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RUSPETRO PLC

Proposed Debt Restructuring and Refinancing

The Directors of Ruspetro plc (“**Ruspetro**” or the “**Company**”), a London listed independent oil and gas development and production company with assets in the Western Siberia region of Russia, are pleased to announce the terms of Ruspetro’s proposed Restructuring. The principal components of the Restructuring comprise:

- The refinancing of approximately US\$337.2 million of existing debt and the cancellation of the existing Put Option over the Company’s shares for £12.6 million (approximately US\$20.2 million). This will be satisfied in part through:
 - the issue of such number of New Ordinary Shares to Mastin Holdings Limited, a company beneficially owned by Sergey Gordeev, the President and a major shareholder of PIK Group, as represents 25.0 per cent. of the Company’s Enlarged Share Capital; and
 - a US\$150.0 million five year term New Facility to be provided by “Bank Otkritie Financial Corporation” (Open Joint Stock Company), a leading Russian private financial institution.
- A new Development Facility to be provided by Otkritie for up to US\$100.0 million in two equal tranches.
- A new Credit Facility to be provided by Otkritie for up to US\$44.7 million.
- The extension of existing Shareholder Loans representing approximately US\$96.6 million in aggregate.
- A fully underwritten Open Offer at 10 pence per Share, raising approximately £18.3 million (US\$29.3 million) and a Placing at 10 pence per Share, raising up to £15.0 million (US\$24.0 million). The minimum guaranteed proceeds of the Open Offer and the Placing will be £25.1 million (approximately US\$40.2 million) before expenses.

The implementation of the Restructuring is conditional upon, *inter alia*, the approval of the Shareholders at a general meeting of the Company, which is expected to be held at 10.00 a.m. on 5 December 2014 at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW. A combined prospectus and circular convening the general meeting is expected to be posted to Shareholders shortly, in which further information regarding the Restructuring can be found.

The Restructuring has the support of a wide range of stakeholders, including a substantial proportion of the Independent Shareholders, and the Company has received sufficient irrevocable undertakings to pass all of the Resolutions to be put before Shareholders at the General Meeting.

Highlights of the Restructuring

The Restructuring will enable the Group to progress the development of its large West Siberia hydrocarbon reserves and resources through the continuation of its multi-stage fractured horizontal well drilling programme.

Following the completion of the Restructuring, it is expected that:

- approximately US\$337.2 million of existing debt owed by Ruspetro LLC, a wholly owned subsidiary of the Company, will be refinanced, due in April 2018 under the Existing Facility;
- the Group will owe US\$150.0 million of senior debt to Otkritie pursuant to the terms of a US\$150.0 million New Facility entered into between INGA (one of the Company's wholly-owned subsidiaries) and Otkritie and due for repayment in November 2019;
- Mastin will own 25.0 per cent. of the Enlarged Share Capital of the Company;
- the total liabilities of the Group will be reduced by approximately US\$173.1 million;
- the Group will have access to a new Development Facility of up to US\$100.0 million entered into between INGA, the principal operating subsidiary of the Company incorporated as an open joint stock company in Russia, and Otkritie. This will be available in two tranches of US\$50.0 million, the first of which will be drawn down on completion of the Restructuring and the second of which is expected to be available from July 2015, depending on the Group's ability to meet a production covenant in the first half of 2015;
- the Group will have access to a Credit Facility of up to US\$44.7 million entered into between INGA and Otkritie and due for repayment in November 2019, to be used for general working capital purposes;
- the Makayla Shareholder Loan entered into between Ruspetro Holding Limited, a wholly owned subsidiary of the Company, and Makayla, a shareholder of Ruspetro, on 5 August 2010, will have been extended to October 2016;
- the Limolines Shareholder Loan entered into between Ruspetro Holding Limited and Limolines, also a shareholder of Ruspetro, on 23 April 2008, will have been extended to February 2020;
- in addition to the Development Facility and the Credit Facility, the Group will have received, prior to the costs of the Restructuring, estimated to be US\$7.5 million, at least £25.1 million (approximately US\$40.2 million) in new cash proceeds from (i) a fully underwritten Open Offer to certain qualifying Shareholders to apply for, in aggregate, 183,359,814 Open Offer Shares and (ii) a Placing of up to 150,188,572 Placing Shares in the Company to be subscribed by Limolines, Makayla and Nervent, the Company's largest current shareholders. In the event that all Shareholders participate in the Open Offer, the Group could receive up to £33.4 million (approximately US\$53.4 million) (before expenses) under the Placing and Open Offer;
- the Group will have no outstanding Put Option obligations;
- the Company's obligations to repay the Further Limolines Loan (in respect of the principal amount and interest totalling US\$10.7 million) in February 2015 will be off-set against Limolines' obligations to subscribe for New Ordinary Shares in the Placing and Open Offer; and
- US\$5.0 million in respect of accrued interest under the Makayla Shareholder Loan will be repaid in May 2015.

These summary highlights should be read in conjunction with the further details of the Restructuring, which are set out below.

John Conlin, Chief Executive Officer of Ruspetro plc, commented:

“This landmark transaction gives Ruspetro the necessary capital to execute the next phase of its horizontal drilling programme and to continue the application of innovative technology to unlock value from our assets. We look forward to strong and productive relationships with our new lender and shareholder and welcome them as partners in the business.”

Further information:

The Prospectus will be published shortly and will be available on the Company’s website, www.ruspetro.com.

For further information please visit www.ruspetro.com.

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Background to, and reasons for, the Restructuring

In considering the requirements for developing the Group's significant hydrocarbon assets, the board of the Company (the "**Board**") has determined that the Group needs to undertake a financial and capital restructuring. The overriding reason for this is that the Group currently has a very high level of indebtedness, and needs to reduce and restructure its existing debt finance obligations.

Such indebtedness includes the following:

- principal and accrued interest under the facility agreement entered into between Ruspetro Holding Limited ("**RHL**") and Makayla Investments Limited ("**Makayla**") on 5 August 2010 in the amount of US\$15.0 million (as amended from time to time) (the "**Makayla Shareholder Loan**") due in May 2015, which as at September 2014 amounted to approximately US\$22.7 million;
- principal and accrued interest under the facility agreement entered into between RHL and Limolines Transport Limited ("**Limolines**") on 23 April 2008 in the amount of US\$50.0 million (as amended from time to time) (the "**Limolines Shareholder Loan**") due in May 2018. In the event of default thereunder, RHL would be obliged to immediately repay the outstanding principal sum and accrued interest, which as at 30 September 2014 amounted to, in aggregate, approximately US\$73.9 million;
- US\$10.7 million in principal and interest under a US\$10.0 million unsecured short term loan between Limolines and the Company, dated 22 August 2014 (the "**Further Limolines Loan**") due in February 2015;
- approximately US\$25 million in annual interest payments under the facility agreement entered into between Ruspetro LLC and Sberbank in the amount of US\$250 million on 30 April 2008 (which facility was assigned by Sberbank to Sberbank Capital in November 2014) (the "**Existing Facility**"), with the first payment of approximately US\$10.7 million due in April 2015;
- a put option obligation to purchase 10,362,632 shares at 121.94 pence per Share from Sberbank Capital between 30 April 2015 and 29 April 2016 inclusive, at the election of Sberbank Capital; and
- in the event of a default under the Existing Facility, Ruspetro LLC would be obliged to immediately repay to Sberbank Capital the outstanding principal sum and accrued interest of US\$337.2 million.

Securing access to additional capital and a longer term restructuring of the Group's balance sheet remains imperative for the Company despite extensions to the repayment of the Company's existing debt obligations agreed in 2013 and 2014.

The Group has recently embarked on a new strategy to develop its large West Siberia hydrocarbon reserves and resources through a multi-stage fractured horizontal well drilling programme, two wells of which have now been completed.

