

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

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the Financial Services and Markets Act 2000 or, if you are in a territory outside the United Kingdom, is an appropriately authorised independent financial adviser.**

If you sell, or have sold or otherwise transferred all of your Highland Gold Shares, please send this document (but not any accompanying personalised documents) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. **However, neither this document nor the accompanying Form of Acceptance should be distributed, forwarded or transmitted (including by custodians, nominees and trustees) in, into or from any Restricted Jurisdiction.** If you have sold or otherwise transferred part of your holding of Highland Gold Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired Highland Gold Shares in certificated form, you should contact the Receiving Agent to obtain a personalised Form of Acceptance.

The distribution of this document in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions, and therefore persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document and any documents incorporated into it by reference should be read in conjunction with the accompanying Form of Acceptance (if you hold Highland Gold Shares in certificated form), which forms part of this document. If you hold your Highland Gold Shares in uncertificated form and you are a CREST sponsored member, you should contact your CREST sponsor.

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**Recommended mandatory cash offer for**  
**HIGHLAND GOLD MINING LIMITED**

by  
**FORTIANA HOLDINGS LIMITED**

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**TO ACCEPT THE OFFER IN RESPECT OF CERTIFICATED HIGHLAND GOLD SHARES, THE FORM OF ACCEPTANCE SHOULD BE COMPLETED, SIGNED AND RETURNED AS SOON AS POSSIBLE AND IN ANY EVENT SO AS TO BE RECEIVED BY THE RECEIVING AGENT NOT LATER THAN 1.00 P.M. (LONDON TIME) ON 20 OCTOBER 2020.**

**ACCEPTANCES IN RESPECT OF UNCERTIFICATED HIGHLAND GOLD SHARES SHOULD BE MADE ELECTRONICALLY THROUGH CREST SO THAT THE TTE INSTRUCTION SETTLES NOT LATER THAN 1.00 P.M. (LONDON TIME) ON 20 OCTOBER 2020. IF YOU ARE A CREST SPONSORED MEMBER YOU SHOULD REFER TO YOUR CREST SPONSOR AS ONLY YOUR CREST SPONSOR WILL BE ABLE TO SEND THE NECESSARY TTE INSTRUCTION TO EUROCLEAR.**

**THE PROCEDURE FOR ACCEPTANCE OF THE OFFER IS SET OUT IN PARAGRAPH 16 OF PART II OF THIS DOCUMENT AND, IN RESPECT OF CERTIFICATED HIGHLAND GOLD SHARES, IS FURTHER DESCRIBED IN THE FORM OF ACCEPTANCE.**

**Capitalised words and phrases used in this document shall have the meanings given to them in Part VII (*Definitions*).**

The Offer may, subject to the occurrence of certain events, result in the cancellation of trading of Highland Gold Shares on AIM.

VTB Capital plc, which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority, is acting exclusively for Fortiana and no-one else in connection with the Offer and this document, and will not be responsible to anyone other than Fortiana for providing the protections afforded to clients of VTB Capital plc nor for providing advice in connection with the Offer or this document or any matter referred to herein.

Citigroup Global Markets Limited (“Citi”), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting as sole financial adviser for Highland Gold and for no one else in connection with the Offer and other matters described in this document, and will not be responsible to anyone other than Highland Gold for providing the protections afforded to clients of Citi nor for providing advice in connection with the Offer, the contents of this document or any other matters referred to in this document.

Neither Citi nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Citi in connection with this document, any statement contained herein, the Offer or otherwise.

Numis Securities Limited (“Numis”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Nominated Adviser and Joint Broker exclusively for Highland Gold and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Highland Gold for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.

### **IMPORTANT NOTICE**

This document has been prepared for the purposes of complying with English law, Jersey law, the US Exchange Act and the Code, in addition to the requirements of the Panel, the London Stock Exchange and the FCA, and the information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction or the requirements of any other supervisory authority.

The distribution of this document in, into or from jurisdictions other than the United Kingdom or Jersey may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about, and should observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer or an invitation to purchase or subscribe for any securities, or a solicitation of an offer to buy any securities, pursuant to the document or otherwise, in any jurisdiction, including any state in the United States, in which such offer or solicitation is unlawful.

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Highland Gold or Fortiana except where otherwise expressly stated. Neither Highland Gold nor Fortiana intends, or undertakes any obligation, to update information contained in this document, except as required by applicable law, the Code or other regulation.

No person has been authorised to make any representations on behalf of Highland Gold, the Highland Gold Group, Fortiana or the Fortiana Group concerning the Offer which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been authorised.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document contains certain forward-looking statements with respect to Fortiana and Highland Gold. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “aim”, “will”, “may”, “would”, “could” or “should” or other words of similar meaning or the negative thereof. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, economic performance, synergies, financial conditions, market growth, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the operations of the Fortiana Group or the Highland Gold Group; and (iii) the effects of government regulation on the business of the Fortiana Group or the Highland Gold Group. There are many factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are changes in the global, political, social, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates, future business combinations or disposals, and any epidemic, pandemic or disease outbreak.

These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. By their nature, these forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this document may cause the actual results, performance or achievements of any such person, or industry results and developments, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that such expectations will prove to have been correct and persons reading this document are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. All subsequent oral or written forward-looking statements attributable to Fortiana, or Highland Gold, or their respective affiliates or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Neither Fortiana nor Highland Gold intends, or undertakes any obligation, to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

## **NO PROFIT FORECASTS OR ESTIMATES**

Other than as expressly stated, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for Highland Gold, Fortiana or the Combined Group for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Highland Gold.

## **INFORMATION FOR OVERSEAS SHAREHOLDERS**

The release, publication or distribution of this document in, into or from jurisdictions other than the United Kingdom or Jersey may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom or Jersey (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or Jersey or who are subject to the laws of another jurisdiction to accept the offer in respect of their Highland Gold Shares, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. This document has been prepared for the purpose of complying with English law, Jersey law, the US Exchange Act and the Code, in addition to the requirements of the Panel, the London Stock Exchange and the FCA, and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction or the requirements of any other supervisory authority.

Copies of this document and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction. Doing so may render invalid any related purported acceptance of the Offer.

## **NOTICE TO US HOLDERS OF HIGHLAND GOLD SHARES**

The Offer is being made to Highland Gold Shareholders resident in the United States in reliance on, and compliance with, Regulation 14E and the related rules promulgated under the US Exchange Act, and otherwise in accordance with the requirements of the Code, the Panel, the London Stock Exchange and the FCA. The Offer is being made in the United States by Fortiana and no one else.

