



PRESS RELEASE

13 June 2016

Update on Transactions

On 28 April 2016 Petropavlovsk PLC ("**Petropavlovsk**" or the "**Company**" and, together with its subsidiaries, the "**Group**") announced that it had entered into an agreement (the "**Agreement**") with Russia's Alliance Mining Group ("**AMG**") and Ledor Group S.A. ("**Ledor**" and, together with AMG, the "**Contributors**") to acquire Amur Zoloto LLC ("**AZ**"), an established gold company with production and development assets in the Khabarovsk region in the Far East of Russia (the "**Proposed Acquisition**").

Today the Company announces that, as part of its discussions with its major shareholders on the Proposed Acquisition, both it and the Contributors have agreed with the Group's largest shareholder, Renova, to discuss the possibility of amending the Proposed Acquisition to include the acquisition by Petropavlovsk of Renova's gold assets in Kamchatka, Far East of Russia ("**Kamchatka Gold**").

Kamchatka Gold was established in 2002 and has a substantial gold resource base in the Kamchatka Region in the Far East of Russia, an area of strategic interest to the Group. The company pursues a strategy which focuses on integrated mine development with implementation of geological exploration, construction of mining and processing facilities and creation of transport and energy infrastructure.

The Board believes that, whilst further analysis of these assets will be required, the addition of Kamchatka Gold may be an attractive opportunity for the Group, and accordingly Petropavlovsk, the Contributors and Renova have agreed to undertake further three-way talks to see whether amended terms for the Proposed Acquisition that will include the acquisition of Kamchatka Gold can be agreed between the three parties. If amended to include Kamchatka Gold, the Proposed Acquisition would be a related party transaction for Petropavlovsk under Listing Rule 11, because of Renova's shareholding in the Company.

The proposed joint venture with Limited Liability Company GMD Gold in relation to the Pressure Oxidation project, which was also announced on 28 April 2016, is unaffected by today's announcement. Its implementation remains subject to shareholder approval.

Commenting on the announcement, Peter Hambro, Chairman of Petropavlovsk said:

"We welcome the constructive engagement of Renova and look forward to establishing whether an attractive amended transaction involving our acquisition of both AZ and the Kamchatka Gold can be agreed and put to Petropavlovsk's independent shareholders for approval."

Alexey Moskov, the Chairman of the Executive Board of the Renova Group, added:

“We believe that, in the case of its implementation, the contemplated transaction will enable Petropavlovsk to advance its strategy to further grow its resource and production base, which we support as a substantial shareholder, and benefit all shareholders of the company.”

Musa Bazhaev, the Chairman of Alliance Mining Group, commented:

“We welcome the opportunity to enter into three way discussions with Petropavlovsk and Renova. All parties recognise the considerable consolidation opportunities in the region and we look forward to continuing the constructive dialogue.”

Enquiries

Petropavlovsk PLC

Alya Samokhvalova

Grace Hanratty

+44 (0) 20 7201 8900

Maitland

Neil Bennett

James Isola

+44 (0) 20 7379 5151