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If you have sold or otherwise transferred all of your registered holding of Ordinary Shares in Ruspetro (“**Ruspetro**” or the “**Company**”), please forward this document together with the accompanying Form of Proxy immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. Such documents should not however be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your registered holding of Ordinary Shares in Ruspetro, you should retain this document and the accompanying documents.

This document does not constitute an offer or invitation to any person to subscribe for or purchase any securities in Ruspetro.

This document is not a prospectus in accordance with the Prospectus Rules of the Financial Conduct Authority.

The directors of the Company (the “**Directors**”) whose names appear on page 5 of this document accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document has been prepared for the purposes of complying with English law and regulation and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England. This document should be read in conjunction with the enclosed Form of Proxy and the definitions set out in this document.

This document should be read as a whole. However, your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document which contains certain recommendations in respect of the resolutions to be proposed at the General Meeting.

RUSPETRO PLC

(incorporated and registered in England and Wales with company number 7817695)

Cancellation of listing of Shares on the Official List, Re-registration of the Company as a private limited company, Adoption of the New Articles of Association

and

Notice of General Meeting

Strand Hanson Limited (“**Strand Hanson**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as sponsor to Ruspetro and no one else in relation to the Cancellation described in this document and will not be responsible to any person other than Ruspetro for providing the protections afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein.

This document is not an offer of securities for sale in the United States or elsewhere. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption therefrom. The Company has not registered and does not intend to register any of the Shares under the Securities Act. No Shares will be offered or sold to the public in the United States.

Capitalised terms have the meanings given to them in this document.

Notice of a General Meeting of Ruspetro to be held at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW at 10.30 a.m. on 5 May 2016 is set out at the end of this document. Whether or not you intend to be present at the General Meeting, you will find enclosed a Form of Proxy for use at the General Meeting that you are requested to complete. The Form of Proxy, to be valid, should be completed, signed and returned to the Company’s registrars, Capita Registrars, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 10.30 a.m. on 3 May 2016, being 48 hours before the time appointed for the holding of the meeting. The completion and return of a Form of Proxy will not preclude Shareholders from attending the meeting and voting in person, should they wish to do so.

This document contains forward-looking statements which are subject to assumptions, risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by those forward-looking statements. Each forward-looking statement is correct only as of the date of the particular statement. The Company does not undertake any obligation publicly to update or revise any forward-looking statement as a result of new information, future events or other information, although such forward-looking statements will be publicly updated if required by the Listing Rules of the UK Listing Authority, the rules of London Stock Exchange plc, the Disclosure Rules and Transparency Rules of the UK Listing Authority or otherwise by law.

The date of this document is 14 April 2016.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	14 April 2016
Latest time and date for receipt of Forms of Proxy	10.30 a.m., 3 May 2016
Last time and date for receipt of CREST Proxy Instructions	10.30 a.m., 3 May 2016
General Meeting	10.30 a.m., 5 May 2016
Last day of dealings of the Ordinary Shares on the Official List	3 June 2016
Cancellation of listing of the Ordinary Shares on the Official List	6 June 2016

Notes:

1. References to times are to London time.
2. The dates and times given in this document are based on the Company's current expectations and may be subject to change.
3. Any changes to the timetable set out above will be announced via a Regulatory Information Service.

FORWARD LOOKING STATEMENTS

Certain statements in this document are not historical facts and are or are deemed to be “forward-looking”. The Company’s prospects, plans, financial position and business strategy, and statements pertaining to the capital resources, future expenditure for development projects and results of operations, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology including, but not limited to; “may”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “will”, “could”, “may”, “might”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. Although Ruspetro believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These forward-looking statements involve a number of risks, uncertainties and other facts that may cause actual results to be materially different from those expressed or implied in these forward-looking statements because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond Ruspetro’s ability to control or predict. Forward-looking statements are not guarantees of future performances.

Factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected include, but are not limited to, the following: risks relating to changes in political, economic and social conditions in the Russian Federation; future prices and demand for the Company’s products, and demand for the Company’s customers’ products; oil reserves and resources; oil production; trends in the oil industry and domestic and international oil market conditions; risks in oil drilling operations; future expansion plans and capital expenditures; the Company’s relationship with, and conditions affecting, the Company’s customers; competition; availability of specialist and qualified workers; labour relations; weather conditions or events that cause catastrophic damage; risks relating to law, regulations and taxation, including laws, regulations, decrees and decisions governing the oil industry, the environment and currency and exchange controls relating to entities and their official interpretation by governmental and other regulatory bodies and by the courts in jurisdictions in which the Company operates and conduct business; and risks relating to global economic conditions and the global economic environment. Additional risk factors are as described in the Company’s annual report.

Forward-looking statements are made only as of the date of this document. The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained in this document to reflect any change in its expectations or any change in events, conditions, assumptions or circumstances on which any such statement is based unless so required by applicable laws and regulations, including the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Alexander Chistyakov (<i>Executive chairman</i>) John Conlin (<i>Chief executive officer</i>) Kirill Androsov (<i>Non-executive director</i>) Robert Jenkins (<i>Senior independent director</i>) Mark Pearson (<i>Independent non-executive director</i>) Frank Monstrey (<i>Independent non-executive director</i>) Maurice Dijols (<i>Independent non-executive director</i>) Sergey Gordeev (<i>Non-executive director</i>)
Registered Office	Fourth Floor 58 Grosvenor Street London W1K 3JB
Company Secretary	Adrian Harvey Fourth Floor, 58 Grosvenor Street London W1K 3JB
Sponsor	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Brokers	Mirabaud Securities LLP 33 Grosvenor Place London SW1X 7HY Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Legal advisers to the Company as to English and Russian law	White & Case LLP 5 Old Broad Street London EC2N 1DW
Auditors	PricewaterhouseCoopers LLP 32 Albyn Place Aberdeen AB10 1YL
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy unless the context requires otherwise:

“Act” or “Companies Act”	the Companies Act 2006 (as amended);
“Business Day”	a day (other than a Saturday or Sunday) when commercial banks are open for ordinary banking business in London, United Kingdom;
“Cancellation”	the cancellation of the listing of the Ordinary Shares on the premium segment of the Official List and trading on the London Stock Exchange’s main market for listed securities;
“Code”	The City Code on Takeovers and Mergers;
“Company” or “Ruspetro”	Ruspetro plc;
“Conchetta”	Conchetta Consultants Limited, a company incorporated in the British Virgin Islands and controlled by Altera Investment Fund SICAV-SIF;
“Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council dated September 2014;
“CREST”	the computerised settlement system (as defined in the Regulations) operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form;
“CRESTCo”	CRESTCo Limited, the operator of CREST;
“CREST member”	a person who has been admitted by CRESTCo as a system-member (as defined in the Regulations);
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“Disclosure and Transparency Rules”	the disclosure rules and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended from time to time;
“Directors” or “Board”	the directors of the Company, at the date of this document whose names are set out on page 5 of this document together with, where the context so requires, their families and persons connected with them (within the meaning of section 252 of the Act);
“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting (or any adjournment thereof);
“Founding Shareholders”	Limolines, Makayla, Nervent, Rooney and Mr Thomas Reed;
“GBP” or “£”	pounds sterling, the lawful currency for the time being of the United Kingdom;

