



Registration of a Charge

Company name: **PETROPAVLOVSK PLC**

Company number: **04343841**



X67LGE3C

Received for Electronic Filing: **31/05/2017**

Details of Charge

Date of creation: **17/05/2017**

Charge code: **0434 3841 0010**

Persons entitled: **VTB BANK (PJSC)**

Brief description:

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT THE ELECTRONIC COPY INSTRUMENT
DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION
IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **OLESYA WEHLAU**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 4343841

Charge code: 0434 3841 0010

The Registrar of Companies for England and Wales hereby certifies that a charge dated 17th May 2017 and created by PETROPAVLOVSK PLC was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 31st May 2017 .

Given at Companies House, Cardiff on 1st June 2017

The above information was communicated by electronic means and authenticated
by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**



17 May 2017

PETROPAVLOVSK PLC

as Chargor

and

VTB BANK (PJSC)

as Chargee

CHARGE OVER SHARES

Herbert Smith Freehills CIS LLP

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THIS CHARGE OVER SHARES (the "**Deed**") is dated 17 May 2017 and made between:

- (1) **PETROPAVLOVSK PLC**, a company registered in England and Wales with registration number 04343841, whose registered office is at 11 Grosvenor Place, Belgravia London, SW1X 7HH, as chargor (the "**Chargor**"); and
- (2) **VTB BANK (PJSC)**, a bank organised and existing under the laws of the Russian Federation, with its registered address at Ul. Bolshaya Morskaya, 29, St. Petersburg, 190000, the Russian Federation, as lender and agent of the other Finance Parties (the "**Chargee**").

IT IS AGREED as follows:

1. **DEFINITIONS, CONSTRUCTION AND THIRD PARTY RIGHTS**

1.1 **Definitions**

- 1.1.1 Terms defined in the Facility Agreement shall, unless otherwise defined in this Deed or unless a contrary intention appears, bear the same meaning when used in this Deed and the following terms shall have the following meanings:

"Charged Assets" means the property charged pursuant to Clause 3 (*Security*).

"Company" means Peter Hambro Mining Treasury UK Limited, a company registered in England and Wales with registration number 06908968, whose registered office is at 11 Grosvenor Place, Belgravia London, SW1X 7HH.

"Enforcement Date" means the date on and after the occurrence of an Event of Default which is continuing.

"Facility Agreement" means the US\$200,000,000 term loan facility agreement between, among others, (1) the Chargor as borrower and (2) the Chargee as lender and agent originally dated 7 October 2011.

"LPA" means the Law of Property Act 1925.

"Party" means a party to this Deed.

"Receiver" means any person appointed by the Chargee to be a receiver or receiver and manager or administrative receiver of the property subject to the security created by this Deed or any part thereof.

"Related Investment Rights" means all allotments, rights, benefits and advantages (including all voting rights) whatsoever at any time accruing, offered or arising in respect of or incidental to the Shares and all money or property accruing or offered at any time by way of conversion, redemption, bonus, preference, option, dividend, distribution, interest or otherwise in respect of the Shares.

"Related Property Rights" means, in relation to any property or asset:

- (a) the proceeds of sale or other realisation of that property or asset (or any part thereof or interest therein);
- (b) all Security, options, agreements, rights, benefits, indemnities, guarantees, warranties or covenants for title in respect of such property or asset; and
- (c) all rights under any agreement in respect of such property or asset.

"Secured Liabilities" means all monies, obligations and liabilities covenanted to be paid or discharged under or pursuant to Clause 2 (*Covenants to Pay*).

"Security Period" means the period from the date of this Deed until the date on which all of the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

"Shares" means:

- (a) the issued ordinary shares of the Company legally and beneficially owned by the Chargor described in Schedule 1 (*Shares*), representing 25% of the issued share capital of the Company;
- (b) all Related Investment Rights in respect thereof; and
- (c) all Related Property Rights in respect thereof.

"**VAT**" means United Kingdom Value Added Tax together with all interest and penalties relating thereto.

- 1.1.2 Unless a contrary intention appears, words defined in the Companies Act 2006 have the same meanings in this Deed.

1.2 Construction

- 1.2.1 Unless a contrary indication appears, any reference in this Deed to:

- (A) the "**Chargor**", the "**Chargee**", the "**Company**", any "**Finance Party**" or any other person shall be construed so as to include their successors in title, permitted assigns and permitted transferees;
- (B) "**assets**" includes present and future properties, revenues and rights of every description;
- (C) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
- (D) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to, or should in accordance with market practice, comply) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
- (E) a provision of law is a reference to that provision as amended or re-enacted;
- (F) a Clause or a Schedule is a reference to a clause of or schedule to this Deed;
- (G) this Deed shall be construed as references also to any separate or independent stipulation or agreement contained in it;
- (H) a "**Finance Document**" or a "**Transaction Document**" or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
- (I) references to any form of property or asset (including a Charged Asset) shall include a reference to all or any part of that property or asset;
- (J) the singular includes the plural and vice versa; and
- (K) the word "**including**" is without limitation.