The Board considers that the Group needs to raise additional capital both in order to ensure the Group's going concern status and for it to be able to continue its well drilling programme.

During the course of 2014, the Group has been working with Sberbank, Russia's largest and majority State owned bank and Sergey Gordeev, an investment professional based in Moscow with significant expertise in M&A transactions and broad experience in managing various assets, with the support of "Bank Otkritie Financial Corporation" (Open Joint Stock Company) ("**Otkritie**"), a leading Russian private financial institution, to develop proposals which will achieve these objectives.

Sergey Gordeev, through Mastin Holdings Limited (“**Mastin**”), a company beneficially owned by him, entered into arrangements with Otkritie, such that both Otkritie and Mastin will participate in the Restructuring. Mr. Gordeev is President and a major shareholder of PIK Group, one of the leading residential real estate developers in Russia, listed on the London Stock Exchange and is also a minority shareholder of Otkritie Holding (the principal shareholder of Otkritie), owning 6.4 per cent. of its shares.

The Board is of the view that the proposed Restructuring will enable it to achieve its strategic objectives and to create significant shareholder value over the medium to longer term.

However, should the Restructuring not proceed, based on the current cash position of the Group and its current level of production, the Directors believe that the Group will face an immediate risk of being unable to meet its contractual obligations as they fall due. In such circumstances, the Directors are of the opinion that the Company is highly likely to cease trading, and that the subsidiaries of the Company would become subject to applicable insolvency processes and/or Sberbank Capital would be able to enforce its security over the shares of INGA and Trans-oil and thereby acquire the operating business of the Group, with Shareholders as a consequence losing the value of their investment in the Company. The Company is not in advanced alternative funding discussions and there can be no guarantee that any other funding will be available to the Group in the event the Restructuring does not proceed.

The Restructuring

Following the successful conclusion of negotiations, the principal components of the Restructuring are as follows:

- the purchase by Mastin of:
 - the Group’s existing indebtedness under the Existing Facility (in the amount of approximately US\$337.2 million, including the principal amount and accrued interest) from Sberbank Capital (the rights having been transferred from Sberbank to Sberbank Capital prior to the date of this announcement),
 - 10,362,632 ordinary shares in the Company (the “**Put Option Shares**”) currently held by Sberbank Capital, and
 - Sberbank Capital’s existing put option over the Put Option Shares,(in each case subject to approval of the Restructuring);
- the replacement of the Existing Facility (following its purchase by Mastin) with a new five year US\$150.0 million facility to be provided by Otkritie and due for repayment in November 2019 (the “**New Facility**”), together with the conversion into equity of the balance of approximately US\$187.2 million of the Existing Facility (the “**Conversion Amount**”) and the cancellation of the Company’s obligations under the Put Option through the issue to Mastin of New Ordinary Shares in the Company at an implied conversion price of between approximately 72 pence per Share (assuming no take up by Shareholders, other than the Related Party Shareholders, of the Open Offer) and approximately 62 pence per Ordinary Share (assuming full take up of the Open Offer);
- the provision of a new development facility to be provided by Otkritie for up to US\$100.0 million in two equal tranches (the “**Development Facility**”). The first tranche of US\$50.0 million will be drawn down immediately following completion of the Restructuring. The final US\$50.0 million (the “**Development Facility Second Tranche**”) is expected to be available for draw down in July 2015, subject to the Group meeting the Development Facility Covenant;
- the provision of a US\$44.7 million credit facility to be provided by Otkritie (the “**Credit Facility**”) for general working capital purposes;

- the extension of the Makayla Shareholder Loan to October 2016 and the extension of the Limolines Shareholder Loan to February 2020;
- a fully underwritten Open Offer to all Shareholders of the Company pursuant to which the Company intends to raise £18.3 million (approximately US\$29.3 million) through the issue of 183,359,814 New Ordinary Shares (the “**Open Offer Shares**”) at 10 pence per Open Offer Share. The Open Offer is fully underwritten by Limolines, Makayla and Nervent (the “**Underwriting Shareholders**”); and
- a placing of up to 150,188,572 New Ordinary Shares (the “**Placing Shares**”) to the Underwriting Shareholders pursuant to which the Company will raise, depending on Shareholders take up under the Open Offer, between £6.8 million (approximately US\$10.9 million) and £15.0 million (approximately US\$24.0 million) of new equity at 10 pence per Placing Share:
 - The size of the Placing will be such that (i) the Underwriting Shareholders (and their associates) (the “**Related Party Shareholders**”) will together retain at least a 50.01 per cent. interest in the Company’s Enlarged Share Capital and (ii) the total aggregate subscription in the Placing and Open Offer by the Related Party Shareholders will not be less than £25.1 million (approximately US\$40.2 million); and
 - No Shareholders other than the Underwriting Shareholders will be entitled to participate in the Placing.

The Restructuring will provide the Group with significant additional financial resources and, subject to drawdown of the Development Facility Second Tranche, enable it to move forward with the implementation of the Upside Development Plan.

The Guaranteed Net Proceeds of the Restructuring, comprising the initial tranche of the Development Facility of US\$50.0 million and gross proceeds of £25.1 million (approximately US\$40.2 million) from the Placing and Open Offer (assuming that there is no participation by Shareholders other than the Related Party Shareholders in the Open Offer) less costs of the Restructuring of approximately US\$7.5 million, will be approximately US\$82.7 million. Assuming full take up of the Open Offer by all Shareholders, the gross proceeds of the Placing and Open Offer will be £33.4 million (approximately US\$53.4 million) and accordingly, the net proceeds of the Restructuring will be approximately US\$95.9 million. In addition, the Company will be able to draw down up to US\$44.7 million under the Credit Facility.

The drawdown of the Development Facility Second Tranche of US\$50.0 million (expected to be available from July 2015) is dependent on the Group achieving the Development Facility Covenant. Should the Development Facility Covenant not be met or the Development Facility Second Tranche is not drawn down, then the Company will only receive the Guaranteed Net Proceeds of the Restructuring, and it will continue to implement the Development Plan.

Following the completion of the Restructuring, Mastin shall, irrespective of the take up of New Ordinary Shares by other Shareholders pursuant to the Placing and Open Offer, hold Ordinary Shares representing 25.0 per cent. of the Company’s Enlarged Share Capital.

The Board considers that a continuing majority ownership position for the Related Party Shareholders, being the majority of the Group’s founding shareholders, the participation of Mr. Gordeev as a significant shareholder through Mastin and Otkritie as the Group’s major lender, will represent major advantages for the Group and all of its Shareholders.

Further details on the terms and conditions of the Placing and Open Offer

The Company intends to raise up to £18.3 million (approximately US\$29.3 million) through the issue of 183,359,814 New Ordinary Shares by way of an Open Offer at 10 pence per Share. The Open Offer Price of 10 pence per Open Offer Share, which is payable in full on acceptance by not later than

11.00 a.m. on 3 December 2014, represents a 18.4 per cent. discount to the closing price of 12.25 pence per Share on 13 November 2014 (being the latest practicable date prior to the date of this announcement) and a 21.5 per cent. discount to the average closing price of 12.74 pence per Ordinary Share for the three month period prior to the announcement of the Restructuring.

Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares *pro rata* to their existing shareholdings at the Open Offer Price on the basis of:

0.55 Open Offer Shares for every 1.00 Existing Ordinary Share

held by Qualifying Shareholders and registered in their name at the Record Date. Qualifying Shareholders may apply for any whole number of New Ordinary Shares.

Shareholders holding fewer than two Existing Ordinary Shares will have no entitlement to subscribe under the Open Offer. Fractions of New Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. The fractional entitlements will be aggregated and subscribed for by the Related Party Shareholders and the net proceeds of such subscription will be retained for the benefit of the Company.

