



PETROPAVLOVSK

29 April 2013

Dear Shareholder

### **Directors' Remuneration Committee Report**

I am writing to you in my capacity as Chairman of the Company's Remuneration Committee (the Committee) to advise you of some decisions that have recently been taken by the Committee. This letter should therefore be considered as an addendum to the 2012 Directors' Remuneration Report (the 2012 DRR), which is included on pages 94 to 111 of the enclosed 2012 Annual Report.

In addition to the details of the 2012 remuneration paid to the Directors during 2012, the 2012 DRR outlines the proposed remuneration structure for the Executive Directors for 2013. This structure was approved by the Committee prior to 27 March 2013, the date on which the 2012 Annual Report was approved and signed on behalf of the Board.

### **Long-Term Incentive Plan Awards**

The 2012 DRR details a proposed grant of performance shares awards to be made under the Company's Long-Term Incentive Plan (the LTIP) to each of the Executive Directors, including the Company's Chairman, in respect of 200% of annual basic salary. It was anticipated that the grant would be made in April 2013 following the announcement of the Company's 2012 full year results.

However in light of the significant decline in the Company's share price on 15 April 2013, principally due to the fall in the gold price, the Committee has concluded, after discussion with the Company's Chairman, that a grant at the current time would be inappropriate. However the Committee will keep this matter under consideration and a grant may be made later in 2013. In the event that a 2013 LTIP grant is made the quantum will be reduced and will not exceed a maximum of 150% of salary. Mr Peter Hambro, the Company's Chairman has confirmed to the Committee that he does not wish to participate in any 2013 LTIP grant.

### **Potential value of the 2013 proposed annual remuneration**

In view of the above, the graphs presented on page 107 of the 2012 DRR are no longer the potential value of the 2013 proposed annual remuneration of each of the Executive Directors and they should be disregarded for this purpose.

As detailed in the 2012 DRR, the Company Chairman and the Executive Directors have waived their 2013 bonus opportunities. Therefore the Company Chairman, having now also waived his right to receive an LTIP award, will only be entitled to receive his basic salary during 2013.

As a Shareholder of the Company, you will have the opportunity to vote on the 2012 DRR at the forthcoming Annual General Meeting to be held on 11 June 2013. The Committee therefore wished to ensure that when considering your vote you had been provided with all of the relevant information in relation to the 2013 remuneration structure.

As stated in the 2012 DRR, I and my fellow Committee members will be present at the AGM should you wish to ask any questions. Alternatively if you are unable to attend or if you have any issue that you would like to be addressed now please contact the Company Secretary, Amanda Whalley via email at [aw@petropavlovsk.net](mailto:aw@petropavlovsk.net) or via the contact details provided at the bottom of this letter.

On behalf of the Committee, I would like to thank you for considering this additional information and for your continued support as Shareholders.

Yours sincerely

**Sir Malcolm Field**  
Remuneration Committee Chairman

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