- 1.2.2 Clause and Schedule headings are for ease of reference only.

- 1.2.3 The words "**other**", "**or otherwise**" and "**whatsoever**" shall not be construed *eiusdem generis* or be construed as any limitation upon the generality of any preceding words or matters specifically referred to.

1.3 **Implied covenants for title**

The obligations of the Chargor under this Deed shall be in addition to the covenants for title deemed to be included in this Deed by virtue of Part I of the Law of Property (Miscellaneous Provisions) Act 1994.

1.4 **Third party rights**

1.4.1 Any Finance Party may enforce and enjoy the benefit of any term of this Agreement expressed to be for its benefit in accordance with the Contracts (Rights of Third Parties) Act 1999.

1.4.2 Except as otherwise expressly provided in this Deed, no term of this Deed is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a Party. The consent of any third party is not required for any termination or amendment of this Deed.

1.5 **Effect as a Deed**

This Deed is intended to take effect as a deed notwithstanding that the Chargee may have executed it under hand only.

2. **COVENANTS TO PAY**

2.1 **Covenant to pay secured liabilities**

The Chargor covenants that it shall on demand pay to the Chargee all monies and discharge all obligations and liabilities now or hereafter due, owing or incurred by it or any Obligor to any Finance Party under or pursuant to the Finance Documents in each case when the same become due for payment or discharge, whether by acceleration or otherwise, and whether such monies, obligations or liabilities are express or implied; present, future or contingent; joint or several; incurred as principal or surety; originally owing to or purchased (whether by assignment or otherwise) or acquired in any other way by a Finance Party; denominated in sterling or any other currency; or incurred on any current or other banking account or in any other manner whatsoever.

2.2 **Limited recourse**

Notwithstanding Clause 2.1 (*Covenant to pay secured liabilities*):

2.2.1 the liability of the Chargor to the Chargee under Clause 2.1 (*Covenant to pay secured liabilities*) shall be:

(A) limited in aggregate to an amount equal to that recovered by the Chargee as a result of the enforcement of this Deed with respect to the Charged Assets; and

(B) satisfied only from the proceeds of sale or other disposal or realisation of the Charged Assets pursuant to this Deed; and

2.2.2 the Chargee shall not have any recourse under Clause 2.1 (*Covenant to pay secured liabilities*) to any assets of the Chargor other than the Charged Assets.

2.3 **Potential invalidity**

Neither the covenant to pay in Clause 2.1 (*Covenant to pay secured liabilities*), nor the obligation to pay interest pursuant to Clause 2.4 (*Interest*), nor the security created by this Deed shall extend to or include any liability or sum which would, but for this Clause 2.2, cause such covenant, obligation or security to be unlawful under any applicable law.

2.4 **Interest**

Clause 8.4 (*Default interest*) of the Facility Agreement shall apply *mutatis mutandis* to this Deed.

3. **SECURITY**

The Chargor hereby charges to the Chargee by way of first fixed charge with full title guarantee and as a continuing security for the payment and discharge of the Secured Liabilities all of the Chargor's rights to and title and interest from time to time in the Shares.

4. **FURTHER ASSURANCE**

The Chargor shall promptly upon request by the Chargee execute (in such form as the Chargee may reasonably require) such documents (including assignments, transfers, mortgages, charges, notices and instructions) in favour of the Chargee or its nominees and do all such assurances and things as the Chargee may reasonably require for:

- 4.1.1 perfecting or protecting (by registration or in any other way) the security created or intended to be created by this Deed;
- 4.1.2 facilitating the realisation, at any time on or after the occurrence of the Enforcement Date of all or any part of the Charged Assets; and
- 4.1.3 exercising all powers, authorities and discretions conferred on the Chargee or any Receiver pursuant to this Deed or by law.

5. **GENERAL UNDERTAKINGS WITH RESPECT TO THE CHARGED ASSETS**

The Chargor undertakes to the Chargee with respect to the Charged Assets that it shall:

5.1 **Negative pledge**

not, without the prior consent in writing of the Chargee, create or attempt to create or permit to subsist or arise any Security on, over or affecting the Charged Assets or any part of them;

5.2 **Disposals**

not dispose of the Charged Assets or any part of them or agree so to do and for these purposes the term "dispose" shall include any form of disposal of any interest in any asset including any transfer, declaration of trust, assignment, sale or the creation of any other form of legal or equitable interest in or over any asset or any option in respect of any of the foregoing;

5.3 **Ownership**

own at least the same percentage of shares in the Company as on the date of this Deed;

5.4 **Communications**

at any time on or after the occurrence of the Enforcement Date, promptly deliver to the Chargee a copy of every circular, notice, resolution, minutes or other documents received by it in connection with the Charged Assets; and

5.5 **Nominees**

ensure that any nominee appointed by the Chargor to exercise or enjoy all or any of its rights in relation to the Charged Assets is aware of this Deed and its provisions, and procure compliance by the nominee with the provisions of this Deed.