The Related Party Shareholders have agreed to subscribe for their Open Offer Entitlements under the Open Offer and the Underwriting Shareholders have agreed to underwrite any Open Offer Shares that are not taken up in the Open Offer by other Qualifying Shareholders. As the Open Offer is fully underwritten, the Open Offer will result in 183,359,814 New Ordinary Shares being issued (representing approximately 55.0 per cent. of the existing issued ordinary share capital and up to 20.9 per cent. of the Enlarged Share Capital assuming all Shareholders subscribe for their Open Offer Entitlement).

Excess Application Facility

In addition and subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Open Offer Entitlements up to a maximum number of Excess Shares not exceeding 78,000,000 Open Offer Shares.

The Placing

The Company also intends to raise up to £15.0 million (approximately US\$24.0 million) through the issue of up to 150,188,572 Placing Shares at 10 pence per Placing Share. The Placing Price is the same as the Open Offer Price. The Underwriting Shareholders have agreed to participate in the Placing and to subscribe for such number of Placing Shares in the Agreed Proportion as will result in the Related Party Shareholders continuing to hold not less than 50.01 per cent. of the Enlarged Share Capital and investing, including their participation in the Open Offer, not less than £25.1 million (approximately US\$40.2 million) pursuant to the Placing and Open Offer.

The number of Placing Shares to be subscribed will depend upon the level of take up by Qualifying Shareholders (other than the Related Party Shareholders) in the Open Offer. On the basis of irrevocable undertakings to subscribe in the Open Offer received by the Company, it is expected that the Placing will result in a minimum of 67,890,186 New Ordinary Shares, and a maximum of 150,188,572 New Ordinary Shares being issued (representing approximately 20.4 to 45.1 per cent. of the existing issued ordinary share capital and 8.9 to 17.2 per cent. of the Enlarged Share Capital respectively).

Following the Restructuring, the Related Party Shareholders will continue to hold not less than 50.01 per cent. of the Enlarged Share Capital.

General

The New Ordinary Shares in respect of the Placing and Open Offer, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of their issue.

Application will be made for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 10 December 2014 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on the same day.

Further information on the Placing and Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, will be set out in the Prospectus and, where relevant, in the Application Form.

The Placing and Open Offer is conditional, *inter alia*, upon:

- (a) the passing of the Resolutions;
- (b) Admission becoming effective by not later than 8.00 a.m. on 10 December 2014 (or such later time and/or date as the Sponsor, the Company, Otkritie, Mastin and certain other parties may agree, not being later than 8.00 a.m. on 19 December 2014); and
- (c) the Equity Implementation Agreement, the Refinancing Agreement and the Sponsor's Agreement becoming unconditional in all respects (the principal terms of such documents will be summarised in Part 17 (*Additional Items*) of the Prospectus).

Principal terms of the New Debt Facilities

New Facility

On 14 November 2014, Otkritie and INGA (as borrower) entered into the New Facility for the purpose of refinancing part of Ruspetro LLC's obligations under the Existing Facility. Pursuant to the New Facility, Otkritie has agreed to lend INGA US\$150.0 million, conditional upon the Resolutions being passed (without material amendment) and the other conditions to the Restructuring being satisfied or waived (where applicable).

The New Facility is repayable in November 2019 and interest on amounts borrowed under the New Facility is 8.0 per cent. per annum, payable quarterly, in addition to 0.5 per cent. of the principal being repayable quarterly.

The New Facility will be drawn down as one of the steps to effect the Restructuring. The proceeds of the New Facility will be used for repayment of the amount of the Existing Facility that remains outstanding after the payment of the Conversion Amount. Following such repayment, the Existing Facility will have been satisfied in full.

The New Facility (together with the Credit Facility and Development Facility) will rank senior to any other indebtedness of the Group, in particular the Shareholder Loans. The New Facility contains certain financial covenants and acceleration rights, including consolidated EBITDA targets and production targets, which are described below.

The New Debt Facilities contain certain cross-default provisions. The New Facility is secured by pledges over 100 per cent. of the shares in INGA and Trans-oil, and guarantees by the Company, RHL, Trans-oil and Ruspetro LLC. The New Facility is governed by Russian law.

Credit Facility

On 14 November 2014, Otkritie and INGA (as borrower) entered into the US\$44.7 million Credit Facility for general working capital purposes.

Pursuant to the Credit Facility, Otkritie has agreed to lend INGA up to US\$44.7 million (conditional upon the Resolutions being passed (without material amendment) and the other conditions to the Restructuring being satisfied or waived (where applicable)), repayable in November 2019. Interest on amounts borrowed under the Credit Facility is 8.0 per cent. per annum, payable quarterly, in addition to 0.5 per cent. of the principal being repayable quarterly.

The Credit Facility contains certain financial covenants and acceleration rights, including consolidated EBITDA targets and production targets, which are described below.

The Credit Facility (together with the New Facility and Development Facility) will rank senior to any other indebtedness of the Group, in particular the Shareholder Loans. The New Debt Facilities contain certain cross-default provisions. The Credit Facility is secured by second lien pledge/mortgage on certain property, plant and equipment of INGA and Trans-oil, and guarantees by the Company, RHL and Trans-oil. The Credit Facility is governed by Russian law.

Development Facility

On 14 November 2014, Otkritie and INGA (as borrower) entered into a new US\$100.0 million Development Facility for the purpose of financing the Development Plan and/or the Upside Development Plan.

Pursuant to the Development Facility, Otkritie has agreed to lend INGA up to US\$100.0 million (conditional upon the Resolutions being passed (without material amendment) and the other conditions to the Restructuring being satisfied or waived (where applicable)), repayable in November 2019. Interest on amounts borrowed under the Development Facility is 10.25 per cent. per annum, payable quarterly, in addition to 0.5 per cent. of the principal being repayable quarterly.

Otkritie has agreed to make available a first tranche borrowing of US\$50.0 million upon Completion of the Restructuring. The draw-down of the Development Facility Second Tranche (expected to be available from July 2015) is dependent on the Group achieving the Development Facility Covenant (and provision of certain other customary deliverables and confirmations to Otkritie which are within the control of the Company).

The Development Facility contains certain financial covenants and acceleration rights, including consolidated EBITDA targets and production targets, as described below.

The Development Facility (together with the New Facility and Credit Facility) will rank senior to any other indebtedness of the Group, in particular the Shareholder Loans. The New Debt Facilities contain certain cross-default provisions. The Development Facility is secured by pledge on certain property, plant and equipment of INGA and Trans-oil, and guarantees by the Company, RHL and Trans-oil. The Development Facility is governed by Russian law.

New Debt Facilities Covenants

Each of the New Facility, Credit Facility and Development Facility contain certain covenants, including consolidated EBITDA and production targets. Actual results will be compared with such targets at the beginning of 2016, and thereafter every three months until the New Facility is fully repaid (“**Comparison Dates**”). Specifically, on each Comparison Date the total production target will be compared with actual total production for the last 12 months and the EBITDA target will be compared with actual EBITDA for the 12 months preceding the most recent quarter. Otkritie may accelerate payments of outstanding amounts under the New Facility in the event that any of the actual total production or EBITDA at a certain Comparison Date is less than the respective target by more than 45 per cent., (a “**Major Breach**”), or if the actual total production or EBITDA on two consecutive Comparison Dates is less than the respective targets by more than 25 per cent. (a “**Minor Breach**”), or in the event that INGA fails to make a scheduled payment of interest or principal, or breaches of certain other of its undertakings under the New Facility and if none of certain cure measures are implemented.

Pursuant to a Minor Breach, Otkritie will have the right to nominate a candidate for the role of Chief Executive Officer of the Company and/or general managers of Ruspetro's subsidiary undertakings. If there are two consecutive Minor Breaches Otkritie may accelerate payments of outstanding amounts under the New Facility whether or not the Group accepts Otkritie's proposed candidate for Chief Executive Officer and/or general managers of Ruspetro's subsidiary undertakings.

