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3 May 2019

Trans-Siberian Gold plc

("TSG", the "Company", or the "Group")

Proposed Share Buyback

The Company is proposing to buy back 22,894,565 existing shares from two of the major shareholders within UFG Asset Management ("UFG") at an attractive discount to the market price. As part of the transaction further shares will be sold by the same shareholders to other members of the UFG Group, Directors and to new investors. The Share sales, together with the buy back, will reduce the dominance by UFG of the share register and benefit shareholders as a whole.

The Company is awaiting the execution of a facility agreement by the Company's wholly owned subsidiary ZAO Trevozhnoye Zarevo ("TZ") with VTB Bank. The Directors expect that this will occur shortly. The term loan facility, of up to RUB 800 million (approximately GBP 9.4 million) will be utilised by the Group to fund the Buyback. The Directors believe that the effect of the proposed buyback will result in a more efficient capital structure for the Company, while maintaining a strong balance sheet and continuing with the Dividend Policy.

The Buyback is conditional on the Company finalising the debt financing and on obtaining shareholder approval pursuant to the Companies Act 2006. The Share Sale is conditional on completion of the Buyback.

On 2 May 2019 Trans-Siberian Gold plc (TSG:LN) entered into conditional agreements with each of Destin Investment Management Limited ("Destin") and UFG Private Equity Fund I, L.P. ("UFG PE Fund I") (together the "Selling Shareholders") to acquire approximately 21 per cent. of the Company's issued share capital by means of an off-market share buyback at a price of 33p per share (the "Buyback"). The Buyback represents a discount of 42% to the closing middle market price of a TSG share yesterday.

Further shares, representing approximately 10.4 per cent. of the Company's issued share capital, will be sold by the Selling Shareholders to other members of the UFG Group and to new investors, which includes participation by the Directors (the "Secondary Sale"), which together with the Buyback will reduce the dominance by UFG of the share register and benefit shareholders as a whole.

The prescribed term for the life of UFG PE Fund I has already been extended and is expected to expire soon. Destin's investment objectives have evolved since 2008 (when its founder died) and it also now seeks to realise some of the returns from its investment in the Company.

Highlights

- Under the Buyback, the Company proposes to buyback a total of 22,894,565 existing Ordinary Shares (the "Buyback Shares") for an aggregate purchase price of GBP 7.56 million out of the Company's existing distributable profits.
- The Buyback price of £0.33 per ordinary share represents a discount of 42% to the closing middle market price of a TSG share yesterday.
- The Buyback is expected to deliver earning per share accretion for the benefit of all remaining Shareholders
- The Buyback delivers proactive management of TSG's share ownership avoiding a potential on-market overhang over a protracted period of time
- TSG maintains its commitment to future dividend payments
- UFG, in aggregate, will remain TSG's largest shareholder
- The Selling Shareholders are prohibited from making further disposals for a period of 6 months from completion of the Buyback
- The Buyback is subject to approval by shareholders at a general meeting of TSG which is expected to be held in early June 2019

Alexander Dorogov, Chief Executive Officer of TSG, commented:

"UFG has always been an incredibly supportive shareholder in TSG and I know that will continue. This transaction creates a great opportunity for TSG. It gives us the opportunity to acquire shares at an attractive discount in a carefully managed way so as to avoid market turbulence and provides significant flexibility in the management of our capital base to create value for all our shareholders."

Background to and Reasons for the Buyback

Having been long-term and supportive shareholders, the Selling Shareholders have expressed a desire to reduce their shareholdings in the Company for logical reasons. The prescribed term for the life of UFG PE Fund I has already been extended and is expected to expire soon. With the goodwill of its underlying investors and management, UFG PE Fund I has remained a Shareholder but now seeks to reduce its shareholding given the maturity of its investment.

Destin is a privately-owned investment vehicle. The beneficiaries of Destin also have a controlling interest in the general partner of UFG PE Fund I. Destin's investment objectives have evolved and it also now seeks to realise some of the returns from its investment in the Company.

The reason for implementing the Buyback and the Secondary Sale is to reduce the Selling Shareholders' share ownership of TSG and consequently reduce UFG's total shareholding in TSG.

Destin and UFG PE Fund I currently own approximately 13.86 per cent. and 28.07 per cent. respectively of the Company's issued share capital. Following the sale of the Buyback Shares and the Sale Shares, Destin and UFG PE Fund I will own

approximately 4.5 per cent. and 9.0 per cent. respectively of the Company's issued share capital (the Buyback Shares are expected to be held in treasury once repurchased by the Company and have been excluded from the calculation of the number of ordinary shares).

The Buyback would result in the Company acquiring, at a discount, 22,894,565 existing Ordinary Shares representing approximately 20.8 per cent. of TSG's issued share capital. Immediately following the Buyback, the Buyback Shares will be held in treasury.

The Board believes that the Selling Shareholders' desire to reduce their shareholdings in the Company provides a significant opportunity to take the next step towards diversifying the ownership of the Company and create the conditions for increased liquidity in the trading of the Company's Shares.