6. **UNDERTAKINGS WITH RESPECT TO THE CHARGED ASSETS**

6.1 **Deposit of title documents**

The Chargor shall, on the date of this Deed, deposit with the Chargee or its nominee:

- 6.1.1 all stock and share certificates and documents of, or evidencing, title or the right to title relating to the Charged Assets;
- 6.1.2 executed and undated stock transfer forms or other instruments of transfer duly completed to the Chargee's satisfaction; and

- 6.1.3 such other documents as the Chargee may reasonably require for the purpose of perfecting its title to the Charged Assets or for the purpose of vesting the same in itself, its nominee or any purchaser or presenting the same for registration at any time.

6.2 Registration of transfers

The Chargor shall procure that, as and when required by the Chargee, all Charged Assets which are in registered form are duly registered in the name of the Chargee or its nominee once a transfer relating to those Charged Assets is presented for that purpose in accordance with this Deed.

6.3 Calls

The Chargor shall duly and promptly pay all calls, instalments or other payments which may be due and payable in respect of such Charged Assets and, for the avoidance of doubt, no Finance Party shall incur any liability in respect of any amounts due from the Chargor in respect of such Charged Assets.

6.4 Voting rights and other matters

- 6.4.1 Prior to the occurrence of the Enforcement Date and save as otherwise provided in this Clause 6.4 the Chargor shall exercise (or direct the Chargee to exercise on its behalf) all voting rights in respect of the Charged Assets, provided that the Chargor shall not exercise (or direct the exercise of) such voting rights in any manner which would reasonably be expected to prejudice the value of, or the ability of the Chargee to realise, the security over the Charged Assets created pursuant to this Deed.
- 6.4.2 The Chargor shall not, without the prior written consent of the Chargee, permit or agree to any variation of the rights attaching to or conferred by any of the Charged Assets, participate in any rights issue or participate in any vote concerning a member's voluntary winding-up or a compromise or arrangement pursuant to sections 895-901 of the Companies Act 2006.
- 6.4.3 At any time on or after the occurrence of the Enforcement Date, the Chargee may in such manner and on such terms as it sees fit (in the name of the Chargor or otherwise and without the need for further consent from the Chargor):
- (A) exercise (or refrain from exercising) any voting rights in respect of the Charged Assets or, as the case may be, require the Chargor to exercise (or refrain from exercising) any such voting rights in accordance with the directions of the Chargee (in which event, the Chargor shall comply with all such directions of the Chargee);
 - (B) apply all dividends and other monies arising from the Charged Assets in accordance with Clause 13 (*Application of Monies Received under this Deed*);
 - (C) without prejudice to any other provision of this Deed, transfer the Charged Assets into the name of a nominee or transferee of the Chargee as the Chargee may require; and
 - (D) exercise (or refrain from exercising) all or any of the powers and rights conferred upon or exercisable by the legal or beneficial owner of the Charged Assets.

6.5 Liability of Chargee

The Chargor agrees with the Chargee that neither the Chargee, nor any other Finance Party, nor any nominee will have any liability for:

- 6.5.1 failing to present any coupon or other document relating to any of the Charged Assets;

- 6.5.2 accepting or failing to accept any offer relating to any of the Charged Assets;
- 6.5.3 failing to attend or vote at any meetings relating to the Charged Assets;
- 6.5.4 failing to notify the Chargor of any matters mentioned in this Clause 6.5 or of any communication received by a Finance Party in relation to the Charged Assets; or
- 6.5.5 any loss arising out of or in connection with the exercise or non-exercise of any rights or powers attaching or accruing to the Charged Assets or which may be exercised by the Chargee or any nominee for the Chargee under this Deed (whether or not on sale or other realisation of the Charged Assets a better price could have or might have been obtained by either deferring or advancing the date of sale or realisation or otherwise), except to the extent resulting from any gross negligence or wilful misconduct of such person.

6.6 **Register of members**

The Chargor shall procure that, during the Security Period, the Company does not keep information in respect of its members on the central register kept by the Registrar at Companies House.