Otkritie will not have the right to accelerate payments under the New Debt Facilities or nominate candidates for management roles of the Group in case of Major Breach or Minor Breach if the Group maintains the ratio of net senior debt to annualised EBITDA below 2.5:1. Annualised EBITDA will be calculated at each Comparison Date by multiplying actual EBITDA for the six months preceding the most recent quarter by two.

If the Group's actual free cash flow during a quarter, adjusted for any interest and/or principal payments for the New Facility, the Credit Facility and/or Development Facility in that quarter, is above US\$1.0 million as calculated on two consecutive quarters, the Group will pay 50 per cent. of free cash flow for these quarters to Otkritie, with such amount to be credited to the outstanding balance of the New Facility, the Credit Facility or Development Facility, as determined by INGA. The remaining balance of the New Facility will be repaid in full at the New Facility's due date.

Related party transactions

Each of the Related Party Shareholders is a related party of the Company for the purposes of the Listing Rules, being either entities owned and controlled by directors of the Company or which have held more than 10 per cent. of the issued share capital of the Company in the 12 months since the date of the Prospectus. Accordingly, the participation of the Underwriting Shareholders in the Placing requires the approval of Independent Shareholders at the General Meeting.

The Company proposes that the participation by each Underwriting Shareholder in the Placing is subject to a separate resolution at the General Meeting. As such, each resolution to approve the Related Party Transactions must be approved by a simple majority of Shareholders excluding the relevant Related Party Shareholder and its associates. Accordingly:

- the participation by Limolines in the Placing, including the right for Limolines to off-set its obligation to subscribe for certain New Ordinary Shares in the Placing and Open Offer against the Company's obligations to repay the Further Limolines Loan in the amount of US\$10.7 million, and the agreement to amend the Limolines Shareholder Loan to pay 25 per cent. of the Group's free cash flow in repayment of the Limolines Shareholder Loan after (i) any payment of the Group's free cash flow is made to Otkritie under the New Debt Facilities and (ii) only after the Makayla Shareholder Loan is repaid in full, will require the approval of Shareholders (other than Limolines and its associates, who shall not be entitled to vote on such resolution) at the General Meeting in accordance with the Listing Rules;
- the participation by Makayla in the Placing, together with the repayment in May 2015 of US\$5.0 million in accrued interest and the agreement to amend the Makayla Shareholder Loan to pay 25 per cent. of the Group's free cash flow in repayment of the Makayla Shareholder Loan after any payment of the Group's free cash flow is made to Otkritie under the New Debt Facilities, will require the approval of Shareholders (other than Makayla and Sega Wealth and their associates, who shall not be entitled to vote on such resolution) at the General Meeting in accordance with the Listing Rules; and
- the participation by Nervent in the Placing will require the approval of Shareholders (other than Nervent, BTL and Rooney and their associates, who shall not be entitled to vote on such resolution) at the General Meeting in accordance with the Listing Rules.

Effect of the Restructuring

Prior to the Restructuring, the Group currently:

- owes approximately US\$337.2 million of senior debt to Sberbank Capital, secured by a pledge of shares of INGA and Trans-oil, the operating companies that own the Group's appraisal and production licences, falling due in April 2018;
- will have US\$106.7 million due under the Limolines Shareholder Loan due in May 2018 and US\$24.2 million due under the Makayla Shareholder Loan due in May 2015;
- trade creditors balance of approximately US\$11.4 million as at 12 November 2014;
- pursuant to the Put Option has an obligation to purchase 10,362,632 Ordinary Shares at 121.94 pence per share, which may be exercised between 30 April 2015 and 29 April 2016 inclusive;
- has, other than the Put Option, approximately US\$60 million of outstanding obligations due in 2015, including US\$11 million due in the first quarter of 2015 and US\$35 million due in the second quarter of 2015;
- has cash at hand of approximately US\$4.2 million as at 12 November 2014; and
- has 333,381,480 Ordinary Shares outstanding.

Following the Restructuring, the capital and financial position of the Group will be as follows:

- the total liabilities of the Group will be reduced by approximately US\$173.1 million;
- Ruspetro LLC will owe US\$150.0 million of senior debt to Otkritie pursuant to the terms of the New Facility, due for repayment in November 2019;
- subject to certain conditions, the Group will have access to a Credit Facility of up to US\$44.7 million and a Development Facility of up to US\$100.0 million, both due for repayment in November 2019;
- the Group will be able to fund all interest and capital payments due on the New Debt Facilities up to and including June 2016;
- the Makayla Shareholder Loan and Limolines Shareholder Loan will both have been extended, to October 2016 in the case of the Makayla Shareholder Loan, and February 2020 for the Limolines Shareholder Loan;
- the Group will have received, prior to the costs of the Restructuring of US\$7.5 million, at least £25.1 million (approximately US\$40.2 million) in new cash proceeds from the Placing and Open Offer, and, subject to all Shareholders participating in the Open Offer, up to £33.4 million (US\$53.4 million);
- the Group will have no outstanding obligations pursuant to the Put Option over its share capital;
- the Group will have no outstanding obligations pursuant to the Further Limolines Loan which will be repaid in full on Completion and its obligation pursuant to the Makayla Shareholder Loan will be reduced on the payment of US\$5.0 million in respect of accrued interest in May 2015; and
- depending on the level of take up by Qualifying Shareholders in the Open Offer, the Enlarged Share Capital will consist of between 765,691,797 and 875,422,978 Ordinary Shares.

The following table sets out, for illustrative purposes only, the shareholdings of the different Shareholder groups before and after the Restructuring and their investment in the Restructuring:

Shareholder group	Current shareholding	Equity investment into the Restructuring	Post Restructuring shareholding	
			Assuming full participation by all Shareholders in the Open Offer ⁽¹⁾	Assuming only the Related Party Shareholders participate in the Open Offer
Related Party Shareholders	55.12%	approximately US\$40.2 million	50.02%	56.81%
Other Shareholders	44.88% ⁽²⁾	Up to US\$13.2 million	24.98%	18.19%
Mastin and Otkritie	None	N/A ⁽³⁾	25.00%	25.00%

- (1) Assuming take up in full by all Shareholders, other than Sberbank Capital which has provided an irrevocable undertaking not to take up its Open Offer Entitlements, of their own Open Offer Entitlements and all of the Excess Shares.
- (2) Includes Sberbank Capital's 3.1 per cent. holding transferred to Mastin as part of the Restructuring.
- (3) Otkritie will be providing debt finance to the Group and Mastin will be providing an indirect investment by the payment to Sberbank Capital for the purchase of part of the Shares and the assignment of other rights and then accepting the issue of relevant Shares in settlement of liabilities from the Group, as referred to in further detail elsewhere in this announcement.

Free float

The UKLA requires issuers listed on the Official List, such as Ruspetro, to maintain not less than 25 per cent. of their listed shares "in public hands" (that is, a free float of at least 25 per cent.), or such lower threshold as the UKLA may determine in its discretion. Upon Completion of the Restructuring and depending on the level of take up by existing minority shareholders in the Open Offer, the Company will not have sufficient free float in the Ordinary Shares. Assuming full take up of the Open Offer by all Qualifying Shareholders, the Company's free float will be 19.7 per cent. and, assuming only the Related Party Shareholders, the Directors and Schroder Investment Management Ltd, who have irrevocably undertaken to participate in the Open Offer, take up their full Open Offer Entitlements, the Company's free float will be a 13.9 per cent. If this occurs, the UKLA may require the Company to delist from the Official List. A delisting of the Ordinary Shares would adversely affect the ability of new Shareholders and prospective investors to buy Ordinary Shares and of existing Shareholders to sell them. Any delisting would significantly adversely affect the price of the Ordinary Shares.