Details of the Buyback

The Company has entered into conditional off-market share buyback agreements with each of Destin and UFG PE Fund I to purchase 22,894,565 Shares in aggregate at a price of £0.33 per Share from the Selling Shareholders ("**Buyback Agreements**"). The Buyback Price represents a discount of approximately 42 per cent. to the closing price of £0.57 per Share on 2 May 2019 (being the last trading day prior to this announcement).

The Buyback is conditional upon: (a) the Company obtaining the necessary financing to fund the Buyback ("**Financing Condition**"); and (b) receiving the approval of Shareholders at a General Meeting in accordance with the requirements of the Companies Act 2006.

The consideration for the Buyback will be satisfied in cash, from the Company's existing distributable profits, and will be funded by utilising certain existing and expected new debt facilities available to the Group.

The effect of the Buyback, if approved by Shareholders, and the Secondary Sale (further details are set out below) would be to reduce UFG's total shareholding in TSG to approximately 77 per cent. of the Company's issued share capital.

The Board firmly believes that the Buyback will be highly beneficial for TSG and is in the best interests of all Shareholders. In particular, it delivers:

Proactive management of the Company's share ownership

The Directors believe the Buyback is an important step to manage the ownership of the Company. The Selling Shareholders have been long-term investors and now seek to partially realise their investment. The concentrated share-ownership and limited liquidity in the trading of the Company's Shares makes an on-market sale impractical. Further, the Buyback avoids a potential on-market overhang on the Shares over a protracted period of time.

Control of a significant amount of shares providing it with flexibility in the management of its capital base

The Company is purchasing the Buyback Shares at a significant discount to current market value. To some extent the price reflects the limited liquidity in the trading of the Company's Shares which makes an on-market sale impractical. However it is also an efficient means of returning capital to Shareholders as a significant number of Shares can be bought back within a relatively short period of time.

Creating the conditions and potential for more liquidity in the trading of its Shares

If the Financing Condition is satisfied and shareholder approval is obtained, the Buyback Shares will be acquired by the Company and held in treasury. At an appropriate time, the Directors may seek to increase liquidity in the trading of the Shares and widen the Company's share-ownership via the re-issue of Shares held in treasury. Whilst there are no current intentions to do this it could be done through a scrip dividend or placement of Shares.

EPS accretion

In addition, the Buyback, if approved by Shareholders, is expected to increase EPS as the Buyback would have the mechanical impact of reducing the number of shares constituting the denominator in the calculation to a greater extent than the cost of the debt will reduce earnings.

Financing of the Buyback

The Board has given careful consideration to the financing of the Buyback, including the impact on the Group's gearing, in the light of what the Board deems to be a prudent, long-term capital structure for TSG. The Company will fund the consideration of £7.56m payable under the Buyback Agreements by using certain existing and expected new debt facilities available to the TSG Group.

The Directors anticipate that a new term loan facilities agreement between the Company's wholly-owned subsidiary ZAO Trevozhnoye Zarevo ("TZ") and VTB Bank ("VTB") will be entered into shortly (the "**New Facilities**"), whereby VTB is expected to agree to provide TZ with term facilities in an amount up to ₪ 800 million (approximately £9.4 million) for a four-year term. The New Facilities are expected to be utilised by TZ to repay certain of its indebtedness to the Company and the funds then to be utilised by the Company (which is not expected to be a party to the new facilities agreement) to fund the Buyback and to pay associated costs and expenses. The interest rate (payable monthly) under the agreement is expected to be 10.7 per cent per annum, subject to increase by VTB in the event of an increase in: (a) the base rate of the Bank of Russia; or (b) the rate applicable to zero-coupon yield OFZ (bonds) with a maturity of three years, as published on the official website of the Bank of Russia. The loan is expected to be repayable in quarterly instalments, commencing in the fifth quarter following the date of the agreement.

The New Facilities are expected to be secured by way of a mortgage of real estate and land lease rights of TZ in at the Asacha Gold Mine in favour of VTB. Drawdown of funds is expected to be conditional, inter alia, on the state registration of the mortgage over certain TZ fixed assets in accordance with the existing loans by VTB to TZ entered into in 2017.

The agreement is expected to provide for mandatory and voluntary prepayment provisions within the range typically found in financings of this nature and to permit TZ to cancel voluntarily and prepay any part of the loan.

In addition, the agreement is expected to contain customary representations and events of default. Further, the agreement is expected to contain certain information undertakings, business restrictions and financial covenants. It is anticipated that the agreement will be governed by the laws of the Russian Federation.

Conclusion of the agreement for the New Facilities will satisfy the Financing Condition.

The Buyback is expected to increase leverage (Net Debt/Shareholder funds). However, in the light of the Group's historical and ongoing cash generation capability, the Board believes that this debt level is prudent.