7. **RIGHTS OF THE CHARGE**

7.1 **Enforcement**

At any time on and after the occurrence of the Enforcement Date, the security created pursuant to this Deed shall be immediately enforceable and the Chargee may in its absolute discretion and without notice to the Chargor or the prior authorisation of any court:

- 7.1.1 enforce all or any part of the security created by this Deed and take possession of or dispose of all or any of the Charged Assets in each case at such times and upon such terms as it sees fit; and
- 7.1.2 whether or not it has appointed a Receiver, exercise all of the powers, authorities and discretions granted to a Receiver by this Deed or by law.

7.2 **Restrictions on consolidation of mortgages**

Section 93 of the LPA shall not apply to this Deed or to any sale made under it. The Chargee shall have the right to consolidate all or any of the security created by or pursuant to this Deed with any other security in existence at any time. Such power may be exercised by the Chargee at any time on or after the occurrence of the Enforcement Date.

7.3 **Restrictions on exercise of power of sale**

Section 103 of the LPA shall not apply to this Deed and the power of sale arising under the LPA shall arise on the date of this Deed (and the Secured Liabilities shall be deemed to have become due and payable for that purpose). The power of sale and other powers conferred by section 101 of the LPA as varied or extended by this Deed and those powers conferred (expressly or by reference) on a Receiver shall be immediately exercisable by the Chargee at any time on or after the occurrence of the Enforcement Date.

7.4 **No prior notice needed**

The powers of the Chargee set out in Clauses 7.2 (*Restrictions on consolidation of mortgages*) and 7.3 (*Restrictions on exercise of power of sale*) may be exercised by the Chargee without prior notice to the Chargor.

7.5 **Right of appropriation**

- 7.5.1 Without prejudice to the other provisions of this Deed, to the extent that any of the Charged Assets constitute "financial collateral", and this Deed and the obligations of the Chargor hereunder constitute a "security financial collateral arrangement" (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003/3226) (the "**Regulations**")), the

Chargee shall at any time on and after the Enforcement Date have the right to appropriate all or any part of those Charged Assets in or towards discharge of the Secured Liabilities. For this purpose, the parties agree that the value of any such Charged Assets so appropriated shall be the market price of such Charged Assets at the time the right of appropriation is exercised as determined by the Chargee by reference to such method or source of valuation as the Chargee may select, including by independent valuation. The parties agree that the methods or sources of valuation provided for in this Clause or selected by the Chargee in accordance with this Clause shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

- 7.5.2 The Chargee shall notify the Chargor as soon as reasonably practicable of the exercise of its right of appropriation as regards such of the Charged Assets as are specified in such notice.

8. EXONERATION

8.1 Exoneration

No Finance Party shall, nor shall any Receiver, by reason of its or the Receiver entering into possession of the Charged Assets or any part thereof, be liable to account as mortgagee in possession or be liable for any loss or realisation or for any default or omission for which a mortgagee in possession might be liable; but every Receiver duly appointed by the Chargee under this Deed shall for all purposes be deemed to be in the same position as a receiver duly appointed by a mortgagee under the LPA save to the extent that the provisions of that Act are varied by or are inconsistent with the provisions of this Deed when the provisions hereof shall prevail and every such Receiver and the Chargee shall in any event be entitled to all the rights, powers, privileges and immunities conferred by the LPA on mortgagees and receivers duly appointed under the LPA.

8.2 Indemnity

The Chargee and every Receiver, attorney, delegate, manager, agent or other person appointed by the Chargee hereunder shall be entitled to be indemnified out of the Charged Assets or any part thereof in respect of all liabilities and expenses incurred by such person in the execution of any of the powers, authorities or discretions vested in such person pursuant to this Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Charged Assets or any part of them, except to the extent resulting from any gross negligence or wilful misconduct of such person. The Chargee and any such Receiver may retain and pay all sums in respect of which it is indemnified out of any monies received under the powers conferred by this Deed.

9. APPOINTMENT OF RECEIVER

9.1 Appointment

At any time on or after the occurrence of the Enforcement Date, or at the request of the Chargor, the Chargee may, without prior notice to the Chargor, in writing (under seal, by deed or otherwise under hand) appoint a Receiver in respect of the Charged Assets or any part thereof and may in like manner from time to time (and insofar as it is lawfully able to do) remove any Receiver and appoint another in his stead.

9.2 More than one Receiver

Where more than one Receiver is appointed, each joint Receiver shall have the power to act severally, independently of any other joint Receiver, except to the extent that the Chargee may specify to the contrary in the appointment.

9.3 **Receiver as agent**

A Receiver shall be the agent of the Chargor which shall be solely responsible for his acts or defaults and for his remuneration. No Receiver shall at any time act as agent of any Finance Party.

9.4 **Receiver's remuneration**

A Receiver shall be entitled to remuneration for his services at a rate to be determined by the Chargee from time to time (and without being limited to any maximum rate specified by any statute or statutory instrument).