“General Meeting”	the general meeting of the Company to be held at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW at 10.30 a.m. on 5 May 2016 (or any adjournment thereof), notice of which is set out at the end of this document;
“Group”	the Company and its subsidiaries and associated undertakings;
“Independent Shareholders”	the Shareholders of the Company other than the Founding Shareholders and Conchetta;
“Issued Share Capital”	all Ordinary Shares in issue from time to time;
“Latest Practical Date”	13 April 2016 (the latest practicable date prior to the publication of this document);
“Limolines”	Limolines Transport Limited, a company incorporated in and existing under the laws of the Republic of Cyprus and controlled by Andrey Likhachev;
“Listing Rules”	the rules published by the Financial Conduct Authority and contained in the Listing Rules sourcebook;
“London Stock Exchange”	London Stock Exchange plc;
“Makayla”	Makayla Investments Limited, a company incorporated under the laws of the British Virgin Islands, and wholly owned by Andrey Rappoport;
“Mastin”	Mastin Holdings Limited, a company incorporated under the laws of Cyprus, and beneficially owned and controlled by Sergey Gordeev;
“Nervent”	Nervent Limited, a company incorporated under the laws of the British Virgin Islands, and owned by Alexander Chistyakov;
“New Articles”	the proposed new articles of association of the Company to be adopted following the Cancellation and with effect from Re-registration to reflect the change of status of the Company to a private limited company;
“Open Offer”	the offer of 183,359,814 Ordinary Shares to certain qualifying shareholders of the Company as detailed in the Prospectus;
“Ordinary Shares”	ordinary shares of £0.10 each in the capital of the Company;
“Panel”	the Panel on Takeovers and Mergers;
“Placing”	the offer and issue of 150,188,572 Ordinary Shares to certain Shareholders as detailed in the Prospectus;
“Proposals”	The proposed Cancellation, Re-registration and adoption of New Articles, the subject of this circular;
“Prospectus”	the prospectus published by the Company on 17 November 2014;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755);
“Re-registration”	the proposed re-registration of the Company as a private limited company under the Companies Act;

“Resolutions”	the resolutions of the Shareholders (or the Independent Shareholders as the context requires) to be proposed at the General Meeting and set out in the notice of the General Meeting at the end of this document;
“Restructuring”	the financial and debt restructuring of Ruspetro which completed on 11 December 2014;
“Shareholder”	a holder of Ordinary Shares;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UKLA” or “UK Listing Authority”	the Financial Conduct Authority acting in its capacity as competent authority for the purposes of the Financial Services and Markets Act 2000;
“uncertificated” or “in uncertificated form”	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST; and
“US\$” or “\$”	US dollars, the lawful currency for the time being of the United States of America.

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY

RUSPETRO PLC

(incorporated and registered in England and Wales No. 7817695)

14 April 2016

To Shareholders: you are advised to read the whole of this document and not just this letter.

Dear Shareholder,

**Cancellation of listing of Shares on the Official List,
Re-registration of the Company as private limited company,
Adoption of the New Articles of Association
and
Notice of General Meeting**

1. Introduction

The Company today announced its proposal to seek a cancellation of the listing of its Ordinary Shares on the premium segment of the Official List and trading on the London Stock Exchange's Main Market for listed securities. Subject to approval by Shareholders at a general meeting to be held on 5 May 2016, notice of which is set out at the end of this document, it is anticipated that the effective date of the Cancellation will be on or around 6 June 2016.

At the General Meeting, the Company will also ask shareholders to consider and approve resolutions to re-register the Company as a private limited company and to adopt new articles of association.

The purpose of this letter is to (i) explain the background to and reasons for the Proposals; (ii) explain why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and recommend that the Shareholders vote in favour of the Resolutions; and (iii) provide you with notice of the General Meeting and details of the Proposals.

Implementation of the Proposals is conditional upon the approval of the Resolutions by Shareholders at the General Meeting, which is being convened for 10.30 a.m. on 5 May 2016 at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW, at which the Resolutions will be put to approve, *inter alia*, the Cancellation. The Notice of the General Meeting is set out at the end of this document. If the Resolutions are passed at the General Meeting, the Cancellation is expected to occur on or around 6 June 2016.

It is important that you complete, sign and return the Form of Proxy for use at the General Meeting enclosed with this document whether or not you intend to attend the meeting.

2. Background to and Reasons for the Proposals

The Company was formed to pursue oil and gas development and production. The Company focussed on the established oil producing province of the Krasnoleninsky Arch, in Western Siberia, Russia, on three adjacent licence blocks covering 1,205km².

On 24 January 2012, the whole of the ordinary share capital of the Company was admitted to the premium segment of the Official List and to trading on the Main Market. In March 2012, the Ordinary Shares were included in the FTSE All Share Index. On 11 December 2014, Ruspetro completed a major capital restructuring comprising an issue of new equity raising gross proceeds of approximately US\$53 million, a reduction in its long term debt from US\$337 million to US\$150 million and new working capital credit facilities of up to US\$145 million. The Group's new loan facilities were granted by Public Joint Stock Company "Bank Otkritie Financial Corporation" ("**Otkritie**"), one of the largest commercial banks in Russia. The development

plan set out in the Prospectus regarding the Restructuring stated that ongoing expenditure on the Group's assets aimed at increasing production would be funded by a combination of operating cash flow, proceeds of the Restructuring and ongoing drawdown on the facilities entered in to as part of the Restructuring. The Group's medium term aim was and remains to increase production to a level at which the net operating cash flows are sufficient to sustain that level of production, to cover payments due under various debt facilities and to provide a return to shareholders.

Since completion of the Restructuring the Group has successfully increased production. However, the price for Brent crude oil has decreased substantially from an average of approximately US\$100 per barrel in 2014 to an average of US\$53 per barrel in 2015, to approximately US\$40 per barrel today and this has had a direct impact on the Group's revenues and cash flows, as can be seen from the Company's reported financial results.

In Ruspetro's 2015 results, the Company reported revenues of US\$43.9 million (compared with 2014 revenues of US\$55.1 million), with the drop in revenues of US\$11.2 million being driven by a 46 per cent. decline in the average realised blended oil price, offset by a 16.5 per cent. increase in volumes sold during 2015.

In 2015, the Group's Operating loss and EBITDA were reported at US\$25.6 million and US\$2.6 million respectively, compared with US\$18.6 million and US\$9.5 million in 2014. The Group's Operating loss would have been significantly higher and EBITDA would have been significantly lower in 2015 had the Group not achieved 16.5 per cent. higher sales volumes in 2015 compared with the prior period.

For the full year 2015, the Company reported net cash outflow from operating activities of US\$4.7 million (FY2014: net positive US\$3.3 million) and net cash outflow from investing activities (principally the costs of developing and maintaining production) of US\$35.2 million (FY2014: US\$49.6 million), leaving a deficit of US\$39.9 million (FY2014: US\$46.3 million) before loan repayments, interest paid and other financing charges of US\$24.7 million (FY2014: US\$152.9 million). The Company drew down US\$59.6 million of loans during 2015 (FY2014: US\$160.0 million in addition to US\$37.5 million net proceeds from the issue of shares).

The 2015 full year results demonstrate that the group is not generating sufficient cash from its current operations to cover the cost of capital investment, interest payments on loans outstanding and loan repayments due in the future. Net debt increased from US\$235.1 million at the start of 2015 to US\$299.9 million by the end of the year, comprising secured bank loans of US\$202.8 million due for repayment in 2019 and unsecured shareholder loans of US\$104.6 million of which, including interest accrued over the period to maturity, US\$3.1 million is due for repayment in October 2016, US\$20.3 million in May 2017 and US\$128.9 million in February 2020, less cash of US\$7.5 million. The Group finances its exploration and development activities using a combination of cash in hand, operating cash flow generated mainly from the sale of crude oil production, prepayments from forward oil sale agreements and additional debt or equity financing as required. As at the date of this document, the Group is not in breach of any of its existing secured facilities and has US\$67.7 million of undrawn facilities available. During the year ended 31 December 2015, the Group negotiated the US\$22.5 million advance financing arrangement with Glencore Energy UK Ltd. Prepayments from such forward oil sale agreements are one of the Group's main sources of working capital. The renewal of such prepayments occurs regularly under normal course of business, but cannot be certain and, therefore, the directors recognise that this represents a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The Company's preliminary financial results for 2015 have been released today and are prepared on a going concern basis. However, the Directors expect that the audit opinion on the 2015 financial statements (which will be presented in the annual report to be published before the end of April 2016) will include an emphasis of matter in relation to the material uncertainty identified in the paragraph above.