The Company, the Related Party Shareholders and Mastin have, pursuant to the Equity Implementation Agreement and the Refinancing Agreement (as applicable), agreed to cooperate to ensure that sufficient Shares are available to be placed or sold to purchasers who would be included within the free float calculations in accordance with the Listing Rules. Specifically within six months of Completion:

- Mastin has agreed to sell Shares equal to up to 9.8 per cent. of the Enlarged Share Capital in which it will be interested following Completion of the Restructuring;
- the Related Party Shareholders have agreed to dispose of Shares, to the extent necessary in conjunction with Mastin and provided that their aggregate interests remain not less than 50.01 per cent. of the issued share capital; and
- the Company has agreed to use its general authority to issue new shares for cash equal to 5 per cent. of the Enlarged Share Capital, to the extent necessary in conjunction with Mastin and the Related Party Shareholders to ensure that 25 per cent. of the Enlarged Share Capital is "in public hands".

The Company has not actively marketed its Shares in recent months as it has been focussing on operational and financial uncertainties. However, the proposed Restructuring would give the Company significantly greater certainty over its financial position and its ability to execute the Development Plan and/or Upside Development Plan. Accordingly, immediately following the publication of this announcement the Company working with its broker, Mirabaud, will commence an investor relations programme to re-establish relationships with investors, analysts and other relevant opinion formers with a view to creating demand for the Shares and promoting a liquid market in the Ordinary Shares.

However, the Directors cannot be certain that there will be sufficient demand for the Shares from investors who would qualify as being in public hands under the Listing Rules and there is a risk that the Company will not restore its free float within a time frame acceptable to the UKLA. If the free float in the Ordinary Shares remains insufficient to meet the UKLA's requirements at the end of the six month period after Completion of the Restructuring, the Directors will consider proposing a resolution to its Shareholders to cancel the Company's listing on the premium segment of the Official List and its trading on the main market of the London Stock Exchange and move its listing to another market in London. This could significantly adversely affect the price of the Shares.

Use of proceeds of the Restructuring

The Restructuring will provide the Group with significant additional financial resources in the form of new equity capital from the Placing and Open Offer, and additional debt funding from the Development Facility and the Credit Facility and enable it to move forward with the implementation of its Development Plan and/or Upside Development Plan.

The Directors expect to use the Guaranteed Net Proceeds of the Restructuring, to implement the Development Plan. The Company will also use the proceeds from the Restructuring to pay Makayla US\$5.0 million in respect of accrued interest under the Makayla Shareholder Loan in May 2015, repay the Further Limolines Loan, pay sums due to trade creditors and to provide general working capital. The Conversion and the New Facility (once drawn down) will not result in any new cash being made available to the Group.

The US\$100.0 million Development Facility may be drawn down by the Group in two tranches, whilst the US\$44.7 million Credit Facility may be drawn down to meet general working capital purposes without condition. Under the Development Facility, the first tranche of US\$50.0 million will be immediately available for draw down following Completion. The draw down of the Development Facility Second Tranche (expected to be available from July 2015) is dependent on the Group achieving the Development Facility Covenant. Should the Development Facility Covenant not be achieved, then the Company will only receive the Guaranteed Net Proceeds of the Restructuring.

Following Completion and up until the end of 2015, the Company will implement its Development Plan, which continues the horizontal multi-stage fracture well drilling programme commenced during 2014 by completing the third and final horizontal multi-stage fractured well off Pad 23b. Simultaneously, the Group intends to drill and complete three short radius horizontal appraisal wells by the end of May 2015 from Pad 20 and Pad 17. Following completion of the two appraisal wells on Pad 20, the Company will seek to drill three horizontal development wells off Pad 20, with the first such well expected to be spudded in May 2015.

In the event that the Development Facility Covenant is met and the Group draws down the Development Facility Second Tranche, the Company will proceed to implement the Upside Development Plan from July 2015. Under its Upside Development Plan, the Group would seek to accelerate the development of its assets based on the results of the Development Plan, which would include continuing the initial appraisal programme commenced in the first half of 2015 and including the drilling of additional horizontal multi-stage fractured wells on Pad 20, focused on increasing average production and therefore revenues significantly by December 2015.

In the event that the Development Facility Covenant is not met or if the Group does not draw down the Development Facility Second Tranche, the Company will only receive the Guaranteed Net Proceeds of the Restructuring and will continue to implement its Development Plan.

Under the Development Plan, future production and therefore revenues will be significantly lower than would be the case if the Upside Development Plan were to be implemented successfully and, whilst the Company is of the opinion that, taking into account the Guaranteed Net Proceeds of the Restructuring, the Group would have sufficient working capital for its present requirements, that is, for at least the 12 months following the date of the Prospectus, the Group would not anticipate being able to meet the New Debt Facilities Covenants in the longer term. Accordingly, the Group could incur a Minor or Major Breach of the New Debt Facilities Covenants as early as January 2016.

Relationship Agreements

Additionally, in view of the recent changes to the Listing Rules relating to controlling shareholders of listed companies, Limolines has agreed to amend the existing relationship agreement with the Company which regulates, in part, the degree of control that Limolines and its associates may exercise over the management of the Company, so as to ensure that the terms of such relationship agreement are consistent with the requirements of Chapter 9 of the Listing Rules (as regards arrangements with a controlling shareholder). Additionally, each of Makayla and Nervent have entered into a separate relationship agreement to regulate (in part) the degree of control that Makayla and its associates and Nervent and its associates, respectively, may exercise over the management of the Company, with the terms of such relationship agreements consistent with the requirements of Chapter 9 of the Listing Rules (as regards arrangements with a controlling shareholder). This is because Makayla and Nervent (and their respective associates) are acting in concert with Limolines for the purposes of the City Code and therefore they are collectively deemed to be a “controlling shareholder” for the purposes of the Listing Rules.

Mastin and the Company have also entered into a separate relationship agreement to regulate (in part) the degree of control that Mastin and its associates may exercise over the management of the Company. The Company has agreed that Mastin shall have the right to nominate one director to the Board for so long as its associates own 10 per cent. or more of the Company’s Shares.

City Code on Takeovers and Mergers

The City Code on Takeovers and Mergers (the “**City Code**”) is issued and administered by the Panel on Takeovers and Mergers (the “**Panel**”). The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC) (the “**Directive**”). Following the implementation of the Directive by the Takeovers Directive (Interim Implementation) Regulations 2006, the rules set out in the City Code which are derived from the Directive now have a statutory basis.

The Company is a public company incorporated in England and the Ordinary Shares are listed on the premium segment of the Official List and traded on the London Stock Exchange’s main market for listed securities. Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders of that company to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, a general offer will normally be required in accordance with Rule 9.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer. Under the City Code a concert party arises when persons acting together pursuant to an agreement or understanding (whether formal or informal) actively co-operate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, a company subject to the City Code. Control means an interest or interests in shares carrying an aggregate of 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

Limolines, the AR Entities and the Nervent Entities are considered to be acting in concert (the “**Concert Party**”) for the purposes of the City Code and each of the AR Entities and the Nervent Entities are considered to be sub-concert parties (the “**Sub-concert Parties**”). The current shareholdings and the expected shareholdings upon Admission of the Concert Party and the Sub-concert Parties are set out below:

Shareholder	Current shareholding		Upon Admission	
	Number of Shares	Percentage of issued share capital	Percentage of Enlarged Share Capital Minimum ⁽¹⁾	Maximum ⁽²⁾
Limolines	90,150,000	27.04	24.99	28.38
AR Entities				
Makayla.....	28,819,017	8.64	8.02	9.11
Sega Wealth.....	4,226,120	1.27	0.75	0.86
Sub-total AR Entities	33,045,137	9.91	8.78	9.97
Nervent Entities				
Nervent.....	46,479,833	13.94	13.75	15.61
BTL.....	11,430,000	3.43	2.04	2.31
Roony.....	2,643,082	0.79	0.47	0.54
Sub-total Nervent Entities	60,552,915	18.16	16.25	18.46
Total	183,748,052	55.12	50.02	56.81

- 1) Assuming take up in full by all Shareholders, other than Sberbank Capital which has provided an irrevocable undertaking not to take up its Open Offer Entitlements, of their own Open Offer Entitlements and all of the Excess Shares.
- 2) Assuming take up in full by only the Related Party Shareholders of their Open Offer Entitlements.