Related Party Transaction

The Buyback is classified under the AIM Rules as a "Related Party Transaction" since the Selling Shareholders each hold more than 10 per cent. of the Shares in the Company and therefore constitute "substantial shareholders" as defined in the AIM Rules.

Charles Ryan, Robert Sasson and Florian Fenner have associations with the Selling Shareholders and are buying, or are connected with the purchasers of, the Shares in the Secondary Sale. Alexander Dorogov and Stewart Dickson will purchase Shares in the Secondary Sale, as set out in the table below. Accordingly, for the purposes of the AIM Rules, these directors are not considered to be independent of the Buyback. Lou Naumowski is an independent director ("**Independent Director**").

The Independent Director considers, having consulted with the Company's nominated adviser, Arden Partners, that the terms of the Related Party Transaction are fair and reasonable insofar as the Company's shareholders are concerned.

Details of the Secondary Sale

Contemporaneously with the Buyback Agreements, the Selling Shareholders have entered into conditional sale and purchase agreements ("**SPAs**") to sell 11,478,410 Ordinary Shares at the Buyback Price to certain existing Shareholders and new investors which include certain Directors. Further details are set out below.

	Shares held at the date of this document		Sale Shares being purchased	Post-transaction Shareholdings ⁽¹⁾	
	Number of Ordinary Shares	% of Issued Share Capital	Number of Ordinary Shares	Number of Ordinary Shares	% of Issued Share Capital
KST Beteiligungs AG ⁽²⁾	-	-	4,721,403	4,721,403	5.4
UFG Special Situations Fund L.P. ⁽³⁾	23,141,018	21.03	2,869,999	26,011,017	29.8
Charles Ryan	6,076,306	5.52	2,295,682	8,371,988	9.6
Vadim Ognestsikov	1,372,211	1.25	499,999	1,872,210	2.1
Robert Sasson	709,279	0.64	399,999	1,109,278	1.3
Adrian Parkinson	481,290	0.44	199,999	681,289	0.8
Dominic Reed	-	-	151,514	151,514	0.2
Alexander Dorogov	-	-	229,567	229,567	0.3
Eugene Antonov	-	-	80,249	80,249	0.1
FELDI Limited ⁽⁴⁾	-	-	29,999	29,999	0.0

Notes:

- (1) The Buyback Shares expected to be held in treasury have been excluded from the calculation of the number of Ordinary Shares in issue and the percentage of issued share capital.
- (2) Mr. Fenner is a director and substantial shareholder of KST Beteiligungs AG
- (3) Messrs Ryan and Fenner are controlling persons of UFG Special Situations Fund L.P., being in aggregate the holders of 98% shares of the General Partner of the UFG Special Situations Fund L.P.
- (4) Mr. Dickson is a director and substantial shareholder of FELDI Limited

The Secondary Sale pursuant to the SPAs is conditional upon the completion of the Buyback. The Secondary Sale Shares represent 10.4 per cent. of TSG's issued share capital as at 2 May 2019.

Following completion of the Buyback and Secondary Sale, the Selling Shareholders will be subject to a lock-in undertaking for 6 months, with customary exceptions, in respect of their remaining shareholding in the Company. The Company is not a party to the Secondary Sale and will not receive any proceeds from the Secondary Sale. The table below sets out the Selling Shareholders' holdings before and after the Buyback and Secondary Sale.

	Shares held at the date of this document		Shares being sold pursuant to the Buyback and Secondary Sale	Post-transaction Shareholdings ⁽¹⁾	
	Number of Ordinary Shares	% of Issued Share Capital	Number of Ordinary Shares	Number of Ordinary Shares	% of Issued Share Capital
UFG Private Equity Fund I, L.P.	30,887,775	28.07	23,011,387	7,876,388	9.0
Destin Investment Management Limited	15,250,461	13.86	11,361,588	3,888,873	4.5

Notes:

- (1) The Buyback Shares expected to be held in treasury have been excluded from the calculation of the number of Ordinary Shares in issue and the percentage of issued share capital.

General Meeting

The Buyback requires shareholder approval as an off-market purchase pursuant to section 694 of the Companies Act 2006 (the "Act") and in accordance with the Company's Articles of Association. Subject to first satisfying the Financing Condition, the Board will therefore convene a General Meeting. At the General Meeting, in accordance with the Act, an ordinary

resolution, will be proposed to seek such authority and to approve the Buyback.

The Board will recommend that shareholders vote in favour of the resolutions to be proposed at the General Meeting.

ENDS

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About TSG

TSG is focused on low cost, high grade mining operations and stable gold production from its 100% owned Asacha Gold Mine in Far East Russia. The Company also holds the licence for the development and exploration of the Rodnikova deposit, one of the largest gold fields in South Kamchatka.

Additional information is available from the Company's website: www.trans-siberiangold.com

Market Abuse Regulations

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

Disclaimer

This announcement contains "forward-looking statements" - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should" or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets, fluctuations in interest and/or exchange rates and metal prices; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different that those expressed in our forward-looking statements.

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