

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about the contents of this document and/or the action you should take, you are recommended to seek as soon as possible your own personal financial advice from your stockbroker, bank, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your holding of shares in Trans-Siberian Gold plc you should immediately forward this document, including the Form of Proxy, as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Trans-Siberian Gold plc which is set out on pages 6 to 9 of this document in which the Directors of Trans-Siberian Gold plc recommend you to vote in favour of the resolutions to be proposed at the General Meeting.

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# **TRANS-SIBERIAN GOLD PLC**

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 1067991)*

## **Proposed Conversion of Existing Debt of US\$6,802,279 into new Ordinary Shares**

**and**

## **Notice of General Meeting**

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Notice of a General Meeting of Trans-Siberian Gold plc to be held at the offices of Seymour Pierce Limited, 20 Old Bailey, London EC4M 7EN at 10.30 a.m. on 8 November 2011 is set out on pages 10 to 12 of this document. A Form of Proxy for use at the General Meeting is enclosed with this document for use at the Meeting. **To be valid, the Form of Proxy should be completed and returned in accordance with the instructions on it as soon as possible and, in any event, so as to be received by the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 10.30 am on 6 November 2011.** Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting in person should they so wish.

The Conversion Shares are not being offered to the public, will not be registered under the US Securities Act 1933 and are not being offered or sold in the United States.

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Date of this document and notice of General Meeting	14 October 2011
Latest time and date for receipt of Forms of Proxy for the General Meeting	10.30 a.m. on 6 November 2011
General Meeting	10.30 a.m. on 8 November 2011

## DEFINITIONS

In this document, the following words and expressions shall, except where the context requires otherwise, have the following meanings:

“Act”	the Companies Act 2006;
“Admission”	admission of the Conversion Shares to trading on AIM;
“AGA”	AngloGold Ashanti Limited, including its affiliate AngloGold Ashanti Holdings plc;
“AGA Conversion Price”	93.6 pence per Ordinary Share subject to rounding down;
“AGA Loan”	the facility of US\$2,330,000 provided by AGA to the Company on 18 April 2011, the balance of which on the date of the GM is expected to be US\$2,403,539 including accrued interest of US\$60,772 outstanding on the date of this letter and further interest expected to be accrued up to the date of the GM of US\$12,767;
“AGA Option”	the anti-dilution provision in the Subscription Agreement whereby AGA has the option to subscribe for new Ordinary Shares to maintain its existing percentage shareholding when TSG issues new Ordinary Shares;
“AIM”	the AIM market of the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time;
“Asacha Licence”	licence series PTR No 11626 type BE for the purposes of the mining of gold and silver from the Asachinskoye gold ore deposit in the Kamchatka region, Russian Federation;
“Asacha Project”	the development of the Asacha mine for the extraction of the Asachinskoye gold deposit in accordance with the Asacha Licence;
“Board” or “Directors”	the board of directors of TSG;
“Closing Price”	the closing mid-market price for the Ordinary Shares;
“the Code”	the City Code on Takeovers and Mergers;
“Company” or “TSG”	Trans-Siberian Gold plc;
“Conversion”	the conversion of the AGA Loan and the UFG Loans into up to 5,312,010 new Ordinary Shares;
“Conversion Rate”	the closing mid-market US dollar/pounds sterling exchange rate on 7 November 2011 being the rate at which the Loans are to be converted into pounds sterling for the purpose of the Conversion, assumed in this document to be US\$1.37:£1;
“Conversion Shares”	the new Ordinary Shares being issued to AGA and UFG pursuant to the Conversion;
“Enlarged Issued Share Capital”	the 104,981,380 Ordinary Shares which are expected to be in issue following completion of the Conversion;

“Form of Proxy”	the form of proxy enclosed with this document for use in connection with the GM;
“General Meeting” or “GM”	the general meeting of the Company convened for 10.30 a.m. on 8 November 2011, notice of which is set out at the end of this document;
“Group Company”	the Company and any company which is a subsidiary of the Company as defined in section 1159 of the Act, and the Company shall be treated, for the purposes only of the membership requirement contained in subsections 1159 (1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee) whether by way of security or in connection with the taking of security, or (b) its nominee;
“Loans”	collectively the AGA Loan and the UFG Loans;
“Ordinary Shares”	the ordinary shares of 10p each in the capital of the Company;
“Resolutions”	the resolutions numbered 1 to 2 inclusive set out in the notice of GM at the end of this document;
“Shareholders”	holders of Ordinary Shares;
“Subscription Agreement”	the agreement between the Company and AGA dated 30 June 2004, as amended on 22 December 2004, 15 April 2005 and 27 April 2005, pursuant to which AGA subscribed for a total of 12,263,170 new Ordinary Shares in two equal tranches on 30 July 2004 and 31 May 2005;
“UFG”	UFG Asset Management, including its affiliate UFG Private Equity Fund I, LP;
“UFG Conversion Price”	93.4 pence per Ordinary Share subject to rounding down;
“UFG Loan A”	the facility of US\$2,000,000 provided by UFG to the Company on 26 October 2010, the balance of which on the date of the GM is expected to be US\$2,304,932 including accrued interest of US\$284,384 outstanding on the date of this letter and further interest expected to be accrued up to the date of the GM of US\$20,548;
“UFG Loan B”	the facility of US\$2,000,000 provided by UFG to the Company on 7 April 2011, the balance of which on the date of the GM is expected to be US\$2,093,808 including accrued interest of US\$82,849 outstanding on the date of this letter and further interest expected to be accrued up to the date of the GM of US\$10,959;
“UFG Loans”	collectively UFG Loan A and UFG Loan B;
“Zarevo”	ZAO “Trevozhnoe Zarevo” a joint stock company organised and existing under the laws of the Russian Federation, registered in the Unified State Register of Legal Entities under No. 1024101215346, having its registered office at Uralskaya street 1a, Elizovo, Elizovskiy district Kamchatka krai, Russian Federation, and holder of the Asacha Licence;

“Zarevo Facility”

a four year US\$18 million loan facility for the completion of the Asacha Project, provided to Zarevo in October 2010 by a Russian bank, part of that bank's total financing for the Asacha Project amounting to US\$43 million.

**LETTER FROM THE CHAIRMAN**

**TRANS-SIBERIAN GOLD PLC**  
*(Incorporated in England and Wales with Registered Number 1067991)*

*Directors:*

Oleg Bagirov  
Peter Burnell  
Florian Fenner  
Dmitry Khilov  
Simon Olsen  
Charles Ryan

*Registered Office:*

39 Parkside  
Cambridge CB1 1PN

14 October 2011

*To all Shareholders and, for information purposes only, to holders of options for Ordinary Shares*

Dear Shareholder

**Introduction**

The Company announced today proposals to strengthen its capital base by converting US\$4,398,740 of existing debt into up to 3,437,643 new Ordinary Shares at 93.4 pence per share and US\$2,403,539 of existing debt into up to 1,874,367 new Ordinary Shares at 93.6 pence per share, subject in each case to Shareholder approval.

The purpose of this letter is to set out the background to, details of and the reasons for, the Conversion, to explain why the Directors believe that the Conversion is in the best interests of the Company and the Shareholders as a whole and to recommend that Shareholders vote in favour of the Resolutions set out in the Notice of the General Meeting set out at the end of this document.

**Background to the Loans**

*UFG Loan A*

TSG reported on 1 November 2010 that in order to prevent any delays in the completion of construction at Asacha while the outstanding conditions of the Zarevo Facility were satisfied, the Company's major shareholder, UFG, had agreed to provide the Company with loan finance of up to US\$2 million on commercial terms, with scheduled repayment in two equal tranches, on the fourth and fifth anniversaries of the commencement of gold production at Asacha.

It was also reported that UFG had an option, subject to the requisite Shareholder approval, to convert any part of the outstanding loan into Ordinary Shares at a price equivalent to the volume weighted average closing price of the Company's shares for the period of 60 business days prior to notice of such conversion.

*UFG Loan B and AGA Loan*

TSG reported on 19 April 2011 that, following a US\$4 million increase in the pre start-up capital cost of the Asacha Project, the Company's major shareholders, UFG and AGA, had agreed to provide the Company with loan finance, of US\$2 million and US\$2.3 million respectively, on commercial terms, with scheduled repayment in two equal tranches, on the fourth and fifth anniversaries of the commencement of gold production at Asacha.

It was also reported that each lender had an option to convert any part of the outstanding loans into Ordinary Shares on the same basis as the UFG Loan A as described above.

## **UFG and AGA Option Exercise**

TSG reported on 3 October 2011 that UFG had notified the Company that it wished to exercise the option to convert the outstanding balances of the UFG Loans into Ordinary Shares.

TSG further reported on 12 October 2011 that AGA had also notified the Company that it wished to exercise its option to convert the outstanding balance of the AGA Loan into Ordinary Shares.

## **Reasons for and details of the Conversion**

As described above, UFG and AGA have both notified the Company that they wish to exercise the conversion option in respect of the outstanding amounts of the Loans.

The Board believes that the Conversion is in the best interests of the Company and the Shareholders as a whole as:

- it will reduce the Company's indebtedness and remove the need to refinance or repay the Loans; and
- it will avoid future interest charges and thereby improve the Company's cashflow.

The Loans will be converted into new Ordinary Shares immediately following the GM by applying the Conversion Rate and dividing this figure by the UFG Conversion Price or the AGA Conversion Price as appropriate. The resulting number of new Ordinary Shares will be rounded down to the nearest whole number of Ordinary Shares. Accordingly fractional entitlements to Ordinary Shares will not arise.

The UFG Conversion Price of 93.4 pence per new Ordinary Share has been calculated in accordance with the provisions of the UFG Loans and is based on the volume weighted average Closing Price for the 60 trading days ending on 28 September 2011. The UFG Conversion Price represents a premium of 10.9 pence (13.2 per cent.) to the Closing Price of 82.5 pence on 13 October 2011 (being the last trading day prior to the date of this letter) and premia of 48.4 pence (107.6 per cent.) and 22.4 pence (31.5 per cent.) to the Closing Price of 45 pence and 71 pence on 26 October 2010 and 7 April 2011 (being the respective dates of the UFG Loans.)

The AGA Conversion Price of 93.6 pence per new Ordinary Share has been calculated in accordance with the provisions of the AGA Loan and is based on the volume weighted average Closing Price for the 60 trading days ending on 7 October 2011. The AGA Conversion Price represents a premium of 11.1 pence (13.4 per cent.) to the Closing Price of 82.5 pence on 13 October 2011 and a premium of 26.1 pence (38.7 per cent.) to the Closing Price of 67.5 pence on 18 April 2011 (being the date of the AGA Loan.)

Under these proposals:

up to 3,437,643 new Ordinary Shares will be issued to UFG in consideration of the release of the Company's indebtedness to UFG under the UFG Loans; and

up to 1,874,367 new Ordinary Shares will be issued to AGA in consideration of the release of the Company's indebtedness to AGA under the AGA Loan.

The Conversion Shares, when issued and fully paid, will represent approximately 5.06 per cent. of the Enlarged Issued Share Capital and will rank *pari passu* with the issued Ordinary Shares including any rights to dividends or other distributions paid or made in respect of the Ordinary Shares after Admission.

The issue of the Conversion Shares is conditional on the approval of the Resolutions by Shareholders at the General Meeting of the Company to be held on 8 November 2011.

Application will be made to the London Stock Exchange for admission of the Conversion Shares to trading on AIM. Dealings in the Conversion Shares are expected to commence at 8 a.m. on 9 November 2011. The Conversion Shares will be issued in registered form.

## Effect of the Conversion

Following the Conversion, UFG will hold up to 57,673,200 Ordinary Shares and AGA will hold up to 32,473,501 Ordinary Shares, representing respectively 54.94 per cent. and 30.93 per cent. of the Enlarged Issued Share Capital.

Shareholders should note that, as reported on 1 February 2008, the Company is not subject to The City Code on Takeovers and Mergers. The Company's principal place of business is not in the UK and a majority of its Directors are based outside the UK. Therefore the Company continues to be deemed to be outside the jurisdiction of the Code and will not be subject to the Code while its management and control remain outside the UK.

## General

The distribution of this document to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created under the laws of countries other than the United Kingdom may be affected by laws of the relevant jurisdiction. Those persons or entities should seek their own independent financial advice.

## General Meeting

Shareholders' approval is being sought at the GM for an increase in the Directors' authorities to allot shares and to disapply statutory pre-emption rights in relation to the Conversion. At the end of this document is a notice convening the GM at which Resolutions will be proposed to:

1. give the Directors authority under Section 551 of the Act to allot Ordinary Shares up to an aggregate nominal amount of £2,391,152.20 (representing the Conversion Shares and Ordinary Shares which may be allotted in connection with a future exercise of the AGA Option and one-third of the authorised (being the maximum number of Ordinary Shares which the Directors are capable of allotting under the Company's Articles of Association) but unissued ordinary share capital following the passing of the Resolutions), such authority expiring 5 years from the passing of the Resolution; and
2. disapply the statutory pre-emption rights contained in Section 561 of the Act for the purposes of the allotment of further equity securities (as defined by section 560 of the Act) for cash up to an aggregate nominal amount of £1,415,438.50 (representing the Conversion Shares and Ordinary Shares which may be allotted in connection with a future exercise of the AGA Option and 5 per cent of the issued ordinary share capital following the passing of the Resolutions and the issue of the Conversion Shares), such authority expiring 5 years from the passing of the Resolution.

## Action to be taken

A Form of Proxy is enclosed for use by Shareholders at the GM. **Whether or not Shareholders intend to be present at the GM they are asked to complete, sign and return the Form of Proxy to the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event so as to arrive no later than 10.30 a.m. on 6 November 2011.** The completion and return of a Form of Proxy will not preclude Shareholders from attending the GM and voting in person should they wish to do so. Accordingly, whether or not Shareholders intend to attend the GM in person, they are urged to complete and return the Form of Proxy as soon as possible.

## Related Party Transactions

The Conversion of the Loans, as they relate to UFG and AGA who are both substantial shareholders, are deemed to be related party transactions in accordance with the AIM Rules.

The Directors, other than Messrs Fenner and Ryan (who are connected to UFG), having consulted with Seymour Pierce Limited, the Company's nominated adviser, consider the terms of the Conversion of the UFG Loans to be fair and reasonable insofar as the Shareholders are concerned.

Further the Directors, having again consulted with Seymour Pierce Limited, the Company's nominated adviser, consider the terms of the Conversion of the AGA Loan to be fair and reasonable insofar as the Shareholders are concerned.

### **Recommendation**

**Your Directors consider that the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolutions to be proposed at the GM as they intend to do in respect of their own beneficial and non-beneficial holdings, amounting in aggregate to 240,000 existing Ordinary Shares, representing approximately 0.24 per cent. of the Company's issued share capital.**

Yours faithfully

**Oleg Bagirov**  
*Chairman*

# TRANS-SIBERIAN GOLD PLC

(Registered in England and Wales No. 1067991)

## Notice of General Meeting

**NOTICE IS HEREBY GIVEN** that a **GENERAL MEETING** of Trans-Siberian Gold plc will be held at 10.30 a.m. (UK time) on 8 November 2011 at the offices of Seymour Pierce Limited, 20 Old Bailey, London EC4M 7EN for the purpose of considering and, if thought fit, passing the following resolutions:

### ORDINARY RESOLUTION

1. THAT in place of the authority given by way of the ordinary resolution of the Company dated 23 March 2010 numbered 1 (a) and (b), the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "**Act**") to:
  - (a) allot shares in the Company (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £531,201.00 in connection with a proposed subscription by UFG Private Equity Fund I, LP and AngloGold Ashanti Limited ("**AGA**") for new ordinary shares in the Company (the "**Subscription**"), such authority to expire (unless previously renewed, varied or revoked by the Company in general meeting) five years after the date on which this resolution is passed;
  - (b) allot shares in the Company (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £359,330.60 in connection with the option granted to AGA in the Subscription Agreement between the Company and AGA dated 30 June 2004, as subsequently amended, to subscribe for new ordinary shares in the Company to prevent the dilution of its shareholding in the Company (the "**AGA Option**"), such authority to expire (unless previously renewed, varied or revoked by the Company in general meeting) five years after the date on which this resolution is passed;
  - (c) allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (within the meaning of section 551 of the Act) otherwise than pursuant to paragraphs (a) and (b) above, up to an aggregate nominal amount of £1,500,620.60, being one third of the Company's authorised (being the maximum number of Ordinary Shares which the directors are capable of allotting under the Company's Articles of Association) but unissued share capital following the Subscription, for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) five years after the date on which this resolution is passed; and
  - (d) make an offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any security into shares in the Company to be granted after expiry of this authority and the directors may allot shares or grant rights in pursuance of that offer or agreement as if this authority had not expired;

### SPECIAL RESOLUTION

2. THAT subject to the passing of the resolution numbered 1 in the notice of the general meeting and in place of the power given to them pursuant to the special resolution of the Company passed on 23 March 2010 the directors be generally empowered pursuant to section 551 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 1 as if section 561(1) of the Act did not apply to the allotment. This power:
  - (a) expires five years after the date on which this resolution is passed, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired;

- (b) shall be limited to:
- (i) the allotment of equity securities in connection with an issue in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of a regulatory body or stock exchange;
  - (ii) the allotment of equity securities in connection with the Subscription up to an aggregate nominal amount of £531,201.00;
  - (iii) the allotment of equity securities in connection with the AGA Option up to an aggregate nominal amount of £359,330.60;
  - (iv) the allotment (otherwise than pursuant to sub-paragraphs (i) to (iii) above) of equity securities for cash up to an aggregate nominal amount equal to 5 per cent of the issued and unconditionally allotted share capital of the Company following the allotment of ordinary shares in connection with the Subscription.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560 of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution 1" were omitted.

By order of the board  
Simon Olsen  
Company Secretary

Registered Office:  
39 Parkside  
Cambridge CB1 1PN

14 October 2011

#### *Explanatory Note*

*The effect of Resolutions numbered 1 and 2 is to give the directors, respectively, authority to allot shares and authority to allot equity securities for cash without the need first to offer such shares to existing shareholders.*

#### Notes

1. Holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the GM. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the GM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with the company's registrar so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
2. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in note 3) will not prevent a shareholder attending the GM and voting in person if he/she wishes to do so.
3. 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 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 Capita (ID RA10) not later than 48 hours before the time fixed for the GM. 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 Capita is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. 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.
4. Only shareholders whose names appear on the register of members of the Company as at 48 hours before the time of the meeting shall be entitled to attend the GM either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the GM.

5. In Accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members at 6:00pm on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's register of members at 6:00pm on the day two days before the date of any adjournment shall be entitled to attend and vote at the meeting.