The 2015 Annual Report will also include a longer term viability statement in line with the latest requirements of the UK Corporate Governance Code. As input to this assessment the Group has modelled multiple economic scenarios based on its detailed life of field model, using its baseline field development plan factored with various capital conservation restrictions, and evaluated levels of capital investment, operating cash flows and production output. This analysis has confirmed the need for significant additional funding over and above existing facilities and forward sale arrangements within the next 1-2 years, depending on the development scenario and the oil price environment.

Without this additional funding the Group will need to implement actions which will adversely affect its ability to maintain production levels and which will be detrimental to its development and production capabilities, thus probably exposing the Group to a breach in the production covenant to its primary lender. In such circumstances the Group's financial position would be very uncertain and it may be forced to undertake a capital restructuring which would be highly dilutive for Shareholders or the primary lender may enforce its security over the Group's principal assets leaving Shareholders with little or no value.

In implementing its development plan, the Group continues to draw down on its debt facilities. The Group has, through extremely tight cash management under challenging market conditions, reported positive net operating cash flows before working capital adjustments for 2015 but the Group is not currently able to generate sufficient cash flow to cover capital investment, or interest and capital repayments, and continues to draw down on debt facilities.

In the opinion of the Directors, the Group's continued viability in the years 2016 to 2020, and beyond, is conditional on securing additional funding, successful refinancing on maturity of its principal debt facilities, and access to other forms of funding that may not be available to a premium listed company.

The Directors have, therefore, considered the strategic question of what form the Group should take to be in the best position to raise the funds necessary to bring the business to the point where it is generating sufficient free cash flow to meet its financial commitments and yield a return for Shareholders.

As set out in greater detail below, the Board is of the view that the funding necessary to achieve the Company's objectives is currently not available in the public equity markets for this type of business in the environment in which it operates and has concluded that as a private limited company the Company would have a better chance of achieving this goal and be more able to target potential investors using the Group's asset base, production and future production potential as valuation benchmarks rather than the low benchmark of the market capitalisation of the listed entity. Furthermore, not having a listing would enable the Company to open discussions with investors who are able to take a longer-term view of the Company's prospects and those of the oil and gas sector rather than with investors focused on the short term issues that affect illiquidity and volatility in the share price as a quoted entity.

After careful consideration of the Company's current position and available options, the Board believes that the Proposals are in the best interests of all Shareholders for the following reasons:

- (i) Any future discussions regarding funding the drilling programme and any envisaged merger and acquisition activity by the Company can use the value of the Group's underlying oil and gas resource and reserve assets and the future production potential of the Group (as a private limited company) as a reference point for valuation rather than the market capitalisation of the Company (as a listed company) which on 13 April 2016 (being the Latest Practicable Date) was £36.81 million, with the Company's share price at 4.23p, having been £87 million at completion of the Restructuring in December 2014. The Board believes that using such benchmarks rather than the market capitalisation will better serve Shareholders' interests by creating more opportunities for the Company to achieve the funding it requires to bring production to its potential capacity and thereby creating value for the Company's shareholders;
- (ii) The current environment within the oil and gas sector, particularly in Russia, is not attractive to the vast majority of institutional investors. Since the Company listed in January 2012, there has been a continual decline in the number of institutional investors that hold over 1 per cent. of the Company's outstanding share capital;
- (iii) The volume of Ordinary Shares being traded is very low and, in the opinion of the Directors, no longer justifies the costs and management time required to maintain the Company's status as a premium listed company. In the three months up to 13 April 2016, an average of just 38,519 Ordinary Shares traded each day and there were twelve days on which there were no trades at all;
- (iv) Limited investor demand for Ordinary Shares is preventing the Company from re-establishing a free float of the Company's Ordinary Shares to 25 per cent. or greater of the shares outstanding. Since the completion of the Restructuring, at which point the free float, as expected, was below the 25 per cent. minimum requirement for a company on the Official List, the Company has, in conjunction with its brokers, endeavoured to develop interest in the Ordinary Shares. However, against a background of a sustained low oil price and negative investor sentiment towards Russia, the Company has failed to generate sufficient appropriate demand to restore the free float above 25 per cent. The most recent

analysis shows that the free float is in fact currently around 16 per cent., having been around 20 per cent. shortly following completion of the Restructuring;

- (v) The costs associated with the Company's listing on the Official List and to trading on the Main Market, of approximately US\$4.8 million per annum, exceed the benefits of maintaining this listing, such as access to international capital and a broad investor base, and can no longer be justified in light of the current challenging environment and market conditions and need to be reduced to be commensurate with the requirements of a private limited oil and gas exploration and production company of its size; and
- (vi) A matched bargain facility (as described in more detail in paragraph 5 below) will be available to Shareholders following Cancellation providing a means by which trading in the Ordinary Shares may continue at a substantially lower cost to the Company than the current premium listing.

Consequently, for the reasons set out above, the Board believes that the Proposals are in the best interests of the Shareholders and the Company.

Near term strategic priorities

The Group's principal secured facilities are due for repayment in November 2019. The Directors are of the view that, if the Company is unable to attract additional investment in the future, the Company will need to implement certain additional actions so as to allow it to meet its existing contractual obligations as and when they fall due. These actions may include some or all of the following:

- further financial restructuring, including through further capital raises that may be dilutive to Shareholders; as a private, unlisted company, the Directors firmly believe that the options open to the Company are much broader and avoid the additional costs, management time and limitations which apply to undertaking such changes as a publicly listed entity;
- further reducing planned capital expenditure, including scaling back the drilling programme, 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 Company's cost base to the detriment of its development and production capabilities; and
- conserving cash through working capital management.

The Directors are focused on building a profitable business through the development of Ruspetro's oil and gas reserves and resources at a pace and scale to realise their potential and value for the direct benefit of Shareholders. While the Company has already taken steps to restructure its balance sheet, the Group will need to undertake significant capital expenditure to increase production and to continue to meet its current debt obligations as described above.

Therefore the Directors believe that the Company will need to look at alternative sources of funding that may not be available to the Company as a listed entity. Consequently, and in the absence of institutional investor interest and stock market liquidity for the Company's Ordinary Shares, which is one of the major benefits of a listing (and discussed in more detail below), the Directors believe that the interests of Shareholders can be better served as an unlisted private company.

Lack of Institutional Investor Demand

Market conditions in the global oil and gas sector have recently been, and are expected for the foreseeable future to continue to be, very challenging. Institutional investor appetite for investment in the Russian oil and gas sector in particular has very significantly diminished since Ruspetro's flotation in 2012. This, coupled with the weakening Russian economy, the declining market valuation of Ruspetro and current free-float issues (as described further below) may materially adversely affect the Company's business, results of operations, financial condition and prospects, and the trading price of the Ordinary Shares. Following discussions with brokers, the Directors are of the opinion that there is limited investor appetite to invest in the Russian oil and gas sector in general and the Company in particular amongst investors in publicly traded companies such as Ruspetro. In light of the overall market conditions, the Directors are of the opinion that it will be very difficult for the Company to attract any meaningful equity investment in the future through its listing on the premium segment of the Official List and trading on the Main Market.

Market Valuation

As at 13 April 2016, the market capitalisation of the Company was £36.81 million based on a share price of 4.23 pence compared with 134 pence at flotation on 24 January 2012.

The recent decline in the Russian economy and the sustained low price of oil and gas continue to affect the Company. During the second half of 2015 and the beginning of 2016 the Group has continued to experience the impact of high volatility of the oil price and USD/Russian Ruble exchange rate, which management views as key external risks that will continue throughout 2016 and are unpredictable for the future. Operationally, it will be crucial for the Group to successfully and cost-effectively implement its current appraisal campaign to identify sufficient suitable development well targets and significantly increase the Group's production in 2016 and beyond. The importance of the above external and operational uncertainties has adversely impacted the market valuation of the Company.