The Offer relates to the shares of a Jersey incorporated company that is not registered under the US Exchange Act and is admitted to trading on AIM and is subject to disclosure and other procedural requirements, format and style which are different from those in the United States including with respect to withdrawal rights, offer timetable and settlement procedures. However, Fortiana will, to the extent practicable, comply with US requirements where they relate to the timing of payments. Certain differences between the UK rules and US procedure are summarised at paragraph 14 of Part II and paragraph 9 of Part B of Part III of this document.

For the avoidance of doubt, although the payment and settlement procedures with respect to the Offer are subject to the relevant UK rules, which differ from US payment and settlement procedures, Fortiana will, to the extent practicable, pay consideration promptly so as to comply with US requirements.

Financial information included in the 2.7 Announcement and this document has been or will be prepared in accordance with accounting standards applicable in Jersey and Cyprus as applicable, and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of consideration by a US holder for the transfer of its Highland Gold Shares pursuant to the Offer may be a taxable transaction for United States federal income tax purposes and under applicable United States federal, state and local, as well as non-US and other, tax laws. Each Highland Gold Shareholder is urged to consult their independent professional adviser immediately regarding any acceptance of the Offer including, without limitation, the tax consequences of the Offer applicable to them, including under applicable United States federal, state and local, as well as non-US and other, tax laws.

The Offer is made in the United States by Fortiana and no one else. Neither VTB Capital nor any of its affiliates will be making the Offer in or outside the United States.

It may be difficult for US holders to enforce their rights, effect service of process within the United States and/or enforce any claim and claims arising out of the US federal securities laws, since Highland Gold is incorporated under the laws of Jersey and Fortiana is organised under the laws of Cyprus, and the majority of the officers and directors of Highland Gold and Fortiana are residents of countries other than the United States. It may not be possible to sue Fortiana or Highland Gold, or any of their respective directors, officers or affiliates, in a non-US court for violations of US laws, including US securities laws. It may be difficult to compel Fortiana, Highland Gold and their respective directors, officers and affiliates to subject themselves to the jurisdiction of a US court. There is doubt as to the enforceability in the United Kingdom or Jersey of original actions, or of actions for enforcement of judgments of US courts, based on civil liability provisions of US federal securities laws and judgments of a US court.

Neither the SEC nor any US state securities commission has approved or disapproved the Offer, or passed upon the fairness of the Offer or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by the use of the mails of, or by any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the United States or any other country in which such offer may not be made other than: (i) in accordance with the tender offer requirements under the US Exchange Act, or the securities laws of such other country, as the case may be; or (ii) pursuant to an available exemption from such requirements.

### **NOTICE TO RUSSIAN HOLDERS OF HIGHLAND GOLD SHARES**

The information contained in this document is addressed exclusively to Highland Gold Shareholders who are not located or resident in a Restricted Jurisdiction. Neither this document, the Offer nor any information contained herein constitutes an offer (“oferta”) pursuant to Russian law, an invitation to make an offer, an advertisement, an offer of securities to an unlimited number of persons within or outside the territory of the Russian Federation, a voluntary tender offer or a mandatory tender offer, in each case, in accordance with Russian law. Neither this document nor the Offer constitutes or is intended for placement or public circulation of securities of foreign issuers in the Russian Federation. Highland Gold Shares to which the Offer relates are not registered in the Russian Federation or admitted to placement, public placement or public circulation in the Russian Federation in accordance with the Russian Federal Law dated 22 April 1996 no. 39-FZ “On the Securities Market” (as amended). The Offer and acquisition of Highland Gold Shares pursuant to the Offer will be carried out exclusively in accordance with the procedures described in this document.

### **DEALING DISCLOSURE REQUIREMENTS**

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel’s Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **ELECTRONIC COMMUNICATIONS**

Please be aware that addresses, electronic addresses and certain other information provided by Highland Gold Shareholders, persons with information rights and other relevant persons for the receipt of communications from Highland Gold may be provided to Fortiana during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.

## **PUBLICATION ON WEBSITES AND AVAILABILITY OF HARD COPIES**

A copy of this document, together with all information incorporated into this document by reference to another source, will be made available, subject to certain restrictions relating to persons resident in, or subject to the laws and/or regulations, of any Restricted Jurisdiction or resident in any jurisdiction where the extension or availability of the Offer would breach any applicable law, on Highland Gold's and Fortiana's websites at <https://www.highlandgold.com/home/offer> and <https://fortianaholdings.com/>, respectively, by no later than 12.00 noon (London time) on the Business Day following publication of this document. For the avoidance of doubt, neither the contents of those websites nor the contents of any website accessible from hyperlinks on those websites (or any other websites referred to in this document) are incorporated into, or form part of, this document.

In accordance with Rule 30.3 of the Code, Highland Gold Shareholders and persons with information rights may request a hard copy of this document by contacting Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH or on 0370 707 1066 (or +44 370 707 1066, if telephoning from outside the United Kingdom). Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. For persons who receive a copy of this document in electronic form or via a website notification, a hard copy of this document will not be sent unless so requested. Such persons may also request that all future documents, announcements and information be sent to them in relation to the Offer in hard copy form.

## **ROUNDING**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## **Date and time**

This document is published on 21 September 2020.

Unless otherwise specified, all references to time are to London time.

## TO ACCEPT THE OFFER

### **If you hold Highland Gold Shares in certificated form:**

If you hold your Highland Gold Shares, or any of them, in certificated form (that is, NOT in CREST), to accept the Offer in respect of those Highland Gold Shares, you should complete, sign and return the enclosed Form of Acceptance in accordance with the instructions printed on it and set out in this document. You should return the completed Form of Acceptance along with your valid share certificate(s) and/or any other relevant documents of title as soon as possible and, in any event, so as to be received by post by the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH by no later than **1.00 p.m. on 20 October 2020**. Further details on the procedures for acceptance of the Offer if you hold any of your Highland Gold Shares in certificated form are set out in paragraph 16 of Part II (*Letter from Fortiana Holdings Limited*) of this document and in the accompanying Form of Acceptance. A reply paid envelope for use within the United Kingdom only is enclosed for your convenience and may be used by holders of Highland Gold Shares in certificated form in the United Kingdom for returning their Forms of Acceptance.

