsk PLC said:

"The latest letters from CABS and Slevin reveal the extent to which each has gone to conceal the true identity of their ultimate beneficiaries and controllers. The cascade of shell companies and offshore trusts outlined in their letters casts a veil of secrecy over their intentions. We expect there are further layers to be peeled back before the true identity of the controlling person(s) is revealed.

"The Board has sympathy with our shareholders who may be confused by the latest disclosure and it is gravely concerning to the Board that there is simply no way of knowing whether the motive of CABS and Slevin is to acquire control of Petropavlovsk by stealth at a discounted valuation or what other nefarious objectives they may have."

Ian Ashby has written to the Financial Conduct Authority (the "FCA") to raise his concerns and request the FCA investigate this matter.

Enquiries

For more information:

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About Petropavlovsk

Petropavlovsk is one of *Russia's* leading gold mining companies. As at 31 March 2018, the Company had produced approximately 6.9Moz of gold.

At this time, Petropavlovsk is in the construction phase of a state of the art pressure oxidation facility to process the *Company's* substantial refractory resource base. The *Company's* combined 3,430km² license holding has untapped resource potential. The Company is a leading employer and contributor to the development of the local economy in the Amur region, Russian Far East, where it has operated since 1994.

Petropavlovsk is a shareholder (31.1%) of IRC Limited and is the guarantor of the US\$340 million project finance facility (US\$234 million principal outstanding as at 31 March 2018). IRC is a vertically integrated iron ore producer and developer in the Russian Far East and North-eastern China. IRC is listed on the Hong Kong Stock Exchange (ticker: 1029.HK).

Petropavlovsk is listed on the Main Market of the London Stock Exchange (ticker POG:LN).