With trading volume at a very low level, the Company's share price is very volatile and can move up or down significantly following relatively small numbers of low value trades in its Ordinary Shares, which can make the shares less attractive to investors.

The Directors consider that the current market capitalisation of the Company is not reflective of its underlying value and will compromise the valuations which may be achieved as part of any future strategic initiatives. As a private limited company, the value of its assets, its production and the well-head revenue per barrel potential of the Company will, the Directors believe, become the focus for valuation models rather than the market capitalisation of the listed Company.

The Directors are of the view that, in order to protect the business of the Company and maximise its value for Shareholders, it is no longer in the interests of the Company or its Shareholders to maintain the listing on the premium segment of the Official List and trading on the Main Market.

Free Float Position

On 17 November 2014, the Company published the Prospectus in connection with the Placing and Open Offer, which formed part of the plans for the Restructuring. As noted in the Prospectus, the UKLA requires listed issuers to maintain at least 25 per cent. free float in their listed shares and, depending on the level of take up by minority shareholders in the Open Offer, there was a risk that upon completion of the Restructuring, there would be insufficient free float in the Ordinary Shares. Ruspetro agreed with the UKLA that if, within six months after completion of the Restructuring, there remained insufficient free float in the Ordinary Shares, the Directors would 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.

Since the completion of the Restructuring there has remained insufficient free float in the Ordinary Shares. In December 2014, shortly after completion of the Restructuring, the free float reached approximately 20 per cent. and is currently estimated at around 16 per cent. At the time of the Restructuring a number of larger shareholders (whose holdings are excluded from the calculation of the percentage of shares in public hands) indicated their willingness to dispose of shares in order to increase the free float. The Directors have endeavoured to generate interest in purchasing such shares by promoting the shares through investor and analyst presentations. However, the consistent comments received from such meetings has been that investors will not invest whilst the Company faces the risks represented by the oil price and the political climate in Russia.

The Board is of the opinion that this position is unlikely to improve in the short term.

Alternative listings in London

In connection with the Board's considerations of the free float position, the Board has considered whether a transfer of the Company's listing to another market in London would be of benefit to Shareholders. However, having studied the alternatives, the Board is of the view that the benefits described above of becoming an unlisted private company at this stage in the Company's development outweigh the potential benefits of seeking admission to an alternative market in London.

However, in order to provide Shareholders with a platform through which Ordinary Shares can be traded, the Company has arranged with its Registrar, Capita Asset Services to provide a matched bargain trading facility, further details of which are set out below.

Costs of Maintaining a Listing

The Directors estimate that direct and indirect costs associated with the listing of the Ordinary Shares on the premium segment of the Official List and to trading on the Main Market has been on average US\$4.8 million per annum since the Company's initial public offering in January 2012, taking in to account the recurring costs of maintaining the listing and the costs associated with the listing and subsequent corporate actions, including advisory, legal and audit fees, as well as the associated costs of maintaining a London office and external investor relations. The Directors consider that these costs are disproportionately high versus the benefits of a listing on the premium segment of the Official List and that these funds could be better utilised within the business of the Company. Thus, on implementation of the Proposals a substantial proportion of these costs will be eliminated due to reduced board and management costs, the elimination of fees directly related to the listing, fees from external advisors being reduced substantially, the elimination of costs related to raising new capital for a listed company and the reduction of general and administrative expenses associated with the requirements of a listed company. Furthermore, substantive management time spent on maintaining a listing will be eliminated. These financial and management resources can be more effectively utilised in the development and management of the business in a private company context.

3. Details of the Cancellation

In order to effect the Cancellation, the Company is required to obtain prior approval from the Shareholders pursuant to paragraph 5.2.5R(2)(b) of the Listing Rules. Accordingly, at the General Meeting to be held on 5 May 2016, a shareholder resolution will be proposed, as the first resolution set out in the Notice of General Meeting contained in this document, authorising the Board to proceed with the Cancellation (the "**Cancellation Resolution**"). The Cancellation Resolution will require:

- (a) approval from a majority of not less than 75 per cent. of the votes attaching to the Ordinary Shares; and
- (b) the approval from a majority of the votes attaching to the Ordinary Shares of Independent Shareholders.

For the purpose of the Cancellation Resolution, in accordance with the definition set out in the Listing Rules, the term "**Independent Shareholders**" refers to Shareholders other than any person who exercises or controls, on their own or together with any person whom they are acting in concert, 30 per cent. or more of the votes entitled to be cast on all or substantially all matter at general meetings of the Company ("**Controlling Shareholders**"). The following Shareholders are considered to be Controlling Shareholders because they and/or their controllers were all founding shareholders of the Company prior to its flotation in 2012 and are deemed to be "acting in concert" for the purposes of the Listing Rules:

<i>Shareholder</i>	<i>Shareholding</i>	<i>Percentage of votes</i>
Limolines Transport Limited ¹	153,424,368	17.63%
Conchetta Consultants Limited ¹	66,875,000	7.69%
Makayla Investments Limited ²	76,630,306	8.81%
Nervent Limited ³	129,849 867	14.92%
Roony Invest & Finance S.A. ³	7,590,036	0.87%
Mr Thomas Reed (former director) ⁴	3,545,170	0.41%
Total	<u>439,239,521</u>	<u>50.33%</u>

Notes:

1. Limolines Transport Limited and Conchetta Consultants Limited are companies connected with Kirill Androsov, a non-executive director of the Company, and in which Mr Androsov is deemed to have a beneficial interest.
2. Makayla Investments Limited is controlled by and represents the interests of Andrey Rappoport.
3. Nervent Limited and Roony Invest & Finance S.A. are controlled by and represent the interests of Alexander Chistyakov, the chairman of the Company.
4. Mr Thomas Reed was previously a shareholder in Nervent Limited with Alexander Chistyakov and was a founding shareholder of the Company.

Accordingly, votes attaching to these Ordinary Shares will count towards meeting the requirement described in part (a) above to approve the Cancellation Resolution, but not part (b).

Conditional upon the Cancellation Resolution receiving approval at the General Meeting, the Company will apply to cancel the Ordinary Shares from admission to the premium segment of the Official List and to remove the Ordinary Shares from trading on the Main Market. It is anticipated that the Cancellation will take effect on or around 6 June 2016, being in any event not less than 20 Business Days following the passing of the Cancellation Resolutions.

4. Effect of the Cancellation

The principal effects of the Cancellation, and the factors that the Directors believe that Shareholders should take into consideration when deciding whether or not to vote in favour of the Resolutions, include the following:

Trading and liquidity

Following the Cancellation, the Ordinary Shares will no longer be traded on a public market or trading facility on any recognised investment exchange. As a result, a Shareholder will not be able to trade its Ordinary Shares on the London Stock Exchange and, consequently, the opportunity for Shareholders to realise their investment in the Company will be limited and there will be no public valuation of Ordinary Shares held by them. As described below, the Company will, with effect from Cancellation, to put in place a matched bargain settlement facility to serve as a limited platform for Shareholders and other persons to seek to buy or sell shares.

Following publication of this document and following Cancellation, the liquidity and marketability of the Ordinary Shares may be significantly reduced and the value of such shares may be adversely affected as a consequence.

Disclosure and reporting

The Company will no longer be subject to the regulatory and financial reporting regime applicable to companies whose shares are admitted to the Official List and to trading on the Main Market including the Listing Rules (including the Model Code on directors' share dealings), the Disclosure and Transparency Rules, and the Corporate Governance Code.