### **If you hold Highland Gold Shares in uncertificated form:**

If you hold your Highland Gold Shares, or any of them, in uncertificated form (that is, in CREST), to accept the Offer in respect of those Highland Gold Shares, you should follow the procedure for Electronic Acceptance through CREST so that the TTE Instruction settles **as soon as possible and, in any event, not later than 1.00 p.m. on 20 October 2020**. Further details on the procedures for acceptance of the Offer if you hold any of your Highland Gold Shares in uncertificated form are set out in paragraph 16 of Part II (*Letter from Fortiana Holdings Limited*) of this document. If you hold your Highland Gold Shares as a CREST sponsored member, you should contact your CREST sponsor in order to arrange acceptance, as only your CREST sponsor will be able to send the necessary TTE Instruction to Euroclear.

**THE FIRST CLOSING DATE OF THE OFFER IS 1.00 P.M.  
(LONDON TIME) ON 20 OCTOBER 2020.**

**You are advised to read the whole of this document carefully.**

**ACCEPTANCES OF THE OFFER MUST BE RECEIVED BY NO LATER THAN 1.00 P.M.  
(LONDON TIME) ON 20 OCTOBER 2020.**

#### **Helpline**

**If you have any questions relating to this document or the completion and return of the Form of Acceptance, please telephone the Receiving Agent, Computershare Investor Services PLC, on 0370 707 1066 (or +44 370 707 1066, if telephoning from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.**

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## PART I

### LETTER FROM THE SENIOR INDEPENDENT DIRECTOR OF HIGHLAND GOLD MINING LIMITED

*(incorporated in Jersey with registered number 83208)*

*Highland Gold Independent Directors:*

Duncan Baxter (*Senior Independent Director*)  
Colin Belshaw (*Independent Non-Executive Director*)  
Deborah Gudgeon (*Independent Non-Executive Director*)

*Registered office:*

26 New Street  
St. Helier, Jersey  
JE2 3RA

21 September 2020

*To all Highland Gold Shareholders and, for information only, to persons with information rights*

Dear Highland Gold Shareholder,

#### RECOMMENDED MANDATORY CASH OFFER

for

**HIGHLAND GOLD MINING LIMITED**

by

**FORTIANA HOLDINGS LIMITED**

#### 1. Introduction

On 31 July 2020, Fortiana agreed to acquire 145,759,871 Highland Gold Shares, representing 40.06 per cent. of the issued share capital of Highland Gold, from the following Highland Gold Shareholders: Roman Arkadievich Abramovich, Eugene Shvidler, Irina Alexandrovna Panchenko, Andrey Victorovich Gorodilov, Aleksey Leonidovich Polezhaev, New Evolution Trading Limited, Matteson Overseas Limited and Denalot Worldwide Limited (the “**Selling Shareholders**”), at a price of £3.00 per Highland Gold Share (the “**Acquisition**”).

As a result of the Acquisition, under Rule 9 of the Code, Fortiana is required to make an offer for the Highland Gold Shares not already held or agreed to be acquired by Fortiana at a price per Highland Gold Share not less than the price per Highland Gold Share paid to the Selling Shareholders. Accordingly, on 31 July 2020, Highland Gold and Fortiana announced, pursuant to Rule 2.7 of the Code, that they had agreed the terms of a recommended pre-conditional mandatory cash offer to be made by Fortiana for the Highland Gold Shares not already held or agreed to be acquired by Fortiana (the “**Offer**”).

The making of the Offer was conditional on receipt of clearance from the Russian Federal Antimonopoly Service (“**FAS**”). On 17 September 2020, the Offer was granted clearance by FAS and the pre-condition to the making of the Offer was accordingly satisfied. The Offer remains subject to the Condition and further terms set out in Part III (*Condition to and further terms of the Offer*) of this document.

#### 2. Summary of the terms of the Offer

In accordance with the terms of the Offer, which is subject to the Condition and further terms set out in Part III (*Condition to and further terms of the Offer*) of this document, Highland Gold Shareholders will be entitled to receive:

**for each Highland Gold Share      £3.00 in cash**

The terms of the Offer value Highland Gold’s entire issued and to be issued share capital at approximately £1,091,690,970.



The terms of the Offer represent a premium of approximately:

- 20 per cent. to the volume weighted average Closing Price per Highland Gold Share of £2.51 for the one-month period ended on 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement); and
- 4 per cent. to the Closing Price per Highland Gold Share of £2.89 on 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement).

The Highland Gold Shares will be acquired by Fortiana with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of this document or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made thereafter in respect of the Highland Gold Shares.

### **3. Background to and reasons for the recommendation**

In considering the Offer, the Highland Gold Independent Directors have taken account of the following important factors:

- A number of Highland Gold's largest shareholders (including its Chairman, Eugene Shvidler), who have been long-term Highland Gold Shareholders, have sold their Highland Gold Shares at the Offer price.
- The Highland Gold Independent Directors understand that the Selling Shareholders have been exploring a number of options over a period of time and have concluded that the Offer Price represented an attractive price for them to exit.
- The Offer provides a liquidity opportunity for all Highland Gold Shareholders to realise their investment in Highland Gold in full in cash if they wish.
- The Highland Gold Share price recently reached a near all-time high, and has increased 47.1 per cent. from £1.96 on 1 January 2020 to £2.89 on 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement).
- Whilst the Highland Gold Independent Directors are confident of the future prospects of the Highland Gold Group, they believe that the Offer represents fair value on the basis of their commercial assessments of Highland Gold, including market consensus on the long-term price of gold, which is significantly below the current spot price. The Highland Gold Independent Directors also believe the Offer recognises the production growth potential of the Highland Gold Group in the medium-term, whilst providing certainty, in cash, to Highland Gold Shareholders. In particular:
  - Highland Gold's share price recently reached its highest closing price for over 14 years (representing its highest ever market capitalisation, taking into consideration the number of shares in issue) on 29 July 2020, and has traded at near all-time highs, closing at £2.89 on 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement);
  - the Highland Gold Group is materially exposed to the price of gold, which recently reached an all-time high and has increased 29 per cent. from US\$1,517/oz on 1 January 2020 to US\$1,957/oz on 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement);
  - there are risks in the Highland Gold Group's development of its Kekura site, which remains several years away from commercial production; and
  - the Offer represents a premium of approximately:
    - o 35 per cent. to the volume weighted average Closing Price per Highland Gold Share for the six months prior to the date of the 2.7 Announcement;

- o 21 per cent. to the volume weighted average Closing Price per Highland Gold Share for the three months prior to the date of the 2.7 Announcement;
- o 20 per cent. to the volume weighted average Closing Price per Highland Gold Share for the one month prior to the date of the 2.7 Announcement; and
- o 4 per cent. to the Closing Price per Highland Gold Share of £2.89 on 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement).