10. **RECEIVER'S POWERS**

10.1 **Powers**

A Receiver shall have (and be entitled to exercise) in relation to the Charged Assets over which he is appointed the following powers (as the same may be varied or extended by the provisions of this Deed):

- 10.1.1 all of the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- 10.1.2 all of the powers conferred from time to time on receivers, mortgagors and mortgagees in possession by the LPA;
- 10.1.3 all the powers and rights of a legal and beneficial owner and the power to do or omit to do anything which the Chargor itself could do or omit to do; and
- 10.1.4 the power to do all things which, in the opinion of the Receiver, are incidental to any of the powers, functions, authorities or discretions conferred or vested in the Receiver pursuant to this Deed or upon receivers by statute or law generally (including, without limitation, the bringing or defending of proceedings in the name of, or on behalf of, the Chargor; the collection and realisation of Charged Assets in such manner and on such terms as the Receiver sees fit; and the execution of documents in the name of the Chargor (whether under hand, or by way of deed or by utilisation of the company seal of the Chargor).

10.2 **Powers may be restricted**

The powers granted to a Receiver pursuant to this Deed may be restricted by the instrument (signed by the Chargee) appointing him but they shall not be restricted by any winding up or dissolution of the Chargor.

11. **PROTECTION OF PURCHASERS**

11.1 **Absence of enquiry**

No person or persons dealing with the Chargee or any Receiver appointed by it shall be concerned to enquire whether any event has happened upon which any of the powers in this Deed are or may be exercisable or otherwise as to the propriety or regularity of any exercise of such powers or of any act purporting or intended to be an exercise of such powers or whether any amount remains secured by this Deed. All the protections to purchasers and persons dealing with receivers contained in sections 104, 107 and 109(4) of the LPA shall apply to any person purchasing from or dealing with the Chargee or any such Receiver.

11.2 **Receipt: conclusive discharge**

The receipt of the Chargee or any Receiver shall be a conclusive discharge to any purchaser of the Charged Assets.

12. POWER OF ATTORNEY AND DELEGATION

12.1 Power of attorney: general

The Chargor hereby irrevocably and by way of security appoints the Chargee and any Receiver severally to be its attorney in its name and on its behalf and as its act and deed:

- 12.1.1 to execute and deliver any documents or instruments which the Chargee or such Receiver may require for perfecting the title of the Chargee to the Charged Assets or for vesting the same in the Chargee, its nominee or any purchaser;
- 12.1.2 to sign, execute, seal and deliver and otherwise perfect any further security document which the Chargor is required to enter into pursuant to this Deed; and
- 12.1.3 otherwise generally to sign, seal, execute and deliver all deeds, assurances, agreements and documents and to do all acts and things which may be required for the full exercise of all or any of the powers conferred on the Chargee or any Receiver under this Deed or which the Chargor is required to do pursuant to this Deed or which may be deemed expedient by the Chargee or a Receiver in connection with any preservation, disposition, realisation or getting in by the Chargee or such Receiver of the Charged Assets or any part thereof or in connection with any other exercise of any other power under this Deed,

provided that such actions may be exercised by the Chargee and a Receiver:

- (A) at any time on or after the occurrence of the Enforcement Date; or
- (B) if the Chargor is required to perform such actions in accordance with this Deed but has failed to do so within three Business Days of the required time.

12.2 Power of attorney: ratification

The Chargor ratifies and confirms and agrees to ratify and confirm all acts and things which any attorney mentioned in this Clause 12 shall do or purport to do in exercise of the powers granted by this Clause.

12.3 General delegation

The Chargee and any Receiver shall have full power to delegate the powers, authorities and discretions conferred on it or him by this Deed (including the power of attorney) on such terms and conditions as it or he shall see fit which shall not preclude exercise of those powers, authorities or discretions by it or him or any revocation of the delegation or any subsequent delegation.

13. APPLICATION OF MONIES RECEIVED UNDER THIS DEED

Any monies received under the powers hereby conferred shall, subject to the repayment of any claims having priority to this Deed, be applied for the following purposes and in the following order of priority:

- 13.1.1 in satisfaction of all costs, charges and expenses and payments (including payments made in accordance with paragraphs (i), (ii) and (iii) of section 109(8) of the LPA) made or incurred by the Chargee or the Receiver and of remuneration to the Receiver in such order as the Chargee shall in its absolute discretion decide;
- 13.1.2 in or towards satisfaction of the Secured Liabilities in accordance with clause 29.5 (*Partial payments*) of the Facility Agreement; and
- 13.1.3 the surplus, if any, shall be paid to the Chargor or other person or persons entitled to it,

save that, until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, the Chargee

may credit any monies received under this Deed to a suspense account for so long and in such manner as the Chargee may from time to time determine and the Receiver may retain the same for such period as he and the Chargee consider appropriate.