As a result, Shareholders will no longer be afforded the protections given by the Listing Rules such as:

- the requirement to be notified of annual and half yearly results;
- the requirement on the contents of annual reports (for example, to ensure that each annual report contains a statement by the Directors that the business of the Company is a going concern);
- the requirement on the contents of half-yearly reports (for example, to ensure that each half-yearly report contains information showing the split between dividends and interest received);
- the requirements to provide trading updates;
- the requirements to notify and/or seek shareholder approval for certain events, including substantial transactions, financing transactions, related party transactions and fundamental changes in the Company's business, including certain acquisitions and disposals;
- the requirement for the independence of the Board;
- the Company will cease to have a sponsor and broker;
- as an unlisted company, the Company will be subject to fewer operational restrictions than as a listed company. In addition, as an unlisted company, the Company may be subject to less stringent accounting and reporting requirements;
- the Cancellation may have either positive or negative taxation consequences for Shareholders. Shareholders who are in any doubt about their tax position should consult their own professional independent adviser immediately; and

- there will be reduced controls over the terms of capital raises and issuances of new Ordinary Shares to related parties (such as substantial shareholders) this could lead to substantial dilution for Shareholders.

Further, Shareholders would also lose the protection of the Disclosure and Transparency Rules which includes, among others, the right to be notified of any inside information which directly concerns the Company (DTR 2), of transactions by persons discharging managerial responsibilities and their connected persons (DTR 3), the requirements regarding periodic financial reporting (DTR 4) and of any dealings by shareholders who hold more than 3 per cent. of the Company's shares (DTR 5).

To mitigate this, the re-registered private listed company will adopt new articles of association taking effect from Re-Registration that will include provisions to provide a degree of disclosure to shareholders appropriate with its status as an unlisted private company (further details are set out in Part II of this document) and implement certain corporate governance measures as set out below.

The Company will:

- continue to provide operational updates when the Company deems it to be appropriate;
- publish its annual results (further details of which are set out in Part II of this document);
- adopt the provision of the Model Code in relation to any dealings in the Company's shares by directors and senior employees following Cancellation; and
- require, under the New Articles, disclosure by Shareholders if, as a result of either of an acquisition or disposal of shares in the Company or of changes in the total voting rights attached to the Company's shares, the percentage of voting rights which such Shareholder holds, or has control over, reaches, exceeds or falls below 3 per cent. and each additional 1 per cent. above that level.

City Code on Takeovers and Mergers

The Code is issued and administered by the Panel. Ruspetro is a company to which the Code applies and its Shareholders are accordingly entitled to the protections afforded by the Code.

The Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets. The Code would continue to apply to the Company for a period of ten years from the date of the Cancellation.

Corporate Governance

While the Company will no longer be subject to Listing Rules, the Disclosure and Transparency Rules and the Corporate Governance Code following Cancellation, the Company will continue to maintain good standards of corporate governance for the benefit of all of its Shareholders appropriate for an unlisted company. As a result, the Company will adopt a corporate governance policy which will set out the governance standards for the Company following Cancellation. The Company will also ensure effective engagement with Shareholders. A summary of the Company's proposed corporate governance arrangements following Cancellation are set out below.

(a) Composition of the Board

Following Cancellation, it is proposed that the Board will comprise of a maximum of six directors.

Each of Makayla, Limolines, Nervent and Mastin (each an "**Appointing Shareholder**"), who, together with their concert parties, collectively currently represent approximately 74.9 per cent. of the Issued Share Capital, shall be entitled to nominate and appoint one director (the "**Shareholder Directors**"). The Board shall have at least one director who will be a non-executive independent director and the chief executive officer shall also be a director. The Board will continue to have a chairman who will be one of the Shareholder Directors.

It is expected that Alexander Chistyakov, Kirill Androsov and Sergey Gordeev shall initially comprise three of the four Shareholder Directors, with an additional Shareholder Director to be appointed by Makayla shortly after Cancellation. John Conlin will continue to act as the chief executive officer of the Company following Cancellation. As the Board currently has four independent non-executive directors, it is expected that three of these directors shall resign with effect from Cancellation with one of the current independent non-executive directors remaining in place.

The right of appointment of the Shareholder Directors is set out in individual relationship agreements with each of the Appointing Shareholders, which will become effective with effect from Cancellation (as described in paragraph (e) below).

Other than as set out above, a director of the Company may be appointed at any time by a decision of the Board or by an ordinary resolution of the Company's shareholders. As a private limited company is not required to have a secretary, it will be at the Board's sole discretion whether a secretary is required.

The Company shall retain the current schedule of matters reserved for the Board (with such necessary amendments as necessary to reflect the new corporate governance provisions referred to in this document and its status as a private limited company following re-registration).

(b) Committees of the Company

Following Cancellation, the Company will no longer be subject to the Corporate Governance Code and consequently will no longer be required to maintain a nominations committee, a remuneration committee or an audit committee. The current functions of the nominations committee and the remuneration committee will be carried out by the Board following Re-registration.

The Board will continue to maintain an audit committee whose terms of reference shall be broadly similar to the provisions of the Corporate Governance Code (the "**Audit Committee**").

The Audit Committee will have three members one of whom shall be the independent non-executive director. The independent non-executive director will be the Chairman of the Committee. In addition, the Committee will be made up of one other director and the chief financial officer of the Company. The Audit Committee will continue to meet at least three times a year and otherwise as required. Members of the Board (other than the members of the Audit Committee), may be invited to attend all or part of the Audit Committee's meetings as necessary. The external auditors may attend meetings on a regular basis, both with and without executive management being present.

The main responsibilities of the Audit Committee will include monitoring the integrity of the Group's financial statements and announcements on annual results; overseeing the relationship with the external auditors; reviewing significant financial reporting and accounting policy issues, the Group's risk management systems and internal control processes; and ensuring effective whistle-blowing procedures are maintained.

(c) Corporate Governance Code

While the Corporate Governance Code will no longer apply to the Company following Cancellation, the Company will incorporate certain principles of the Corporate Governance Code set out below as part of its ongoing corporate governance policy.

(i) Leadership

- The Company will continue to be headed by an effective board which is collectively responsible for the long-term success of the Company.
- The Chairman will continue to be responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role.
- As part of his or her role as a member of the Board, the independent non-executive director will constructively challenge and help develop proposals on strategy.

(ii) *Effectiveness*

- The Board and the Audit Committee will have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.
- The Board will be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.
- The Board will undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

(iii) *Accountability*

- The Board will be responsible for determining the nature and extent of the significant principal risks it is willing to take in achieving its strategic objectives. The Board will continue to maintain sound risk management and internal control systems.
- The Board will continue to maintain formal and transparent arrangements for considering how they will apply the corporate reporting, risk management and internal control principles (which will be implemented and monitored by the Audit Committee).

(iv) *Relations with Shareholders*

- The Company will continue to maintain a dialogue with Shareholders to engender a mutual understanding of its objectives. The Board as a whole will have responsibility for ensuring that a satisfactory dialogue with Shareholders continues.

(d) *Shareholder Rights and Protections*

Shareholders will also have the benefit of certain shareholder rights that will be incorporated into the New Articles (as described in further detail in paragraph 7 below). In addition and as noted above, the Code will continue to apply to the Company for ten years following the Company's re-registration as a private limited company. They are as follows:

- (i) **Drag-Along Right:** Where a majority of the Shareholders (holding not less than 75 per cent. in nominal value of the issued share capital of the Company) accept an offer from a third party purchaser to buy their shares, those shareholders shall be entitled to force the holders of the remaining 25 per cent. to accept such an offer and sell their shares to the third party on the same terms and conditions.
- (ii) **Tag-Along Right:** Where a majority of the Shareholders (holding not less than 75 per cent. in nominal value of the total issued share capital of the Company) accept an offer from a third party purchaser to buy their shares, the holders of the remaining 25 per cent. shall be entitled to force the selling shareholders (who wish to sell their shares) to procure an offer for the shares benefiting from the rights on the same terms and conditions.

Under the Tag-Along Right, the result is that one or more minority shareholders may require a seller of shares to procure that a proposed buyer acquiring a controlling interest in the Company extends its offer to purchase the shares to all shareholders of the Company. The Tag-Along Right acts as protection for the minority holders in case the majority chooses not to exercise its drag along rights. Under the Drag-Along Right, the majority of the equity holders may accept an offer to buy their equity and to force the remaining holders to accept the offer on the same terms. The purpose of these provisions are to protect certain Shareholders within the Company.

(e) *Relationship Agreements*

Each of Makayla, Limolines, Nervent and Mastin is currently party to an existing relationship agreement with the Company, the terms of such (in the case of the controlling shareholders) are consistent with the requirements of Chapter 9 of the Listing Rules (as regards arrangements with a Controlling Shareholder).

Under the terms of the existing relationship agreements, Makayla, Limolines, Nervent and Mastin agreed, *inter alia*, to:

- (i) conduct all transactions, agreements or arrangements entered into between any member of the Group and themselves and all relationships between any member of the Group and themselves on an arm's length basis and on normal commercial terms and in accordance with the related party transaction rules set out in the Listing Rules;
- (ii) not take any action that has or would have the effect of preventing the Company or any other member of the Group from complying with its obligations under the Listing Rules (including the principle of equality of treatment of shareholders set out in principle 5 of paragraph 7.2.1R of the Listing Rules, in accordance with the terms of such principle);
- (iii) not propose or procure the proposal of any resolution of the Shareholders (or any class thereof) which is intended, or appears to be intended, to circumvent the proper application of the Listing Rules; and/or
- (iv) abstain from voting on any resolution required by paragraph 11.1.7R(3) of the Listing Rules to approve a transaction with a related party involving themselves.

Each of these existing relationship agreements will terminate with effect from the Cancellation in accordance with their terms. The Company has entered into new relationship agreements with each of the Appointing Shareholders which take effect from Cancellation to govern the arrangements between such Appointing Shareholders and the Company when it is a private limited company.

Under the terms of such separate new relationship agreements:

- each of the Appointing Shareholders shall (and shall procure that their relevant affiliates shall) conduct all transactions, agreements or arrangements entered into between any member of the Group and the relevant Shareholder (and its affiliates) and all relationships between any member of the Group and the relevant Shareholder (and its affiliates) on an arm's length basis and on normal commercial terms; and
- the relevant Shareholder shall have the right to nominate one director to the Board for so long as it (and its associates) own five (5) per cent. or more of the issued Shares.

The new relationship agreements will continue until the relevant Shareholder (together with any of its associates) ceases to be entitled to exercise (or to control the exercise of) on its own or together with any of its associates five (5) per cent. or more of the rights to vote at the Company's general meetings.

5. Trading in the Ordinary Shares after Cancellation

Whilst the Board believes that the Proposals are in the best interests of the Shareholders as a whole, it recognises that the Cancellation will reduce the transparency of trading in the Company's shares. Following the Cancellation, although the Ordinary Shares will remain transferable, it will no longer be possible to trade the shares on Main Market of the London Stock Exchange. Accordingly, the Board has made arrangements for a matched bargain settlement facility with the Company's registrar, Capita Asset Services ("**Capita**"), (the "**Facility**") to be available with effect from Cancellation to enable Shareholders to trade their Ordinary Shares. Following the General Meeting and subject to the approval of the Resolutions, Capita will contact all shareholders with information on how to access this service. Contact details will also be provided on the Company's website once implemented. To access the Facility, Shareholders/new investors will need to complete and submit a postal dealing form, which will be processed by Capita on an order book. Where price expectations allow, orders will be matched between buyers and sellers, and Capita will make contact with the parties to confirm the price and arrange settlement. Capita have been chosen by the Company because they are one of the leading registrar services in the United Kingdom, they currently maintain the Company's register of Shareholders and they are one of the only matched bargain facility providers in the UK to provide this service using Crest registered shares (meaning existing Shareholders do not need a physical share certificate to trade using this service).

Shares will continue to be eligible for CREST settlement.

6. Re-registration to a Private Limited Company

Conditional upon the approval of the Cancellation Resolutions, the Board is asking Shareholders to approve the re-registration of Ruspetro as a private limited company. Following the Cancellation, the Board believes that the requirements and associated costs of the Company maintaining its public company status will be difficult to justify and that the Company will benefit from the more flexible requirements and lower costs associated with private limited company status. It is therefore proposed to re-register the Company as a private limited company.

The Board also believes that the Company's development strategy will be better achieved as a private company, without the regulatory, disclosure and administrative processes required of a publicly listed company.

The Directors believe that it would be better for the Company to operate as a private company, as further capital can be raised using a higher basis for valuation when funding is considered necessary, thus enabling the Company to achieve the production objectives that will realise the field's potential in order to generate free cash flow.

Process for Re-registration

Assuming the resolution to approve the Re-registration is passed, the Company intends to make an application to be re-registered as a private limited company under the Companies Act by the name of "**Ruspetro Limited**".

Under the Act, as part of the Re-registration, the Company is required to make such changes to its articles of association as are required in connection with the Company becoming a private company limited by shares. The Resolutions include the adoption of the New Articles. Details of the proposed New Articles are set out in paragraph 7 below. The Re-registration requires the approval of not less than 75 per cent. of the votes cast by Shareholders at a general meeting.

7. Adoption of New Articles

Under resolution 3, the Board is asking Shareholders to approve the adoption by the Company of the New Articles with effect from Registration. The New Articles being adopted will include provisions which the Directors believe to be appropriate for a private limited company incorporated under the Companies Act with a broad shareholder base. The proposed New Articles contain a number of alterations when compared with the existing Articles of Association of the Company (the "**Existing Articles**"), but the Board consider the proposed New Articles to be more suitable for a private limited company. The principal changes introduced by the New Articles are summarised in Part II.

A copy of the Company's Existing Articles and the proposed New Articles will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office from the date of this document until the close of the General Meeting. The proposed New Articles will also be available for inspection at the General Meeting at least 15 minutes prior to the start of the meeting and up until the close of the meeting.

8. Irrevocable Undertakings

The following shareholders have irrevocably agreed to vote in favour of all of the Resolutions in respect of the Ordinary Shares they control:

<i>Shareholder</i>	<i>Percentage Shareholding</i>	<i>Percentage of votes entitled to vote on all Resolutions</i>	<i>of votes representing Independent Shareholdings for the purposes of the Cancellation Resolution</i>
Limolines Transport Limited ¹	153,424,368	17.63%	–
Conchetta Consultants Limited ¹	66,875,000	7.69%	–
Makayla Investments Limited ²	76,630,306	8.81%	–
Nervent Limited ³	129,849,867	14.92%	–
Roony Invest & Finance S.A. ³	7,590,036	0.87%	–
Robert Jenkins ⁴	197,974	0.02%	0.05%
Maurice Dijols ⁴	180,322	0.02%	0.04%
John Conlin ⁴	46,164	0.01%	0.01%
Mastin Holdings Limited ⁵	217,422,943	24.99%	50.46%
Igor Shamis	6,000,000	0.69%	1.39%
Total		75.65%	51.95%
Shares entitled to vote		870,112,016	430,872,495

Notes:

1. Limolines Transport Limited and Conchetta Consultants Limited are companies connected with Kirill Androsov, a non-executive director of the Company, and in which Mr Androsov is deemed to have a beneficial interest.
2. Makayla Investments Limited is controlled by and represents the interests of Andrey Rappoport, a founding shareholder of the Company.
3. Nervent Limited and Roony Invest & Finance S.A. are controlled by and represent the interests of Alexander Chistyakov, the chairman of the Company.
4. Directors.
5. Mastin Holdings Limited is beneficially owned and controlled by Sergey Gordeev, a non-executive director of the Company.

Therefore, it is anticipated that the Resolutions will be approved at the General Meeting.

9. General Meeting

A notice convening a General Meeting to be called for at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW at 10.30 a.m. on 5 May 2016 at which the Resolutions will be proposed is set out at the end of this document.