The Condition (which relates to the threshold of acceptances needed for the Offer to become unconditional) is set at not less than 50 per cent. Following satisfaction of the FAS Pre-Condition on 17 September 2020, Fortiana acquired interests over 40 per cent. of the Highland Gold Shares pursuant to the Acquisition, requiring only a relatively small number of Independent Highland Gold Shareholders to accept the Offer to satisfy the Condition. Fortiana would then have control over the Highland Gold Group and the trading in Highland Gold Shares may become increasingly illiquid. If Fortiana acquires interests in excess of 75 per cent. of the share capital of Highland Gold, Fortiana will make a request for the cancellation of the admission of the Highland Gold Shares to trading on AIM, thereby further reducing liquidity (as further explained in paragraph 7 of Part II (*Letter from Fortiana Holdings Limited*) of this document).

Given the significant impact of the gold price on the Highland Gold share price, the Highland Gold Independent Directors would note that, if Independent Highland Gold Shareholders have a view of future gold prices that is meaningfully higher than the current consensus forecasts, the Offer may be relatively less attractive to them.

#### **4. Undertaking to accept the Offer**

Fortiana has received an irrevocable undertaking to accept the Offer from Duncan Baxter (Senior Independent Director of Highland Gold), in respect of his entire beneficial holding, amounting to 20,000 Highland Gold Shares, in aggregate, and the only Highland Gold Independent Director with a beneficial holding of Highland Gold Shares, representing approximately 0.01 per cent. of the issued share capital of Highland Gold as at 18 September 2020 (being the last practicable date prior to the date of this document).

The irrevocable undertaking given by Duncan Baxter will continue to be binding in the event that a higher competing offer is made for Highland Gold and will cease to be binding if the Offer lapses or is withdrawn in accordance with its terms.

#### **5. Highland Gold Board's views on Fortiana's intentions for management, employees and locations of business**

Your attention is drawn to Fortiana's intention statements and strategic plans for Highland Gold, as set out in paragraph 7 of Part II (*Letter from Fortiana Holdings Limited*) of this document.

In considering the recommendation of the Offer to Highland Gold Shareholders, the Highland Gold Independent Directors have given due consideration to the assurances given to employees within the Highland Gold Group. The Highland Gold Independent Directors welcome Fortiana's intentions with respect to the future operations of the business and its employees.

Highland Gold also welcomes Fortiana's intention to maintain the admission of Highland Gold Shares to trading on AIM immediately after the closing of the Offer (unless Fortiana receives acceptances of the Offer in respect of Highland Gold Shares which, together with Highland Gold Shares acquired or agreed to be acquired before the Offer, will result in Fortiana and any person acting in concert with it holding Highland Gold Shares carrying 75 per cent. or more of the voting rights then normally exercisable at a general meeting of Highland Gold, in which case Fortiana will make a request for the cancellation of the admission to trading of Highland Gold Shares on AIM).

The Highland Gold Independent Directors note that, at the end of the period of 12 months from the date on which the Offer Period terminates, Fortiana will be required under the Code to: (i) confirm in writing to the Panel whether it has taken, or not taken, the courses of action stated in the intention statements set out in

paragraph 7 (*Strategic plans, management, employees, pensions, research and development, locations*) of Part II (*Letter from Fortiana Holdings Limited*) of this document; and (ii) announce that information by Regulatory Information Service, and that Fortiana must consult the Panel, and make an announcement, should it decide to deviate from these statements.

## **6. Highland Gold current trading**

For the year ended 31 December 2019, Highland Gold reported revenue of USD 395,386,000 and net profit of USD 177,794,000. As at 31 December 2019, Highland Gold had USD 1,413,996,000 of total assets, and USD 948,744,000 of shareholders' equity.

For the half year ended 30 June 2020, Highland Gold reported revenue of USD 194,517,000 and net profit of USD 36,434,000. As at 30 June 2020, Highland Gold had USD 1,459,610,000 of total assets, and USD 969,599,000 of shareholders' equity.

Paragraph 8 of Part V (*Additional information*) of this document includes further financial information relating to Highland Gold, and the locations at which certain financial statements of Highland Gold can be found are set out in Part A of Part IV (*Financial Information relating to Highland Gold*) of this document.

## **7. Dividends**

In light of the Offer, the Highland Gold Board has deferred making a decision on payment of an H1 2020 interim dividend pending the outcome of the Offer. In making this decision, the Highland Gold Board noted the potential effect of such a distribution on the terms of the Offer (described below).

If any dividend, other distribution or return of capital is authorised, announced, declared, made or paid or becomes payable in respect of Highland Gold Shares on or after the date of the 2.7 Announcement and prior to the Condition to the Offer having been fulfilled (and so long as the Offer remains open for acceptance), Fortiana reserves the right to reduce the Offer consideration by the aggregate amount of such dividend or other distribution or return of capital. If Fortiana exercises this right to make such a reduction in respect of a dividend or other distribution or return of capital, Highland Gold Shareholders will be entitled to receive and retain that dividend or other distribution or return of capital, and references in this document to the Offer consideration will be deemed to be references to the Offer consideration as so reduced.

## **8. Taxation**

Your attention is drawn to paragraph 6 of Part V (*Additional information*) of this document. If you are in any doubt as to your tax position or are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser immediately.

## **9. Overseas Shareholders**

Overseas Shareholders should refer to paragraph 13 of Part II (*Letter from Fortiana Holdings Limited*) of this document for further details.

## **10. Actions to be taken to accept the Offer**

The procedure for acceptance of the Offer is set out in paragraph 16 of Part II (*Letter from Fortiana Holdings Limited*) of this document and, if you hold your Highland Gold Shares in certificated form, also in the accompanying Form of Acceptance. The first closing date for the Offer is 20 October 2020.

## **11. Further information**

Your attention is drawn to Part II (*Letter from Fortiana Holdings Limited*), Part III (*Condition to and further terms of the Offer*) and Part V (*Additional information*) of this document, and (in relation to certificated Highland Gold Shares) to the accompanying Form of Acceptance, which should be read in conjunction with this document. The Form of Acceptance contains material information relevant to those Highland Gold Shareholders who hold Highland Gold Shares in certificated form which may not be summarised elsewhere

in this document. Please note that reading the information in this letter is not a substitute for reading the remainder of this document.