14. **RELEASE OF SECURITY**

14.1 **Release**

At the end of the Security Period, the Chargee shall, at the request and cost of the Chargor, execute or procure the execution by its nominee (in each case in a form acceptable to the Chargee) and do all such deeds, acts and things as may be necessary to release or reassign the Charged Assets from the security created by or in accordance with this Deed.

14.2 **Avoidance of payments**

14.2.1 No amount paid, repaid or credited to a Finance Party shall be deemed to have been irrevocably paid if the Chargee considers (acting reasonably) that the payment or credit of such amount is capable of being avoided or reduced by virtue of any laws applicable on bankruptcy, insolvency, liquidation or similar laws.

14.2.2 If any amount paid, repaid or credited to a Finance Party is avoided or reduced by virtue of any laws applicable on bankruptcy, insolvency, liquidation or any similar laws then any release, discharge or settlement between that Finance Party and the Chargor shall be deemed not to have occurred and the Chargee shall be entitled to enforce this Deed subsequently as if such release, discharge or settlement had not occurred and any such payment had not been made.

15. **REPRESENTATIONS AND WARRANTIES**

15.1 **Representations and warranties**

The Chargor makes the following representations and warranties in favour of each of the Finance Parties:

15.1.1 **Status of assets and security**

it is the legal and beneficial owner of the Charged Assets free from any Security (other than the Security created under this Deed) and this Deed confers the security it purports to confer over the Charged Assets and the security created under or pursuant to this Deed is not subject to any prior or *pari passu* Security;

15.1.2 **Transfer, registration and calls**

- (A) the Charged Assets are free from any restrictions as to transfer or registration and are not subject to any calls or other liability to pay money; and
- (B) the Company does not keep information in respect of its members on the central register kept by the Registrar at Companies House; and

15.1.3 **Representations and warranties set out in the Facility Agreement**

each representation and warranty set out in clause 18 (*Representations*) of the Facility Agreement (except for those set out in clauses 18.12 (*No misleading information*), 18.13 (*Original Financial Statements*) and 18.22 (*Group Structure Chart*)), in relation to itself only.

15.2 **Times for making representations and warranties**

The representations and warranties set out in this Clause 15 are made on:

- 15.2.1 the date of this Deed by reference to the facts and circumstances now existing as if references to the Finance Documents included references to this Deed; and

15.2.2 the representations and warranties set out in Clauses 15.1.1 (*Status of assets and security*) and 15.1.2 (*Transfer, registration and calls*) above and the Repeating Representations, in relation to itself only, are deemed to be repeated on:

- (A) the date of each Utilisation Request;
 - (B) on each Utilisation Date; and
 - (C) on the first day of each Interest Period,
- by reference to the facts and circumstances then existing.

16. **NEW ACCOUNTS**

If a Finance Party receives notice of any subsequent charge or other interest affecting any part of the Charged Assets (the date of receipt of such notice being the "**Notice Date**") it may, without prejudice to its rights under this Deed, open a fresh account or accounts with the Chargor and continue any existing account in the name of the Chargor and may appropriate to any such fresh account any monies paid in, received or realised for the credit of the Chargor after that time without being under any obligation to apply the same or any part of them in discharge of any of the Secured Liabilities. If a Finance Party fails to open a fresh account it will be deemed to have done so and any monies received or realised after the Notice Date will not reduce the Secured Liabilities outstanding on the Notice Date.

17. **MISCELLANEOUS**

17.1 **The Chargor**

This Deed shall be binding on the successors and assigns of the Chargor.

17.2 **Assignment and transfer**

The Chargor may not assign any of its rights under this Deed or transfer any of its rights or obligations under this Deed without the consent of the Chargee. The Chargee may assign or transfer all or any part of its rights and obligations under this Deed on the terms set out in the Facility Agreement.

17.3 **Remedies and waivers cumulative**

Save as expressly provided in this Deed, no failure to exercise, or delay in exercising any right, power, privilege or remedy under this Deed, on the part of any Finance Party shall operate as a waiver, nor shall any single or partial exercise of any right, power, privilege or remedy preclude any other or further exercise, or the exercise of any other right, power, privilege or remedy. No waiver by a Finance Party shall be effective unless it is in writing. The rights and remedies of a Finance Party provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.

