



Dear Shareholder,

**Annual General Meeting 2017**

I am writing to inform you that an Annual General Meeting (the “AGM”) of the Company will be held on 9 November 2017 at 11:00 a.m. (Cyprus time) at the registered office of the Company at Menandrou 3, Glafkos Tower, 5<sup>th</sup> Floor, Office 501, 1066 Nicosia, Cyprus.

The purpose of the meeting is to consider and, if fit, to adopt the following resolutions:

**ORDINARY RESOLUTIONS:**

1. To consider the consolidated financial statements for the year ended 31 December 2016, the report of the auditors PricewaterhouseCoopers Cyprus and Director’s Report thereon on the recommendation of the Board of Directors.
2. Examination of the recommendation of the Board of Directors as to the declaration of final dividend of USD 0.062 per ordinary share for the year ended 31 December 2016.

**SPECIAL RESOLUTIONS:**

3. That the proposed new Articles of Association, a copy of which is signed and indicated by the letter “A” for purposes of identification by a director of the Company, are approved and adopted as the Articles of Association of the Company in replacement and exclusion of the entire Articles of Association being in force up to now.

**RESOLUTIONS REQUIRING CUMULATIVE VOTING:**

4. That Andrew Shrager be re-elected as a director of the Company, on the recommendation of the Board of Directors.

The formal notice of AGM and the resolutions to be proposed are attached to this letter.

**Actions to be taken**

You will find enclosed a Form of Proxy (“Proxy”) for use at the AGM. Please complete, sign and return the enclosed Proxy as soon as possible in accordance with the instructions printed thereon. Proxies should be returned so as to be received by the Company in accordance with the instructions on the enclosed Proxy. Completion and return of the Proxy will not prevent you from attending in person and voting at the meeting should you subsequently decide to do so.

### **Information on the declaration of dividend**

The Board of Directors proposes to the AGM that a final dividend of USD 0.062 per ordinary share be distributed for the year ended 2016.

The dividend will be paid on 1 December 2017 to the shareholders who on the record date of 3 November 2017 are recorded on the shareholders' register maintained by Cymain Registrars Limited or on the separate register of depository interests maintained by Computershare Investor Services PLC. The ex-dividend date for the dividend will be 2 November 2017.

Unless decided otherwise by the Board of Directors, dividends payable to certificated shareholders will be paid in USD cheques for the USD amount and sent to the shareholder's registered addresses. Dividends payable for the certificated shareholders with their registered addresses being in Russia will be paid by the Company directly to their USD denominated bank accounts. Depository interest holders will receive their dividends via USD cheques for the USD amount which will be sent to the registered address on the register of depository interests.

### **Important notice regarding the withholding of the Cyprus Special Defense Contribution**

**The attention of shareholders is drawn to the Cyprus Special Defense Contribution Declaration form ("CSDC Declaration Form") and its terms and conditions, copies of which accompany this letter. Individual shareholders (i.e. natural persons) that are not corporations who hold ordinary shares in certificated form should submit a completed CSDC Declaration Form to the Company via the process described in the CSDC Declaration Form and its terms and conditions. The CSDC Declaration Form and its terms and conditions will also be available from the Company's website ([www.uralsenergy.com](http://www.uralsenergy.com)).**

### **Information on the Articles of Association**

The current version of the Articles of Association has been in effect since the Company was established in 2003. Several amendments relating to the rights of the shareholders, the increase of the Company's authorized share capital and other issues have been adopted since the admission of the Company's ordinary shares to the AIM market of the London Stock Exchange in 2005.

In accordance with the recommendation of the Company's legal advisers, a new consolidated version of the Company's Articles of Association is proposed for approval to substitute the current Articles of Association, in order for a single consolidated document including all the regulations of the company to exist.

This proposed new version of the Articles of Association includes only the two additional regulations, number 28 and 29, outlined below:

28. *Regulation 113 of Part I of Table A shall not apply. The directors shall provide for the safe custody of the seal which shall only be used by the authority of the directors and every instrument to which the seal shall be affixed shall be signed by one director or by any other person so appointed by the board of directors for this purpose.*

29. *Any one of the Directors shall have the power to sign and/or execute solely and individually on behalf of the Company any documents whatsoever of the Company, including cases where the Company is acting in the capacity of the director of any other company or otherwise and all such documents signed solely by any one of the Company's Directors or by such Directors' alterative director shall be binding on the Company.*

The Company as the sole shareholder of the Russian joint stock companies CJSC Petrosakh and CJSC Articneft (the Company's subsidiaries) deals with the Russian registrars that maintain the registers of shareholders in accordance with the Russian Law. The two new regulations that have been included to the new version of the Articles of Association aim to comply with the requirements of the Russian Law and simplify the document flow with the Russian registrars.

The proposed new Articles of Association are shown in Annex V to this letter. The proposed new Articles of Association will also be available from the Company's website ([www.uralsenergy.com](http://www.uralsenergy.com)).

#### **Information on the Director standing for re-election**

Mr Andrew Shrager is a private investor with a wealth of experience in investment banking. Some of his main roles have included: senior adviser at Renaissance Capital (emerging markets); senior advisor to Merrill Lynch (Energy & Power group throughout Russia and Central Europe); especially the British Petroleum TNK acquisition; director of corporate finance at Lazard Brothers, where he advised both the Central Electricity Generating Board on its privatisation and National Power on its IPO. Between 2001 and 2012 Andrew was a director of Utilyx, one of the UK's leading specialists in energy and carbon, and between 2007 and 2010, he was a director of GeoDynamics Research. Since 2012, Andrew has held the position of CEO at GeoDynamics Worldwide, an international oil service and investment company.

#### **Recommendation**

**Your Directors consider that the proposals described in this letter are in the best interests of shareholders as a whole and unanimously recommends that shareholders vote in favour of the resolutions to be proposed at the AGM.**

Yours sincerely,



Leonid Dyachenko  
Chief Executive Officer