**You are advised to read the whole of this document and not just to rely on the summary information in this letter.**

## **12. Recommendation**

Given that certain members of the Highland Gold Board are Selling Shareholders or are connected to Selling Shareholders, for the purpose of considering the Offer, the Highland Gold Board constituted a committee comprising the Highland Gold Independent Directors.

For the reasons set out in this document, the Highland Gold Independent Directors, who have been so advised by Citi as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing advice to the Highland Gold Independent Directors, Citi has taken into account the Highland Gold Independent Directors' commercial assessments. Citi is providing independent financial advice for the purposes of Rule 3 of the Code to the Highland Gold Independent Directors.

Accordingly, the Highland Gold Independent Directors unanimously recommend that the Highland Gold Shareholders accept or procure acceptance of the Offer, as Duncan Baxter, the only Highland Gold Independent Director with beneficial holdings of Highland Gold Shares, has irrevocably committed to do in respect of his own beneficial holdings of Highland Gold Shares comprising, in aggregate, 20,000 Highland Gold Shares representing, in aggregate, approximately 0.01 per cent. of the existing issued share capital of Highland Gold on 18 September 2020 (being the last practicable date prior to the date of this document).

Yours faithfully

**Duncan Baxter**

*Senior Independent Director*

## PART II

### LETTER FROM FORTIANA HOLDINGS LIMITED

*Registered office:*

Agías Elénis, 36, Galaxias Commercial Centre  
Floor 4, Office 403  
1061 Nicosia, Cyprus

21 September 2020

*To all Highland Gold Shareholders and, for information only, to persons with information rights*

Dear Highland Gold Shareholder,

#### RECOMMENDED MANDATORY CASH OFFER

for

HIGHLAND GOLD MINING LIMITED

by

FORTIANA HOLDINGS LIMITED

#### 1. Introduction

On 31 July 2020, Fortiana agreed to acquire 145,759,871 Highland Gold Shares, representing 40.06 per cent. of the issued share capital of Highland Gold, from the following Highland Gold Shareholders: Roman Arkadievich Abramovich, Eugene Shvidler, Irina Alexandrovna Panchenko, Andrey Victorovich Gorodilov, Aleksey Leonidovich Polezhaev, New Evolution Trading Limited, Matteson Overseas Limited and Denalot Worldwide Limited (the “**Selling Shareholders**”), at a price of £3.00 per Highland Gold Share (the “**Acquisition**”).

As a result of the Acquisition, under Rule 9 of the Code, Fortiana is required to make an offer for the Highland Gold Shares not already held or agreed to be acquired by Fortiana at a price per Highland Gold Share not less than the price per Highland Gold Share paid to the Selling Shareholders. Accordingly, on 31 July 2020, Highland Gold and Fortiana announced, pursuant to Rule 2.7 of the Code, that they had agreed the terms of a recommended pre-conditional mandatory cash offer to be made by Fortiana for the Highland Gold Shares not already held or agreed to be acquired by Fortiana (the “**Offer**”).

The making of the Offer was conditional on receipt of clearance from the Russian Federal Antimonopoly Service (“**FAS**”). On 17 September 2020, the Offer was granted clearance by FAS and the pre-condition to the making of the Offer was accordingly satisfied. The Offer remains subject to the Condition and further terms set out in Part III (*Condition to and further terms of the Offer*) of this document.

**Your attention is drawn to the letter from the Senior Independent Director of Highland Gold, set out in Part I (*Letter from the Senior Independent Director of Highland Gold Mining Limited*) of this document. The Senior Independent Director’s letter sets out, among other things, the reasons why the Highland Gold Independent Directors unanimously recommend that Highland Gold Shareholders accept the Offer.**

**The Highland Gold Independent Directors, who have been so advised by Citi as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing advice to the Highland Gold Independent Directors, Citi has taken into account the Highland Gold Independent Directors’ commercial assessments.**

Highland Gold Shareholders should read the whole of this document before deciding whether or not to accept the Offer.

## 2. Summary of the terms of the Offer

In accordance with the terms of the Offer, which is subject to the Condition and further terms set out in Part III (*Condition to and further terms of the Offer*) of this document, Highland Gold Shareholders will be entitled to receive:

**for each Highland Gold Share      £3.00 in cash**

The terms of the Offer value Highland Gold's entire issued and to be issued share capital at approximately £1,091,690,970.

The Offer represents a premium of approximately:

- 20 per cent. to the volume weighted average Closing Price per Highland Gold Share of £2.51 for the one-month period ended on 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement); and
- 4 per cent. to the Closing Price per Highland Gold Share of £2.89 on 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement).

The Highland Gold Shares will be acquired by Fortiana with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of this document or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made thereafter in respect of the Highland Gold Shares.

The Offer consideration of £3.00 for each Highland Gold Share is equal to the consideration paid to the Selling Shareholders pursuant to the Acquisition.

## 3. Background to and reasons for the Offer

Fortiana believes there is a compelling strategic and financial rationale for the Acquisition and for the making of the Offer.

Highland Gold is one of Russia's leading gold producers with an attractive portfolio of operating assets and a pipeline of development projects. Highland Gold has a track record of sustained production increases and is positioned as a low cost producer with total cash costs of US\$556/oz as of FY2019. Highland Gold's main development projects, including Kekura, Taseevskoye, Klen and Unkurtash provide a pathway to growth in production in the medium term.

Notwithstanding the gold price having recently reached an all-time high and having increased 29 per cent. from US\$1,517/oz on 1 January 2020 to US\$1,957/oz on 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement), Fortiana has a positive outlook for gold in the medium term in the context of current global trade uncertainty.

Vladislav Sviblov, the sole shareholder of Fortiana, has interests in a number of mining assets including in the precious metals sector and the Offer provides Fortiana with an opportunity to participate in the realisation of Highland Gold's upside potential. In particular, Fortiana believes that the Kekura project in the Chukotka region represents a solid development opportunity in one of the most prospective gold provinces in Russia. While the regions of Highland Gold's operations have a number of infrastructure restrictions and a number of its potential development assets bear certain development risks, Fortiana is comfortable to assume such execution risks and believes it can support Highland Gold's future development.

The Offer provides Highland Gold Shareholders with an opportunity to crystallize the value of their Highland Gold Shares for cash at an attractive premium, providing a liquidity event for Highland Gold Shareholders.

This premium is being offered notwithstanding the highly positive prevailing gold pricing environment. Highland Gold's share price has increased 47.1 per cent. from £1.96 on 1 January 2020 to £2.89 on 30 July 2020 (being the last practicable date prior the date of the 2.7 Announcement).

Fortiana believes that the premium being offered is in line with other recent premia paid in precedent transactions in the mining sector.

#### **4. Financing and cash confirmation**

Fortiana intends to finance the cash consideration payable to Highland Gold Shareholders pursuant to the Offer using third party debt to be provided under a facilities agreement arranged by VTB Bank (the “**Facilities Agreement**”). The term loan facilities provided under the Facilities Agreement (the “**Facilities**”) are committed and are secured by security granted by Fortiana and certain of its affiliates. The Facilities have a three-year term.

In connection with the Facilities Agreement, Fortiana has entered into a foreign exchange agreement with VTB Bank in order to facilitate the payment of the cash consideration payable to Highland Gold Shareholders pursuant to the Offer.

Further details of the Facilities Agreement are set out in paragraph 9 of Part V (*Additional information*) of this document.

VTB Capital, as financial adviser to Fortiana, is satisfied that sufficient resources are available to Fortiana to enable it to satisfy in full the cash consideration payable to Highland Gold Shareholders under the terms of the Offer.

#### **5. Information on Highland Gold**

Highland Gold engages in gold mining operations. Highland Gold’s portfolio of assets consists of four operating mines, one mine under construction and a pipeline of development projects. Highland Gold’s operations are located around three main hubs in the Khabarovsk, Zabaikalsk and Chukotka regions of Russia, as well as in Kyrgyzstan. Highland Gold was incorporated in 2002 for the purpose of acquiring, consolidating and developing high potential gold mining projects and is headquartered in Saint Helier, Jersey. Highland Gold explores for gold, silver, zinc and lead and also offers project engineering services. Highland Gold has been admitted to trading on AIM since 2002.

#### **6. Information on Fortiana**

Fortiana is a Cyprus registered company incorporated on 9 July 2019. On 7 August 2020, Chartac Management Services Limited, a Cypriot company wholly-owned by Mr. Sviblov, transferred all of its shares in Fortiana to Mr. Sviblov. Accordingly, Fortiana is wholly and directly owned by Vladislav Sviblov and is part of his wider business interests in the metals and mining industry.

Following the completion of the Acquisition, Fortiana is the largest shareholder in Highland Gold, owning 145,759,871 Highland Gold Shares, representing 40.06 per cent of the issued share capital of Highland Gold. Mr. Sviblov is Chief Executive Officer and majority shareholder of Ozernaya Mining Company which is developing a prominent zinc-lead deposit in the Buryatia region of eastern Siberia in Russia. It also controls a gold producing group of companies in the Zabaikalsk region in Russia with over 30koz p.a. gold production and an extensive resource base which provides for a strong LOM production outlook.

Fortiana is a private company and its securities are not admitted to trading on any stock exchange or other market.

#### **7. Strategic plans, management, employees, pensions, research and development, locations**

##### ***Fortiana’s strategic plans for Highland Gold***

Fortiana believes there is a compelling strategic and financial rationale for making the Offer, which provides Fortiana with an opportunity to participate in the realisation of Highland Gold’s production upside potential. Fortiana believes it can support Highland Gold’s future development.

### ***Employees, management, existing rights and pensions***

Fortiana attaches great importance to the skills and experience of existing management and employees of Highland Gold. Fortiana intends that the existing contractual and statutory employment rights, including in relation to pensions, of all Highland Gold management and employees will be fully safeguarded in accordance with applicable law. Fortiana does not anticipate making any material changes to the balance of skills and functions of Highland Gold's employees and management nor does Fortiana intend to initiate any material headcount reductions within the organisation.

Highland Gold has confirmed to Fortiana that it does not have any defined benefit pension schemes in place.

Fortiana intends that Highland Gold will continue to operate as a standalone business and the Relationship Agreement (as further described in paragraph 13 of Part V (*Additional information*) of this document) ensures that the relationship between Fortiana and Highland Gold is managed to ensure that, among other things, Highland Gold carries on its business independently of Fortiana. The Relationship Agreement will terminate (save for accrued rights) if Fortiana holds less than 15 per cent. or 75 per cent. or more of the voting share capital of Highland Gold.

Fortiana is committed to high standards of corporate governance and, were Highland Gold to remain listed, Fortiana would commit to a balanced Board of Directors which comprises executive directors, non-executive directors and independent non-executive directors. Fortiana recognises the skills and experience of Duncan Baxter, Deborah Gudgeon and Colin Belshaw (together, the "**Independent Directors**") and is pleased that they have confirmed their intention to continue to serve on the Board of Highland Gold in the event that Highland Gold's admission to trading on AIM remains. In that event, Fortiana intends to appoint at least three new directors to the Highland Gold Board, nominated by Fortiana in accordance with the terms of the Relationship Agreement.

The Relationship Agreement entitles Fortiana to nominate an individual of suitable experience to be appointed as chief executive of Highland Gold. Fortiana recognises the experience and track record of Denis Alexandrov and has no intention to change the executive leadership of Highland Gold. In the event that Fortiana determines, in the future, to nominate an alternative candidate for chief executive it would be Fortiana's intention to nominate a high calibre industry professional with the requisite experience and track record to support the growth of Highland Gold in the interests of all shareholders and stakeholders. The appointment of any future chief executive will be subject to the approval of the Highland Gold Board in accordance with the terms of the Relationship Agreement.

In the event that the Offer becomes or is declared wholly unconditional, Fortiana intends to review the management, governance and incentive structure of Highland Gold. Fortiana has not entered into and has not had discussions on proposals to enter into, any new incentivisation arrangements with members of Highland Gold's management but may enter into such discussions for certain members of the Highland Gold management team in the event that the Offer becomes or is declared wholly unconditional.

### ***Environmental, social and governance ("ESG") and sustainability***

Fortiana is committed to high standards of corporate governance and emphasises its commitment to strong ESG practices.

Fortiana understands that the Board of Directors of Highland Gold resolved in August 2018 to adopt the QCA Corporate Governance Code as its blueprint for ensuring an effective and transparent system of corporate governance. Fortiana has reviewed the principles of good governance in the QCA Corporate Governance Code and is committed to their continued implementation by Highland Gold.

Fortiana notes that Highland Gold has recently completed its inaugural Sustainability Report in accordance with the GRI Standards and is committed to maintaining high standards of ESG and sustainability reporting.

### ***Headquarters, locations, research and development and fixed assets***

Fortiana does not have intentions to change the location of Highland Gold's business, including the location of Highland Gold's headquarters and its functions.



Highland Gold does not have any research and development functions and Fortiana does not intend to redepoly any of Highland Gold's fixed assets.

***Possible maintenance of existing trading facilities in certain situations***

If the Offer becomes wholly unconditional and Fortiana receives acceptances of the Offer in respect of Highland Gold Shares which, together with the Highland Gold Shares acquired or agreed to be acquired before the Offer, will result in Fortiana and any person acting in concert with it holding Highland Gold Shares carrying more than 75 per cent. of the voting rights then normally exercisable at a general meeting of Highland Gold, Fortiana will make a request for the cancellation of the admission to trading of Highland Gold Shares on AIM.

If the Offer becomes wholly unconditional and Fortiana receives acceptances of the Offer in respect of Highland Gold Shares which, together with the Highland Gold Shares acquired or agreed to be acquired before the Offer, will result in Fortiana and any person acting in concert with it holding Highland Gold Shares carrying less than 75 per cent. of the voting rights then normally exercisable at a general meeting of Highland Gold, Fortiana does not intend to cancel the admission to trading of the Highland Gold Shares on AIM.

In the event that the Offer does not become or is not declared wholly unconditional, Fortiana does not anticipate that the Acquisition will result in a change to Highland Gold's admission to trading on AIM and in such context Fortiana remains committed to the development of its business interests in the mining sector as a publicly traded entity.

No statements in this paragraph 7 (*Strategic plans, management, employees, pensions, research and development, locations*) constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

**8. Irrevocable undertaking to accept the Offer**

Fortiana has received an irrevocable undertaking to accept the Offer from Duncan Baxter (Senior Independent Director of Highland Gold), in respect of his entire beneficial holding, amounting to 20,000 Highland Gold Shares, in aggregate, representing approximately 0.01 per cent. of the issued share capital of Highland Gold as at 18 September 2020 (being the last practicable date prior to the date of this document).

The irrevocable undertaking given by Duncan Baxter will continue to be binding in the event that a higher competing offer is made for Highland Gold and will cease to be binding if the Offer lapses or is withdrawn in accordance with its terms.

**9. Structure of the Offer**

It is intended that the Offer will be implemented by way of a takeover offer within the meaning of Article 116 of the Companies Jersey Law and under the Code. Following the satisfaction of the FAS Pre-Condition on 17 September 2020, the Offer is now only conditional upon Fortiana having received acceptances in respect of Highland Gold Shares which, together with Highland Gold Shares acquired or agreed to be acquired before the Offer, will result in Fortiana and any person acting in concert with it holding Highland Gold Shares carrying more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Highland Gold.

The Highland Gold Shares shall be acquired by Fortiana under the Offer with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid or any other return of capital made thereafter in respect of the Highland Gold Shares.

## **10. Offer-related arrangements**

Summaries of the offer-related arrangements entered into in connection with the Offer are set out in paragraph 13 of Part V (*Additional information*) of this document. These agreements have been made available on Fortiana's website at <https://fortianaholdings.com/> and Highland Gold's website at <https://www.highlandgold.com/home/offer>.

## **11. Highland Gold Directors and the effect of the Offer on their interests in Highland Gold securities**

Details of the interests of the Highland Gold Directors in Highland Gold securities are set out in paragraph 5 of Part V (*Additional information*) of this document.

Duncan Baxter, the only Highland Gold Independent Director with a beneficial holding of Highland Gold Shares, has given an irrevocable undertaking to accept the Offer in respect of his own beneficial holdings of Highland Gold Shares comprising, in aggregate, 20,000 Highland Gold Shares representing, in aggregate, approximately 0.01 per cent. of the existing issued share capital of Highland Gold on 18 September 2020 (being the last practicable date prior to the date of this document).

This irrevocable undertaking will continue to be binding in the event that a higher competing offer is made for Highland Gold.

The effect of the Offer on the Highland Gold Directors' interests in Highland Gold securities does not differ from its effect on like interests of any other Highland Gold Shareholder.

## **12. Dividends**

If any dividend, other distribution or return of capital is authorised, announced, declared, made or paid or becomes payable in respect of Highland Gold Shares on or after the date of the 2.7 Announcement and prior to the Condition to the Offer having been fulfilled (and so long as the Offer remains open for acceptance), Fortiana reserves the right to reduce the Offer consideration by the aggregate amount of such dividend or other distribution or return of capital. If Fortiana exercises this right to make such a reduction in respect of a dividend or other distribution or return of capital, Highland Gold Shareholders will be entitled to receive and retain that dividend or other distribution or return of capital, and references in this document to the Offer consideration will be deemed to be references to the Offer consideration as so reduced.

## **13. Overseas Shareholders**

The attention of Highland Gold Shareholders who are citizens or residents of jurisdictions outside the United Kingdom or Jersey or who are holding Highland Gold Shares for such citizens or residents and any person (including, without limitation, any nominee, custodian or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom or Jersey is drawn to paragraph 8 of Part B of Part III (*Condition to and further terms of the Offer*) of this document and to the relevant provisions of the Form of Acceptance, which they should read before taking any action.

The Offer is not being made, directly or indirectly in, into or from or by use of the mails, or by any means or instrumentality (including without limitation, by means of telephone, facsimile, telex, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a securities exchange of any Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws of that jurisdiction, and it is not currently intended that the Offer shall be capable of acceptance by any such use, means, instrumentality or facility from within any such jurisdiction. Accordingly, persons who are unable to give the warranties set out in Part C of Part III (*Condition to and further terms of the Offer*) of this document (in relation to Highland Gold Shares held in certificated form) or (as the case may be) in Part D of Part III (*Condition to and further terms of the Offer*) of this document (in relation to Highland Gold Shares held in uncertificated form) may be deemed not to have validly accepted the Offer.