17.4 **Set-off**

A Finance Party may set-off any matured obligation due from the Chargor to that Finance Party under this Deed, the Facility Agreement or any of the other Finance Documents against any matured obligation owed by that Finance Party to the Chargor, regardless of the place of payment, booking, branch or currency of either obligation and apply any credit balance to which the Chargor is entitled on any account with that Finance Party in accordance with Clause 13 (*Application of monies received under this Deed*). If the obligations are in different currencies, a Finance Party may, at the cost of the Chargor, convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

17.5 Partial invalidity

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any relevant jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Deed, nor the legality, validity or enforceability of that provision under the law of any other jurisdiction, shall in any way be affected or impaired.

17.6 Property

This Deed is and will remain the property of the Chargee.

17.7 Continuing security

This Deed shall be a continuing security and shall not be discharged by any intermediate payment or satisfaction of the whole or any part of the Secured Liabilities.

17.8 Waiver of defences

The obligations of the Chargor under this Deed will not be affected by an act, omission, matter or thing which, but for this Clause 17.8, would reduce, release or prejudice any of its obligations under this Deed (without limitation and whether or not known to any Finance Party) including:

- 17.8.1 any time, waiver or consent granted to, or composition with, the Chargor, any Obligor or other person;
- 17.8.2 the release of any Obligor or any other person under the terms of any composition or arrangement with any creditor of any person;
- 17.8.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Chargor, any Obligor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- 17.8.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Chargor, any Obligor or any other person;
- 17.8.5 any amendment (however fundamental) or replacement of any Finance Document or any other document or security;
- 17.8.6 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- 17.8.7 any insolvency or similar proceedings.

17.9 Non-competition

17.9.1 Until the Security Period has ended and unless the Chargee otherwise directs, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under this Deed:

- (A) to be indemnified by any Obligor (including any rights it may have by way of subrogation);
- (B) to claim any contribution from any guarantor of any Obligor of the obligations under the Finance Documents;
- (C) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any right of the Chargee or any of the other Finance Parties under any Finance Document or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents;
- (D) to claim, rank, prove or vote as a creditor of any Obligor or its estate in competition with the Chargee or any of the other Finance Parties; and

- (E) receive, claim or have the benefit of any payment, distribution or security from or on account of any Obligor, or claim or exercise any right of set-off against any Obligor.

17.9.2 The Chargor shall hold on trust for and immediately pay or transfer to the Chargee any payment or distribution or benefit of security received by it contrary to this Clause 17.9.

17.10 Additional security

This Deed shall be in addition to and not be affected by any other security or guarantee at any time held by a Finance Party for all or any part of the Secured Liabilities nor shall any such other security or guarantee of liability to a Finance Party of or by any person not a party to this Deed be in any way impaired or discharged by this Deed nor shall this Deed in any way impair or discharge such other security or guarantee.

17.11 Variation of security

This Deed shall not in any way be affected or prejudiced by a Finance Party at any time dealing with, exchanging, releasing, varying or abstaining from perfecting or enforcing any security or guarantee referred to in Clause 17.10 (*Additional security*) above or any rights which a Finance Party may at any time have or giving time for payment or granting any indulgence or compounding with any person whatsoever.

17.12 Enforcement of other security

No Finance Party shall be obliged to enforce any other Security it may hold for the Secured Liabilities before enforcing any of its rights under this Deed.

17.13 Redemption of prior encumbrances

The Chargee may redeem or take a transfer of any prior Security over the Charged Assets and may agree the accounts of prior encumbrances. An agreed account shall be conclusive and binding on the Chargor. Any amount paid in connection with such redemption or transfer (including expenses) shall be paid on demand by the Chargor to the Chargee and until such payment shall form part of the Secured Liabilities.

17.14 Further advances

The Finance Parties shall perform their obligations under the Facility Agreement (including any obligation to make further advances).

18. NOTICES

18.1 Communications in writing

Any communication to be made under or in connection with this Deed shall be made in writing and, unless otherwise stated, may be given by fax or letter.

18.2 Addresses

The address, e-mail and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party to this Deed for any communication or document to be made or delivered under or in connection with this Deed is that identified on its signature page below or any substitute address, fax number or department or officer as the Chargee or the Chargor may notify to the other party by not less than five Business Days' notice.

18.3 Delivery

18.3.1 Any communication or document made or delivered by one person to another under or in connection with this Deed will only be effective:

- (A) if by way of fax or e-mail, when received in legible form; or

- (B) if by way of letter, when it has been left at the relevant address by international courier with confirmation of receipt,

and, if a particular department or officer is specified as part of its address details provided under Clause 18.2 (*Addresses*), if addressed to that department or officer.

- 18.3.2 Any communication or document to be made or delivered to the Chargee will be effective only when actually received by the Chargee and then only if it is expressly marked for the attention of the department or officer identified with the Chargee's signature below (or any substitute department or officer as the Chargee shall specify for this purpose).