Upon Admission, members of the Concert Party will be interested in Shares representing, in aggregate, more than 50 per cent. of the issued share capital of the Company. Accordingly, following Admission and for so long as they continue to be recognised as acting in concert, members of the Concert Party may increase their aggregate interests in the Company without incurring an obligation under Rule 9 to make a general offer. However, the Sub-concert Parties or any individual member of the Concert Party may incur an obligation to make a general offer as a result of an acquisition of an interest in shares which increases its or his interests to 30 per cent. or more of the issued share capital or, if it or he is already interested in 30 per cent. or more, which increases the percentage of shares in which it or he is interested.

Upon Admission, Mastin will be interested in 25 per cent. of the Enlarged Share Capital. Mastin, Otkritie and Mr Gordeev are considered to be acting in concert with each other for the purposes of the City Code (but not with the existing Concert Party).

Shareholder Approval, Irrevocable Undertakings and Open Offer commitments

In order for the Restructuring to proceed, the Shareholders must approve the Resolutions and by the time of admission of the New Ordinary Shares to the premium segment of the Official List and trading on the London Stock Exchange’s main market for listed securities, all conditions precedent in relation to the Restructuring, including the issue of the New Ordinary Shares, must have been satisfied.

The Company has received irrevocable undertakings from Robert Jenkins and Maurice Dijols (both Directors of the Company who hold Shares), Henderson Global Investors Ltd, Schroder Investment Management Ltd, Kalior Invest S.A. and Sberbank Capital that they will vote in favour of each of the Resolutions, such irrevocable undertakings in respect of 68,988,092 Shares representing 20.7 per cent. of the issued share capital of the Company as at the date of this announcement. In addition the Company has received irrevocable undertakings from:

- Limolines, in respect of 90,150,000 Shares representing approximately 27.0 per cent. of the Company's issued share capital, to vote in favour of each Resolution, except for the Resolution which relates to Limolines participation in the Restructuring;
- the Makayla Entities, in respect of 33,045,137 Shares representing approximately 9.9 per cent. of the Company's issued share capital, to vote in favour of each Resolution, except for the Resolution which relates to the Makayla Entities participation in the Restructuring; and
- the Nervent Entities, in respect of 60,552,915 Shares representing approximately 18.2 per cent. of the Company's issued share capital, to vote in favour of each Resolution, except for the Resolution which relates to the Nervent Entities participation in the Restructuring.

Accordingly, the Company is in receipt of sufficient irrevocable undertakings to vote at the General Meeting as will ensure that all of the Resolutions will be approved.

The Related Party Shareholders have undertaken to take up in full their Open Offer Entitlements. Schroder Investment Management Ltd. has undertaken to take up Open Offer Entitlements as will result in it holding not less than 4.99 per cent. of the Enlarged Share Capital. In addition, Sberbank Capital has undertaken not to take up any of its Open Offer Entitlements.

Importance of the vote and consequences if the Restructuring does not proceed

If Shareholders do not approve the Resolutions at the General Meeting, the Restructuring will not complete and the Company will not receive any proceeds from the Placing and Open Offer or have the Credit Facility, the Development Facility and the New Facility at its disposal. Accordingly, if Shareholders do not approve the Resolutions the Board is of the opinion that the Group would not have sufficient working capital for its present requirements that is for at least the 12 months following the date of the Prospectus.

If the Restructuring does not complete, the Group would have a working capital shortfall of approximately US\$7.2 million, based on approximately US\$11.4 million of trade creditors and cash at hand of approximately US\$4.2 million as at 12 November 2014, being the last practicable date prior to the publication of this announcement.

Additionally, if the Restructuring does not complete, the Group is required to (i) repay the Further Limolines Loan in the amount of US\$10.7 million in February 2015, (ii) pay interest in the amount of approximately US\$10.7 million to Sberbank Capital under the Existing Facility in April 2015 and (iii) repay all outstanding principal and accrued interest under the Makayla Shareholder Loan in the amount of approximately US\$24.2 million on 15 May 2015. Additionally, Sberbank Capital is entitled to exercise the Put Option in respect of 10,362,632 Ordinary Shares at any time from 30 April 2015 until 29 April 2016, which would require the Company to purchase these Ordinary Shares for an amount equal to £12.6 million (approximately US\$20.2 million).

Furthermore, Mirella intends to provide, shortly after publication of the Prospectus, an advance payment of US\$20 million to the Company on behalf of the obligations of Limolines, Makayla and Nervent to participate in the Placing and Open Offer for working capital purposes. If this advance payment is made and the Restructuring does not proceed, the Company will be required to repay this amount on terms to be agreed.

Accordingly, if the Resolutions are not passed and the Restructuring does not proceed, the Group would need to (i) secure immediate funding of approximately US\$7.1 million to finance its current obligations and (ii) implement certain additional actions so as to allow it to meet its existing contractual obligations as and when they fall due, to the extent possible, including:

- further reducing planned capital expenditure, including drilling wells, and placing operating assets on care and maintenance (which would be achievable but would adversely affect the Group's ability to maintain production);
- further reducing the Group's cost base (which may be achievable and could require additional up-front costs, adversely affecting the Group's operational capabilities);
- conserving cash through stricter working capital management (which may deliver limited benefits but which is not expected to be a long-term solution);
- seeking to renegotiate or defer existing contractual obligations in respect of amounts due to creditors including suppliers, bank loans and shareholder loans (although there is no certainty that such agreements could be obtained or obtained on terms acceptable to the Group); and
- accelerating the strategic review of its assets, including the potential sale of part or all of its interests in its operating subsidiaries (INGA and Trans-oil) and/or the PI Block and/or the VI Block and/or the Palyanovo Block (although there is no certainty that such sales could be realised in the available timeframe on acceptable terms, or at all).

The Directors would initiate all of these measures immediately upon the conclusion of the General Meeting if Shareholders do not approve the Resolutions in order to avoid insolvency proceedings being commenced. In the view of the Directors, these measures are possible but highly unlikely to be available to the Company or effective in the event that the Resolutions are not approved and the Restructuring does not proceed. Accordingly, the Directors believe that if the Restructuring does not proceed, the Group would face an immediate risk of being unable to meet its contractual obligations when they fall due, in which circumstances the Company would cease trading and the subsidiaries of the Company would become subject to applicable insolvency processes and/or Sberbank Capital would be able to enforce its security over the shares in INGA and Trans-oil and thereby acquire the operating businesses of the Group.

IF THE RESOLUTIONS ARE NOT PASSED AND THE RESTRUCTURING DOES NOT PROCEED THE GROUP WILL TAKE IMMEDIATE ACTION IN ORDER TO CONTINUE TRADING, HOWEVER, THERE IS A HIGH PROBABILITY THAT THE COMPANY WILL NOT ACHIEVE THIS, IN WHICH CASE IT WOULD BE HIGHLY LIKELY THAT THE COMPANY WOULD CEASE TRADING, MEANING THAT THERE WOULD BE NO VALUE RETURNED TO SHAREHOLDERS. ACCORDINGLY, IT IS VERY IMPORTANT THAT SHAREHOLDERS VOTE IN FAVOUR OF THE RESOLUTIONS.

Recommendation

The Board considers the Restructuring and the Resolutions to be in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board unanimously recommends that the Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings and those of their connected persons (other than the Related Party Directors and their associates (as defined in the Listing Rules) in the case of the applicable Related Party Resolutions).