The purpose of the General Meeting is to consider and, if thought fit, pass the Resolutions as set out in full in the Notice of General Meeting. The Cancellation is conditional on the passing of the first and second Resolutions, the Re-registration is conditional on the passing of the first, second and third Resolutions and adoption of the New Articles is conditional on the passing of the all Resolutions. Unless all the Resolutions are approved by the Shareholders (and the first Resolution is also approved by the Independent Shareholders), the Cancellation, the Re-registration and adoption of New Articles will not occur.

10. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting.

Shareholders, whether or not they propose to attend the General Meeting in person, are requested to complete, sign and return the Form of Proxy, in accordance with the instructions printed thereon, so as to be received by the Company's registrars, Capita Registrars as soon as possible and, in any event, by not later than 10.30 a.m. on 5 May 2016. Completion and return of the Form of Proxy will not preclude

Shareholders from attending and voting at the General Meeting in person if they wish to do so. If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar (CREST participant ID RA10), so that it is received by no later than 10.30 a.m. on 3 May 2016. The completion and return of a CREST Proxy Instruction will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you so wish and are so entitled.

If the Form of Proxy is not returned or the CREST Proxy Instruction not submitted by 10.30 a.m. on 3 May 2016, your vote will not count.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

11. Consequences of a failure to approve the Resolutions

If Shareholders do not approve the Resolutions, the Company will remain on the Official List and its Ordinary Shares will continue to trade on the London Stock Exchange. Failure to approve the Resolutions in the short term will not materially affect the Company. However, in the longer term the Directors believe that Company will face considerable risks as a listed company with regard to its financing and investment strategy as described in detail in section 2 of this letter.

A requirement for significant additional funding over and above existing facilities and forward sale arrangements within the next 1-2 years, depending on the development scenario and the oil price environment, has been identified by the Directors. Without this additional funding the Group will need to implement actions which will adversely affect its ability to maintain production levels and which will be detrimental to its development and production capabilities, thus probably exposing the Group to a breach in the production covenant to its primary lender. In such circumstances the Group's financial position would be very uncertain and it may be forced to undertake a capital restructuring which would be highly dilutive for Shareholders or the primary lender may enforce its security over the Group's principal assets leaving Shareholders with little or no value.

The Company will continue to be in breach of the Listing Rules requirement for the number of shares in public hands. If the Company is unable, as has been the case since December 2014 and appears likely to continue to be the case, to restore the number of shares in public hands to 25 per cent. or more, the UKLA may require the cancellation of the Company's listing in any event.

The Directors recognise that cancelling the Company's listing means Shareholders losing significant rights and protections. However, the Directors are of the opinion that the Proposals set out in this document offer the best platform from which to secure a future for all Shareholders. Accordingly, the Board unanimously recommends that all Shareholders vote in favour of the Resolutions.

Shareholders should note that sufficient irrevocable undertakings to vote in favour of the Resolutions have been obtained to approve the Resolutions in any event.

12. Documents available for inspection

Copies of the following documents will be made available for inspection during normal business hours on any weekday (except Saturdays and public holidays) at the registered office of the Company at Fourth Floor, 58 Grosvenor Street, London W1K 3JB up to and including the General Meeting:

- (a) the Memorandum and Articles of Association of the Company;
- (b) a draft of the New Articles;
- (c) the register of Directors' interests in the share capital of the Company;
- (d) the irrevocable undertakings referred to in paragraph 8 of this Part I;
- (e) this document; and
- (f) the Proxy Form.

13. Recommendation

The Board considers the Proposals to be in the best interests of Shareholders as a whole and most likely to promote the success of the Company. Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting, as all Directors have either irrevocably undertaken or indicated their intention to do in respect of their own beneficial holdings of Ordinary Shares, amounting to 0.06 per cent. of the votes available to be cast at the General Meeting.

The Company has received irrevocable undertakings to vote in favour of the Resolutions representing 75.65 per cent. of all votes entitled to vote at general meetings and 51.95 per cent. of the votes of Independent Shareholders. Therefore, it is anticipated that the Resolutions will be approved at the General Meeting.

Yours faithfully

Alexander Chistyakov

Chairman

PART II

EFFECT OF RE-REGISTRATION ON SHAREHOLDERS AND ADOPTION OF NEW ARTICLES

The following are the principal effects which the Re-registration of Ruspetro as a private limited company and the adoption of the proposed New Articles would have on the rights and obligations of Shareholders and the Company:

1. Accounts and reports

As a public company, Ruspetro is currently required to deliver its accounts and reports within six months following the end of its financial year and then to circulate copies to Shareholders. Following the Re-registration and the adoption of the New Articles, the period for the sending out of accounts and reports will remain unchanged (six months following the end of the financial year). Ruspetro will still be required to circulate accounts and reports to Shareholders and the Directors intend that they will be made available annually on the Company's website and upon request to receive them electronically, in order to reduce the expense of printing and posting out to all Shareholders.

2. General meetings and resolutions

A public company is required to hold an annual general meeting of Shareholders each year. However, this requirement will not apply after the Re-registration and the adoption of the New Articles. In addition, after the Re-registration, Shareholder resolutions of Ruspetro may be obtained as written resolutions by obtaining the approval in writing to that resolution of the holders of a majority of voting shares then in issue in the case of ordinary resolutions and the holders of 75 per cent. of the voting shares then in issue in the case of special resolutions.

3. Directors and company secretary

The Current Articles contain provisions requiring the Directors to retire by rotation every three years. These provisions have been removed in the New Articles. In addition, the New Articles will not require any Director appointed by the Board to be re-appointed by the Shareholders at the next annual general meeting following his appointment, as is currently required.

Following the Re-registration and the adoption of the New Articles, Ruspetro will not be required to have a company secretary.

4. Financial assistance, reductions of capital and purchase of own shares out of capital

As a public limited company, Ruspetro is currently prohibited under the Companies Act from performing actions which constitute financial assistance for the acquisition of its own shares. This limits the ability of the Company to engage in certain transactions. However, following the Re-registration, these restrictions will no longer apply to Ruspetro.

Ruspetro must obtain the sanction of the Court for any reduction of capital so long as it is a public limited company, which can be a lengthy and expensive process. However, following the Re-registration, Ruspetro will be able to take advantage of the more flexible provisions applicable to private companies under the Companies Act and which do not require the approval of the Court.

Following Re-registration, Ruspetro will be able to effect buy backs of shares out of capital, which it is currently prohibited from doing as a public limited company.

5. Drag-along rights

The New Articles will provide a mechanism whereby if a specified percentage of shareholders agree to sell their shares, they can compel the other shareholders to sell their shares as well, ensuring that a prospective buyer can acquire 100 per cent. of the company. Under the mechanism, where a majority of the

Shareholders (holding not less than 75 per cent. in nominal value of the issued share capital of the Company) accept an offer from a third party purchaser to buy their shares, those shareholders shall be entitled to force the holders of the remaining 25 per cent. in nominal value of the issued share capital of the Company to accept such an offer and sell their shares to the third party on the same terms and conditions.

6. Tag-along rights

The New Articles will include a provision to enable minority shareholders to force those shareholders who wish to sell their shares to a third party to procure an offer for the shares benefiting from the rights. Under the mechanism, where a majority of the shareholders of the Company (holding not less than 75 per cent. in nominal value of the total issued share capital of the Company) accept an offer from a third party purchaser to buy their shares, the holders of the remaining 25 per cent. in nominal value of the total issued share capital of the Company shall be entitled to force the selling shareholders (who wish to sell their shares) to procure an offer for the shares benefiting from the rights.

7. Disclosure of beneficial holdings

The New Articles will incorporate certain disclosure provisions whereby a Shareholder shall be required to notify the Company if the percentage of its voting rights he holds as shareholder (or holds or is deemed to hold through his direct or indirect holding of shares or financial instruments) reaches, exceeds or falls below 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of:

- (a) an acquisition or disposal of shares or financial instruments by the shareholder; or
- (b) events changing the breakdown of voting rights attached to the shares.