18.4 **Electronic communication**

- 18.4.1 Any communication to be made between the Parties to this Deed under or in connection with this Deed may be made by electronic mail or other electronic means to the extent that the Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication and if the Parties:

- (A) notify each other in writing of their electronic mail address and any other information required to enable the sending and receipt of information by that means; and

- (B) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.

- 18.4.2 Any electronic communication made between the Parties will be effective only when actually received in readable form and in the case of any electronic communication made by the Chargor to the Chargee only if it is addressed in such a manner as the Chargee shall specify for this purpose.

18.5 **English language**

- 18.5.1 Any notice given under or in connection with this Deed must be in English.

- 18.5.2 All other documents provided under or in connection with this Deed must be:

- (A) in English; or

- (B) if not in English, and if so required by the Chargee, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

19. **COUNTERPARTS**

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Deed.

20. **GOVERNING LAW**

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

21. **ENFORCEMENT**

- 21.1.1 Subject to Clauses 21.1.3 and 21.1.4 below, the courts of England have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Deed or its subject matter, existence, negotiation, validity, termination or enforceability (including any non-contractual dispute or claim) (a "**Dispute**").

- 21.1.2 Subject to Clauses 21.1.3 and 21.1.4 below, the Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly the Chargor shall will:

- (A) argue to the contrary; or
 - (B) initiate or pursue any proceedings relating to a Dispute in any jurisdiction other than England.
- 21.1.3 Notwithstanding Clauses 21.1.1 and 21.1.2 above, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may initiate or pursue:
- (A) proceedings in any other court; and
 - (B) concurrent proceedings in any number of jurisdictions,
- irrespective of whether proceedings have already been initiated by any Party in England. The Chargor irrevocably waives any right that it may have to claim that the action has been brought in an inconvenient forum.
- 21.1.4 In addition, the Finance Parties shall have the option of referring any Dispute to arbitration. If so directed by the the Finance Parties, the Chargee shall promptly exercise the right to refer such Dispute to arbitration.
- 21.1.5 If the Finance Parties elect to refer and finally settle any Dispute by arbitration, the arbitration shall be conducted on the following terms:
- (A) the arbitration shall be conducted in accordance with the Arbitration Rules of the London Court of International Arbitration (LCIA) (the "**LCIA Rules**") which Rules are deemed incorporated into this clause;
 - (B) the seat of the arbitration shall be London;
 - (C) the language of the arbitration shall be English;
 - (D) the arbitration shall be conducted by a sole arbitrator appointed by the LCIA in accordance with the LCIA Rules; and
 - (E) this arbitration agreement, including its validity and scope, shall be governed by English law.
- 21.1.6 If litigation has been initiated by the Chargor at the time that the Finance Parties choose to submit the matter to arbitration, then it is agreed that such litigation is to be discontinued.
- 21.1.7 If the Chargor commences an arbitration or an action in the courts of any country other than England, the Chargor shall indemnify the Finance Parties in respect of any and all costs and liabilities which they have incurred in connection with such action.

IN WITNESS whereof this Deed has been duly executed and delivered as a deed on the date first above written.

SCHEDULE 1
SHARES

Number of Shares	Class of Shares	Certificate number	Certificate date	Nominal value per Share
41,313	Ordinary	2A - SPLIT	10 May 2017	US\$ 1

SIGNATURES

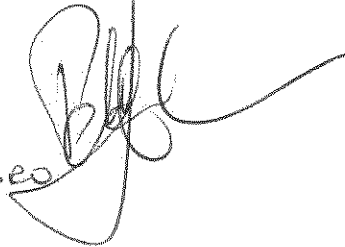
The Chargor

EXECUTED AS A DEED by
PETROPAVLOVSK PLC

By: _____

Name: PETER KAMBEK


Position: DIRECTOR



By: _____

Name: ANDREY MARUTA

Position: DIRECTOR



Address: Petropavlovsk PLC
11 Grosvenor Place
London
SW1X 7HH

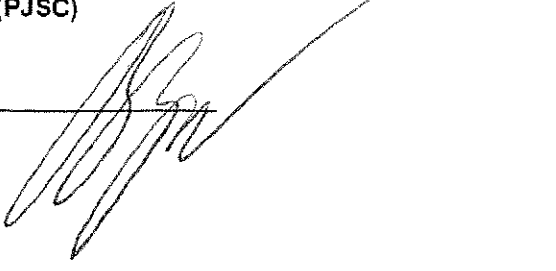
Fax: +442072018901

E-mail: avm@petropavlovsk.net

Attention: Andrey Maruta

The Agent, the Lender and the Chargee
EXECUTED AS A DEED by
VTB BANK (PJSC)

By: _____
Name: _____
Position: _____

A large, stylized handwritten signature in black ink, written over the signature line and extending upwards and to the right.

Address:

Fax:

E-mail:

Attention: