

Message to shareholders (for issue on 2 July) from the Board of Petropavlovsk

Dear Shareholders,

Having been elected by you to serve as directors of the Company, your new Board met for the first time on 29 June 2018, following the end of the Annual General Meeting, and confirmed the appointments of Sir Roderic Lyne as Non-Executive Chairman, Dr. Pavel Maslovskiy as Chief Executive Officer and Mr. Robert Jenkins as Non-Executive Director and Chair of the Audit and Remuneration Committees.

The Board also confirmed its immediate plan of action. In this, Dr Maslovskiy will pay an extended visit to the Company's mining and processing sites in the Amur Region in July. He will explain the change of leadership to those on the ground and address the concerns that were expressed in the letters to the previous Board from the managers and the Union.

Returning as Chief Executive after a year's interval, Dr. Maslovskiy will need to assess the state of the Company's operations and particularly the progress towards the commissioning of the drying and loading parts of the flotation / concentration plant at Malomir and the Pressure Oxidation plant at Pokrovskiy. It is intended that he will report back to the Board on his findings at an additional meeting to be convened at the end of July. At this meeting it is expected that the Board will also consider reports on the Company's financial situation and on the progress at IRC (in which Petropavlovsk holds a stake of 31%) towards the refinancing of the IRC debt to ICBC.

The Board has initiated action to recruit additional, well-qualified Non-Executive Directors and to appoint a Chief Financial Officer.

In the light of the management changes under way, the Board expects to announce the H1 2018 results on 28 September 2018 following a Trading Update in July.

We are grateful to shareholders for the support that they have shown us and are ready to shoulder the responsibility placed upon us. My fellow directors and I are committed to acting in the best interest of all shareholders and to engaging with them actively. We shall endeavour to ensure that information about the Company and its activities is as transparent as possible.

As you can see, we have wasted no time in getting back to work. We are acting to restore leadership and momentum to Petropavlovsk without delay; however, there is much to be done and it will take time to make progress.

Our long-term goal is clear. This is a good Company with a strong operating record over almost a quarter of a century since its foundation by Peter Hambro and Pavel Maslovskiy. As Directors, we are strongly committed to the Company and we believe in its potential. **We want Petropavlovsk to become a leading gold producer – a Company which is stable, profitable, competitive, and managed to the highest standards. We are determined to work towards that objective.**

Yours sincerely,

Sir Roderic Lyne

Non-Executive Chairman