

**ADLER IMPEX S.A.**  
**circular**

18 February 2019

**To the Shareholders of Urals Energy PCL**

Dear colleagues,

As your fellow shareholder, which has to date invested >\$20M into the Urals Energy PCL ("**Company**"), we issue this Circular, which lays out the position of Adler Impex S.A. regarding the upcoming EGM.

As you know, since becoming a shareholder in 2013, Adler Impex S.A. has tried to support the existing Board of Directors of the Company ("**Board**"), work together with it to build shareholder value and avoid conflict. Unfortunately, the overall lackluster performance of the Board over the last few years exacerbated by the recent attempts to detract shareholder attention from it by attacking the Company's management based on misrepresentation of its decisions, has led us to requisition an EGM to replace the current Board.

We urge you to vote FOR all the resolutions proposed by us.

***Background***

Adler Impex S.A. became the shareholder by acquiring a 44.59% stake in the Company in 2013 from Fire East and Alpcot, literally saving the Company from a hostile takeover. Currently Adler Impex S.A. is held in trust for the benefit of the family of Sergey Kononov, a successful Russian entrepreneur.

In 2014, Mr. Kononov was unanimously elected by the present Board to serve as the President of Urals Energy LLC, which in 2017 was replaced by Joint Stock Company Petrosakh as the Russia-incorporated management company for all of the Group's operations. As a result, the group's daily operations were streamlined, adherence to existing Russian legislation fulfilled and certain tax advantages achieved. Mr. Kononov became the President of JSC Petrosakh with all the responsibilities and duties permitted and prescribed by the existing legislation of the Russian Federation.

***The role of the Board***

The present Board consists of three directors: Mr. Dyachenko (executive director, CEO), Mr. Shrager (non-executive Chairman) and Mr. Buscher (non-executive director), all of whom in different capacities have been involved with the Company for many years.

Regrettably, since their appointment, the present directors have little to show for their activities. Aside from issuing an occasional RNS, some of which served no purpose or were even detrimental to the Company's well-being, the Board has abstained from participating in any M&A activity or daily operations, and has all but failed in implementing its own set of principles laid out in detail in the Corporate Governance section of the Company web-site.

We firmly believe that the present Board has abdicated its responsibilities, violated the trust of its shareholders and has destroyed value in the Company.

### ***Our Proposal to You***

Although we as shareholders do not formulate the strategy of the Company, as a requisitioner for the upcoming EGM, we would like to be clear about the initiatives Adler Impex S.A. will support:

- voting for a new Board comprising of independent professionals seeking to build value for all the shareholders;
- swiftly appointing a nomad in order to avoid delisting;
- strengthening the corporate governance of the Company;
- maintaining the AIM status and adhering to all the rules and regulations thereof;
- growing the asset-base of the Company, by seeking out those that add value and bring additional revenue to its core operations;
- increasing the productivity and efficiency of existing assets, including strengthening supervision of all drilling and other well-related works;
- returning institutional investors to the list of active shareholders of the Company.

In addition, Adler Impex S.A. is prepared to enter into a relationship agreement with the newly elected Board to resolve any potential conflict of interest and improve corporate governance, and will fully support the Board in a search for a qualified chief executive officer for the Company.

Below are short biographies of the nominated candidates to the Board:

#### **Jean-Pascal Peltier**

Jean-Pascal Peltier combines 20 years of international expertise in banking & finance, oil & gas, and digitalization. He has spent 18 years in Société Générale entities worldwide (Brazil, UAE, UK, Russia, Hong Kong) at various management positions, from senior auditor, investment banker in oil & gas, to CEO. He graduated from Paris IFP-School (French Petroleum Institute) with an Advanced Master, and worked for Total Exploration & Production Strategy department. He also holds an MSc in Information Technology from ENSIIE (France).

#### **Alexei Maximov**

Alexei Maximov has 25 years of experience working between international venture capital, private equity and the oil and gas industry. This includes a combined 13 years at Urals Group, including as CEO for the Company from 2009-2014. Within finance, he held senior positions at Soyuzcontract and Balt-Trading International in New York, and Schooner Capital International in Boston. He has a BA in Economics and International Relations from the Institute of International Relations in Moscow, and an MBA from the Olin Graduate School of Business Administration at Babson College.

#### **Vladimir Rusinov**

Vladimir Rusinov has 25 years of experience working in leading international investment banks, including Goldman Sachs, Merrill Lynch, ABN AMRO and Renaissance Capital in London and Moscow. During this time, he gained considerable oil and gas expertise from serving at a later stage of his career as a Director and Managing Director-Head of Oil and Gas at ABN AMRO and Renaissance Capital, respectively. In 2016-2018 Vladimir served on the board of JKC Oil & Gas plc listed on London Stock Exchange. He has an MA Hons Degree in International Economics from Kiev State University and an MBA from the Netherlands School of Business.

### **Vasily Mescheryakov**

Vasily Mescheryakov is an experienced investment professional with 25 years of global corporate finance, principal investment and asset management expertise across industries in Russia, USA and Western Europe. He has worked as an investment banker for a number of global financial institutions, including Lehman Brothers, UBS and Credit Suisse in New York and London. He then represented the Sputnik Group as Investment director on the boards of Afisha publishing house and Renaissance Insurance, and later worked as Director at Troika Dialog. He is currently Managing Director of an asset management firm Headway Management. He graduated from the HEC School of Management, Paris with an equivalent of an MBA and has a Masters' degree in International Economics from the Moscow Finance University.

We hereby propose the following resolutions for the extraordinary shareholder meeting to be held on the 22<sup>nd</sup> of February, 2019:

1. The **removal** of the Non-Executive Director of the Company, Mr. Andrew Henry Shrager, from the Board, with immediate effect;
2. The **removal** of the Executive Director of the Company, Mr. Leonid Y. Dyachenko from the Board with immediate effect;
3. The **removal** of the Non-Executive Director of the Company, Mr. Stephen Myers Buscher, from the Board with immediate effect;
4. The **appointment** of Mr. Vladimir Rusinov to the position of a Director of the Company with immediate effect;
5. The **appointment** of Mr. Alexey Maximov to the position of a Director of the Company with immediate effect;
6. The **appointment** of Mr. Vasily Mescheryakov to the position of a Director of the Company with immediate effect;
7. The **appointment** of Mr. Jean-Pascal Hilaire Peltier to the position of a Director of the Company with immediate effect.

Please **VOTE FOR** all the resolutions proposed by Adler Impex S.A.!

**ADLER IMPEX S.A.**