The Independent Directors, who have been so advised by Strand Hanson, consider the terms of each of the Related Party Transactions to be fair and reasonable as far as the Shareholders are concerned. In providing its advice to the Independent Directors, Strand Hanson has taken into account the Independent Directors' commercial assessment of the Related Party Transactions. None of the

Related Party Directors have taken part in the Board's consideration of the Related Party Transactions.

The beneficial holdings of the Directors and those of their connected persons amount in aggregate to 150,977,915 Ordinary Shares and represent approximately 45.3 per cent. of the Company's issued share capital as at 13 November 2014 (being the latest practicable date prior to the date of this announcement). The Directors have undertaken to vote such beneficial holdings in favour of Resolutions 1, 3, 5 and 6.

The beneficial holdings of the Directors (other than Kirill Androsov, being a Related Party Director) and those of their connected persons amount in aggregate to 60,827,915 Ordinary Shares and represent approximately 18.2 per cent. of the Company's issued share capital as at 13 November 2014 (being the latest practicable date prior to the date of this announcement). The Directors (other than Kirill Androsov) have undertaken to vote such beneficial holdings in favour of Resolution 2 (*Approval of the Related Party Transaction with Limolines*).

The beneficial holdings of the Directors (other than Alexander Chistyakov and Tom Reed, being Related Party Directors) and those of their connected persons amount in aggregate to 90,425,000 Ordinary Shares and represent approximately 27.1 per cent. of the Company's issued share capital as at 13 November 2014 (being the latest practicable date prior to the date of this announcement). The Directors (other than Alexander Chistyakov and Tom Reed) have undertaken to vote such beneficial holdings in favour of Resolution 4 (*Approval of the Related Party Transaction with Nervent*).

In addition, the Company has received irrevocable undertakings from Henderson Global Investors Ltd, Schroder Investment Management Ltd, Kalior Invest S.A. and Sberbank Capital that they will vote in favour of each of the Resolutions, such irrevocable undertakings in respect of, in aggregate, 68,713,092 Shares representing 20.6 per cent. of the issued share capital of the Company as at the date of this announcement, and from the Makayla Entities, in respect of 33,045,137 Shares representing approximately 9.9 per cent. of the Company's issued share capital, to vote in favour of each Resolution except for Resolution 2, which relates to the Makayla Entities participation in the Restructuring.

Accordingly, the Company is in receipt of sufficient irrevocable undertakings to vote at the General Meeting as will ensure that all of the Resolutions will be approved.

Prospectus

The Prospectus, containing full details of how Shareholders can participate in the Open Offer, and the Notice of General Meeting are expected to be published shortly. Copies of the Prospectus will be available on the Company's website, www.ruspetro.com. Copies of the Prospectus will also be available from the registered office of the Company at Office 178, Berkeley Square House, Berkeley Square, London W1J 6BD during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the date of its publication until Admission.

Expected timetable and further information

Ruspetro will shortly issue a combined circular and prospectus to Shareholders, setting out the details of the Restructuring and convening a general meeting of the Company, which is expected to be held at 10.00 a.m. on 5 December 2014 at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW, at which the Resolutions will be put to Shareholders.

Event	2014
Record Date for entitlements under the Open Offer	5.00 p.m. on 13 November
Announcement of the Restructuring	14 November
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. 3 December
Latest time and date for receipt of Forms of Proxy or submission of proxy votes electronically	10.00 a.m. on 3 December
Results of the Placing and Open Offer announced through an RIS	7.00 a.m. on 4 December
General Meeting	10.00 a.m. on 5 December
Admission and commencement of dealings in the New Ordinary Shares expected to commence	8.00 a.m. on 10 December
CREST stock accounts expected to be credited for the New Ordinary Shares as soon as practicable after	10 December
Share certificates for New Ordinary Shares expected to be despatched by	17 December

Notes:

- (1) Each of the times and dates in the above timetable is subject to change, in which event details of the new times and/or dates will be notified to the FCA and the London Stock Exchange and, where appropriate, Qualifying Shareholders.
- (2) All references to time in this announcement relate to London time.

If all requisite Shareholder approvals are obtained and other conditions satisfied, the Restructuring is expected to become effective, and dealings in the New Ordinary Shares are expected to commence, on 10 December 2014.

Definitions

The following definitions apply in this announcement unless the context requires otherwise.

“ Agreed Proportion ”	the proportion in which the Underwriting Shareholders have agreed to subscribe for any Open Offer Shares not taken up in the Open Offer and the Placing Shares, being 48.2195 per cent. as to Limolines, 17.1337 per cent. as to Makayla and 34.6468 per cent. as to Nervent
“ Application Form ”	the application form to be sent to qualifying Shareholders such that they may apply for Open Offer Shares under the Open Offer
“ BTL ”	Bristol Technologies Limited, a company beneficially owned and controlled by Alexander Chistyakov
“ Company ” or “ Ruspetro ”	Ruspetro plc
“ Conversion ”	the repayment of the Conversion Amount by the issue by the Company of the Conversion Shares to Mastin
“ Conversion Amount ”	all of the principal and accrued interest due under the Existing Facility less US\$150.0 million
“ Conversion Shares ”	the New Ordinary Shares to be issued to Mastin pursuant to the Conversion

“Credit Facility”	the up to US\$44.7 million credit facility entered into between INGA and Otkritie on 14 November 2014
“Development Facility”	the up to US\$100.0 million development facility entered into between INGA and Otkritie on 14 November 2014
“Development Facility Covenant”	the Group achieving a cumulative production target of at least 642,910 barrels (equivalent to 3,552 barrels of oil per day) in the first half of 2015
“Development Facility Second Tranche”	the second tranche of US\$50.0 million of the Development Facility (expected to be available in July 2015)
“Development Plan”	the development plan which the Company will follow from Completion and up to the end of 2015,
“Directors”	the directors of the Company
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following the Restructuring
“Equity Implementation Agreement”	the implementation agreement dated 14 November 2014 between the Company, the Related Party Shareholders and Mirella
“Excess Application Facility”	the facility for qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements
“Excess Shares”	up to 78,000,000 Open Offer Shares which may be applied for in addition to Open Offer Entitlements pursuant to the Excess Application Facility
“Existing Facility”	the facility agreement entered into between Ruspetro LLC and Sberbank in the amount of US\$250 million on 30 April 2008 and which Sberbank assigned to Sberbank Capital prior to the date of this announcement
“FCA”	the United Kingdom Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Further Limolines Loan”	the US\$10.0 million unsecured short term loan between Limolines and the Company, dated 22 August 2014
“General Meeting”	the general meeting of the Company expected to be held at 10.00 a.m. on 5 December 2014 for the purposes of voting on the Resolutions
“Group”	the Company and its consolidated subsidiaries and subsidiary undertakings from time to time, taken as a whole
“Guaranteed Net Proceeds of the Restructuring”	the minimum net proceeds of approximately US\$40.2 million from the guaranteed proceeds of the Placing and Open Offer, the Credit Facility and the first tranche of US\$50.0 million of the Development Facility, less expenses of US\$7.5 million
“Independent Shareholders”	the Shareholders, excluding the Related Party Shareholder(s) who are themselves party to the related party transaction in question, and therefore precluded from voting on the relevant

Related Party Resolution

“INGA”	OAO INGA, a subsidiary of the Company incorporated as an open joint stock company in Russia
“Limolines”	Limolines Transport Limited, a company incorporated under the laws of Cyprus and controlled by Andrey Likhachev and Altera IF
“Limolines Shareholder Loan”	the loan agreement entered into between RHL and Limolines on 23 April 2008 in the amount of US\$50.0 million (as amended from time to time)
“Listing Rules”	the listing rules of the UKLA made under section 74(4) of FSMA, as amended
“London Stock Exchange”	London Stock Exchange plc
“Major Breach”	a breach of the New Debt Facilities Covenants by more than 25 per cent. for two consecutive quarters or by more than 45 per cent. for any one quarter
“Makayla”	Makayla Investments Limited, a company incorporated under the laws of the British Virgin Islands and wholly owned by Andrey Rappoport
“Makayla Entities”	Makayla and its associate, being Sega Wealth
“Makayla Shareholder Loan”	the facility agreement entered into between RHL and Makayla on 5 August 2010 in the amount of US\$15.0 million (as amended from time to time)
“Mastin”	Mastin Holdings Limited, a company incorporated under the laws of Cyprus and beneficially owned by Sergey Gordeev
“Minor Breach”	a breach of the New Debt Facilities Covenants by more than 25 per cent., but less than 45 per cent. for any one quarter
“Mirella”	Mirella Investments Limited, a company incorporated under the laws of the British Virgin Islands and controlled by Alexander Chistyakov and Andrey Rappoport
“Nervent”	Nervent Limited, a company incorporated under the laws of the British Virgin Islands, and owned by Alexander Chistyakov and Tom Reed
“Nervent Entities”	Nervent and its associates, being BTL and Rooney
“New Debt Facilities”	the New Facility, the Credit Facility and the Development Facility
“New Debt Facilities Covenants”	certain EBITDA and production covenants which will be tested on a quarterly basis from 1 January 2016
“New Facility”	the US\$150.0 million term loan entered into between INGA and Otkritie on 14 November 2014
“New Ordinary Shares”	the Open Offer Shares, the Placing Shares, the Conversion Shares and the Settlement Shares

“Notice of General Meeting”	the notice of the General Meeting which will be set out at the end of the Prospectus
“Official List”	the Official List of the UKLA
“Open Offer”	the offer to qualifying Shareholders to apply for the Open Offer Shares
“Open Offer Entitlement”	an entitlement to apply for Open Offer Shares allocated to a qualifying Shareholder pursuant to the Open Offer
“Open Offer Shares”	the 183,359,814 New Ordinary Shares being offered by Ruspetro to qualifying Shareholders pursuant to the Open Offer
“Ordinary Shares” or “Shares”	the ordinary shares of 10 pence each in nominal value in the capital of the Company
“Otkritie”	“Bank Otkritie Financial Corporation” (Open Joint Stock Company)
“Palyanovo Block”	the Group’s Palyanovo licence block covering an area of approximately 180.5 square kilometres
“PI Block”	the Group’s Pottymsko-Inginsky licence block covering an area of approximately 685 square kilometres
“Placing”	up to 150,188,572 New Ordinary Shares to be subscribed by the Underwriting Shareholders pursuant to the terms of the Equity Implementation Agreement
“Placing Shares”	the New Ordinary Shares issued by Ruspetro in connection with the Placing
“Prospectus”	the prospectus to be issued shortly in connection with the Restructuring
“Put Option”	the put option in respect of the Put Option Shares pursuant to the Put Option Agreement
“Put Option Agreement”	the put option deed entered into by Sberbank Capital and the Company on 2 December 2011 (amended on 6 March 2014)
“Put Option Shares”	the 10,362,632 Ordinary Shares which Mastin agreed to acquire from Sberbank Capital on 14 November 2014
“Qualifying Shareholders”	Qualifying Shareholders
“Related Party Directors”	Alexander Chistyakov, Tom Reed and Kirill Androsov
“Related Party Resolutions”	the three Resolutions which relate to: (i) the Limolines Entities’ participation in the Restructuring; (ii) the Nervent Entities’ participation in the Restructuring; and (iii) the Makayla Entities’ participation in the Restructuring
“Related Party Shareholders”	Limolines, Makayla, Sega Wealth, Nervent, BTL and Rooney
“Related Party Transactions”	(i) the participation in the Placing by the Underwriting Shareholders, (ii) the set-off of the Company’s repayment obligation under, and the early repayment of, the Further

Limolines Loan against the payment obligation of Limolines on the subscription for certain Placing Shares, (iii) the agreement to pay 25 per cent. of the Group's free cash flow in repayment of the Limolines Shareholder Loan (a) after any payment of the Group's free cash flow is made to Otkritie under the New Debt Facilities and (b) only after the Makayla Shareholder Loan has been repaid in full and (iv) the payment in May 2015 of US\$5.0 million in accrued interest under the Makayla Shareholder Loan and the agreement to pay 25 per cent. of the Group's free cash flow in repayment of the Makayla Shareholder Loan after any payment of the Group's free cash flow is made to Otkritie under the New Debt Facilities

“Resolutions”	the resolutions to be proposed at the General Meeting
“Restructuring”	(i) the acquisition of the Existing Facility, Put Option Shares and Put Option by Mastin, (ii) the Placing and Open Offer (iii) the Conversion and cancellation of the Put Option, (iv) the issue of New Ordinary Shares, (v) the entry into the New Debt Facilities and repayment of the Existing Facility, (vi) the extension of the Makayla Shareholder Loan and the Limolines Shareholder Loan and (vii) the repayment of the Further Limolines Loan
“RHL”	Ruspetro Holding Limited, an intermediate holding company of the Group incorporated in Cyprus
“Roony”	Roony Invest & Finance S.A., a company beneficially owned and controlled by Alexander Chistyakov
“Sberbank”	“Sberbank” of Russia
“Sberbank Capital”	Sberbank Capital LLC
“Sega Wealth”	Sega Wealth Management Limited, a company beneficially owned and controlled by Andrey Rappoport
“Settlement Shares”	the New Ordinary Shares to be issued to Mastin in exchange for cancelling the Company's potential obligation to purchase the Put Option Shares
“Shareholder Loans”	the Limolines Shareholder Loan and Makayla Shareholder Loan
“Shareholders”	holders of Ordinary Shares
“Strand Hanson”	Strand Hanson Limited
“Trans-oil”	OAO Trans-oil, a subsidiary of the Company incorporated as an open joint stock company in Russia
“UKLA”	the UK Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of FSMA
“Upside Development Plan”	the development plan which, subject to drawing down the Development Facility Second Tranche, the Company will follow instead of the Development Plan for the period

beginning July 2015 to December 2015

“Underwriting Shareholders”

Limolines, Makayla and Nervent

“VI Block”

the Group’s Vostochno-Inginsky licence block covering an area of approximately 340 square kilometres

Forward-looking statements

This announcement includes “forward-looking information” within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect Ruspetro's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or other similar words and phrases. Similarly, statements that describe Ruspetro’s objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Ruspetro’s actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Disclaimer

This announcement is not intended to and does not constitute or form part of any offer to sell or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the proposals set out herein or otherwise, nor shall it (or the fact of its distribution) form the basis of, or be relied on in connection with, any contract therefor or be considered a recommendation that any investor should subscribe for or purchase or invest in any securities.

Any such offer or invitation will be made solely by means of the Prospectus to be published by the Company in due course. This announcement has not been examined or approved by the Financial Conduct Authority (the “FCA”) or any other regulatory authority. The distribution for this announcement in certain jurisdictions may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The securities referred to herein have not been and will not be registered under the US Securities Act of 1933 as amended (the “**Securities Act**”) or under any US state securities laws and may not be offered or sold within the United States unless any such securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act and any applicable state laws is available.

Strand Hanson Limited, which is authorised and regulated in the United Kingdom by the FCA has been appointed as Sponsor to the Company in connection with the Restructuring. Strand Hanson Limited will not be responsible to anyone other than the Company for providing the protections afforded to clients of Strand Hanson Limited nor for providing advice in relation to the Restructuring, the content of this announcement or any matter referred to herein.

Mirabaud Securities LLP, which is authorised and regulated in the United Kingdom by the FCA, has been appointed as broker to the Company in connection with the Restructuring. Mirabaud Securities LLP is acting exclusively for the Company and for no one else in connection with the Restructuring and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Mirabaud Securities LLP nor for providing advice in relation to the Restructuring, the content of this announcement or any matter referred to herein.

Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this announcement.