Further, the Directors shall have power by notice in writing to require any Shareholder to disclose to the Company the identity of any person other than the shareholder who has any interest in the shares held by the Shareholder and the nature of such interest.

The Company will maintain a register of interested parties to which the provisions of Sections 114 to 117 of the Companies Act all apply mutatis mutandis as if the register of interested parties was the register of members. The register of interested parties will contain the identity of the interested party and the nature of the interest together with the date of the notification by the Shareholder.

8. Non-cash distributions

Under the New Articles, and subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non cash assets of equivalent value.

9. Amendment of special resolutions

Under the Current Articles, no amendment to a resolution duly proposed as a special resolution may be considered or voted on (other than a mere clerical amendment to correct a patent error). The New Articles provide that a special resolution to be proposed at a general meeting may be amended by ordinary resolution, if (a) the chairman of the general meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

RUSPETRO PLC

(incorporated and registered in England and Wales with company number 7817695)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Ruspetro plc (the “**Company**”) will be held at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW at 10.30 a.m. on 5 May 2016 for the purposes of considering and, if thought fit, approving the following resolutions which will be proposed as special resolutions:

RESOLUTION 1

THAT, the proposed cancellation of the Ordinary Shares (as defined in the circular of Ruspetro of which this Notice of General Meeting forms part (the “**Circular**”)) from admission to the premium segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange’s main market for listed securities (together, the “**Cancellation**”) be and is hereby approved and the directors of Ruspetro (the “**Directors**”) be and are hereby authorised to cause such Cancellation to be effected and to do and/or procure to be done all such acts or things as they may consider necessary or desirable in connection therewith.

RESOLUTION 2

THAT, conditional on the passing of Resolution 1 and the Cancellation, that the Company be re-registered as a private limited company under the Companies Act 2006 by the name of “Ruspetro Limited”.

RESOLUTION 3

THAT, conditional upon the passing of all of Resolutions 1 and 2 and with effect from re-registration pursuant to Resolution 2, the regulations contained in the document submitted to the general meeting and for the purposes of identification signed by the chairperson be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

BY ORDER OF THE BOARD

Adrian Harvey
Company Secretary

14 April 2016

Registered office
Fourth Floor
58 Grosvenor Street
London W1K 3JB

EXPLANATORY NOTES TO THE NOTICE OF GENERAL MEETING

Inspection of Documents

The following documents will be available for inspection at the registered office of the Company from the date of this document until the time of the General Meeting and will be available at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW for at least 15 minutes prior to the General Meeting and during the General Meeting:

- the Memorandum and Articles of Association of the Company;
- a draft of the New Articles;
- the register of Directors' interests in the share capital of the Company;
- the circular to shareholders dated 14 April 2016 (the "**Circular**");
- the irrevocable undertakings referred to in paragraph 8 of Part I of the Circular; and
- the Proxy Form.

Approval required for Resolution 1

Resolution 1 will require:

- (a) approval from a majority of not less than 75 per cent. of the votes attaching to the Ordinary Shares; and
- (b) the approval from a simple majority of the votes attaching to the Ordinary Shares of Independent Shareholders.

For the purpose of Resolution 1, in accordance with the definition set out in the Listing Rules, the term "**Independent Shareholders**" refers to Shareholders other than any person who exercises or controls, on their own or together with any person whom they are acting in concert, 30 per cent. or more of the votes entitled to be cast on all or substantially all matter at general meetings of the Company ("**Controlling Shareholders**"). Controlling Shareholders are identified on page 12 of the Circular

Entitlement to attend and vote

1. The right to attend and vote at the General Meeting is determined by reference to the register of members. Only those members registered on the Company's register of members at:
 - (i) 6.00 p.m. on 3 May 2016; or,
 - (ii) if the General Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the General Meeting.
2. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

Publication of information in advance of the General Meeting

3. A copy of this notice and other information which the Company is required by section 311A of the Companies Act 2006 to publish in advance of the General Meeting, can be accessed at www.Ruspetro.com.

Attending in person

4. If you wish to attend the General Meeting in person, you are requested to bring your admittance pass (which is attached to the Form of Proxy) with you to the General Meeting. On arrival at the General Meeting venue, all those entitled to vote will be required to register. In order to facilitate these arrangements, please arrive at the General Meeting venue in good time and have your admittance

pass to hand. You will be given instructions on how to complete your poll card/vote on a show of hands at the General Meeting.

Right to ask questions

5. At the General Meeting the Company must cause to be answered any question that a member attending the General Meeting asks relating to the business being dealt with at the General Meeting in accordance with section 319A of the Companies Act 2006. However, no such answer need be given where:
 - (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (ii) the answer has already been given on a website in the form of an answer to a question; or
 - (iii) it is undesirable for the interests of the Company or the good order of the meeting that the question be answered.

Appointment of proxies

6. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
7. Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.
8. If you are not a member of the Company but you have been nominated by a member of the Company under section 146 of the Companies Act 2006 to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this “**Appointment of proxies**” section. Please read the section “**Nominated persons**” below.
9. A proxy does not need to be a member of the Company but must attend the General Meeting in order to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
10. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the proxy card.

Appointment of proxy using hard copy proxy form

11. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
12. To appoint a proxy using the proxy form, the form must be:
 - (i) completed and signed;
 - (ii) sent or delivered to Capita Registrars at PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF; and
 - (iii) received by Capita Registrars, together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, no later than 10.30 a.m. on 3 May 2016.
13. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member will result in proxy appointments being invalid.

14. In the event that a poll is demanded at the General Meeting and such poll is taken more than 48 hours thereafter, this proxy form may be returned to Capita Registrars at the address in Note 12 so as to arrive not later than 24 hours before the time appointed for such poll. In the event that a poll is demanded at the General Meeting, and such poll is not taken forthwith but is taken less than 48 hours after the General Meeting, this form of proxy may be delivered at the General Meeting to the chairman or to the secretary or to a director.
15. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company, stating their capacity.
16. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Electronic appointment of proxies

17. As an alternative to completing the hard copy proxy form, you can appoint a proxy electronically by visiting www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by Capita Registrars no later than at least 48 hours before the General Meeting or any adjournment thereof (not taking into account non-working days).

Appointment of proxies through CREST

18. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
19. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) no later than 10.30 a.m. on 3 May 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
20. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
21. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

22. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Issued shares and total voting rights

23. As at 5.00 p.m. on 13 April 2016, being the last day prior to publication of this notice, the Company's issued share capital comprised 870,112,016 ordinary shares of £0.10 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. on 13 April 2016 is 870,112,016.

24. The website referred to in Note 3 will include information on the number of shares and voting rights.

Website publication of audit concerns

25. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by either:

- (i) a member or members having a right to vote at the General Meeting and holding at least 5 per cent. of total voting rights of the Company; or
- (ii) at least 100 members have a right to vote at the General Meeting and holding, on average, at least £100 of paid up share capital,

the Company must publish on its website, a statement setting out any matter that such members propose to raise at the General Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the General Meeting.

26. Where the Company is required to publish such a statement on its website:

- (i) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
- (ii) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
- (iii) the statement may be dealt with as part of the business of the General Meeting.

27. The request must:

- (i) either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported; and
- (ii) be received by the Company at least one week before the General Meeting.

Nominated persons

28. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights:

- (i) You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (the "**Relevant Member**") to be appointed or to have someone else appointed as a proxy for the General Meeting.
- (ii) If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- (iii) Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Communication

29. Except as provided above, members who have general queries about the General Meeting should contact the Company Secretary, Adrian Harvey, should use the following means of communication (no other methods of communication will be accepted):
- (i) Telephone: +44 207 318 1631;
 - (ii) Email: aharvey@ruspetro.com