**The availability of the Offer to Highland Gold Shareholders who are not resident in the United Kingdom or Jersey may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their**

**jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.**

#### **14. Notices for Highland Gold Shareholders in the United States**

Highland Gold Shareholders in the United States should be aware that the Offer is being made for securities of a public limited company incorporated in Jersey, which is a foreign private issuer within the meaning of the US Exchange Act, and such securities have not been registered under Section 12 of the US Exchange Act. The Offer is being made to Highland Gold Shareholders in the United States in reliance on, and in compliance with, Regulation 14E and the related rules promulgated under the US Exchange Act, and otherwise in accordance with the requirements of Jersey law, the Code, the Panel, the London Stock Exchange and the FCA.

Accordingly, the Offer is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable and settlement procedures that may be different from those applicable under US domestic tender offer procedures and law. Highland Gold Shareholders in the United States should also be aware that this document and any other documents relating to the Offer have been or will be prepared in accordance with the Code and in UK format and style, which differs from offer documents used in connection with tender offers for securities of US domestic issuers that have been registered under Section 12 of the US Exchange Act.

The following describes certain ways in which the Offer will differ from the rules and procedures typically applicable in US domestic tender offers:

- (a) the Offer will be open until 1.00 p.m. on the First Closing Date and, subject to Rule 14e-1 under the US Exchange Act, can be extended for such additional period or periods as determined by Fortiana, though the Offer may not become or be declared unconditional after Day 60 (unless the Panel agrees otherwise). If the Offer has not become or been declared unconditional by 1.00 p.m. on the date that is 21 days after the First Closing Date, Highland Gold Shareholders who have accepted the Offer will, until the Offer becomes or is declared unconditional, be entitled to withdraw their acceptance. Otherwise, except in the other limited circumstances described in paragraph 3 of Part B of Part III (*Condition to and further terms of the Offer*) of this document, Highland Gold Shareholders will not be entitled to withdraw their acceptance;
- (b) subject to Rule 14e-1 under the US Exchange Act, if the Offer is revised, the Offer will remain open for acceptance for a period of at least 14 days or such other period as may be permitted by the Panel after the date on which Fortiana publishes the revised offer documentation. Except with the Panel's consent, Fortiana may not revise the Offer or publish any revised offer document after Day 46 (as defined in Part B of Part III (*Condition to and further terms of the Offer*) of this document), or, if later, the date which is 14 days before the last date on which the Offer can become or be declared unconditional (also as so defined).

The summary contained in this paragraph 14 is not comprehensive and is subject in its entirety to the disclosures contained in the remainder of this document. Highland Gold Shareholders in the United States should also closely read "*Notice to US holders of Highland Gold Shares*" on page 3 of this document for further details.

The definitions set out in Part B of Part III (*Condition to and further terms of the Offer*) of this document shall apply to this paragraph 14.

#### **15. Taxation**

Your attention is drawn to paragraph 6 of Part V (*Additional information*) of this document. If you are in any doubt as to your tax position or are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser immediately.

## **16. Actions to be taken to accept the Offer**

Highland Gold Shareholders who hold their Highland Gold Shares in certificated form should read section (a) of this paragraph 16 in conjunction with the Form of Acceptance. The instructions on the Form of Acceptance are deemed to be part of the terms of the Offer for Highland Gold Shareholders who hold their Highland Gold Shares in certificated form. Highland Gold Shareholders who hold their shares in uncertificated form (that is, through CREST), should read section (b) of this paragraph 16. Highland Gold Shareholders who hold some of their Highland Gold Shares in certificated form and others in uncertificated form, should read section (a) of this paragraph 16 (in respect of their Highland Shares in certificated form) and section (b) of this paragraph 16 (in respect of their Highland Gold Shares in uncertificated form) below.

### **(a) *If you hold Highland Gold Shares in certificated form (i.e. not in CREST)***

#### *Completion of the Form of Acceptance*

To accept the Offer in respect of Highland Gold Shares held in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. You should complete separate Forms of Acceptance for Highland Gold Shares held in certificated form but under different designations. If you have any questions relating to the procedure for acceptance of the Offer, please contact the Receiving Agent, at Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH or on 0370 707 1066 (or +44 370 707 1066, if telephoning from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If you are a CREST sponsored member, you should contact your CREST sponsor before taking any action. Further Forms of Acceptance are available from the Receiving Agent upon request.

- *To accept the Offer in respect of all your Highland Gold Shares in certificated form, you must complete Box 2 and sign Box 3 of the enclosed Form of Acceptance.*
- *To accept the Offer in respect of less than all your Highland Gold Shares in certificated form, you must complete Box 2 and sign Box 3 of the enclosed Form of Acceptance.*

In all cases, if you are an individual, you must sign Box 3 of the Form of Acceptance in the presence of a witness who should also sign in accordance with the instructions printed on it. Any Highland Gold Shareholder which is a company should execute Box 3 of the Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 2 of the Form of Acceptance, or if you insert in Box 2 a number which is greater than the number of certificated Highland Gold Shares that you hold and you have signed Box 3, your acceptance shall be deemed to be in respect of all the certificated Highland Gold Shares held by you.

#### *Return of the Form of Acceptance*

To accept the Offer in respect of Highland Gold Shares held in certificated form, the completed, signed and (where required) witnessed Form of Acceptance should be returned by post to the Receiving Agent, at Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH, together (subject to the paragraph below) with the relevant share certificate(s) and/or any other documents of title as soon as possible, and in any event, so as to be received by Receiving Agent not later than 1.00 p.m. (London time) on 20 October 2020. A reply-paid envelope is enclosed for your convenience. No acknowledgement of receipt of documents shall be given.

If you have lost your share certificate(s) and/or other document(s) of title, you should telephone Highland Gold's registrars, Link Market Services, on +44 371 664 0300 as soon as possible requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post to the

Receiving Agent at the address given above. Calls to Link Market Services at the number above are charged at the standard geographic rate and will vary by provider. Calls from a location outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

*Validity of acceptances*

Subject to the provisions of the Code, Fortiana reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer shall be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities reasonably satisfactory to Fortiana have been received.

(b) ***If you hold Highland Gold Shares in uncertificated form (i.e. in CREST)***

*General*

If your Highland Gold Shares are in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the Highland Gold Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying the Receiving Agent (in its capacity as a CREST participant under the Escrow Agent's relevant participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE Instruction settles by not later than 1.00 p.m. (London time) on 20 October 2020. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is not operational) and you should therefore ensure that you time the input of any TTE Instructions accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph 16(b) constitutes an acceptance of the Offer in respect of the number of Highland Gold Shares so transferred to escrow.

**If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE Instruction(s) to Euroclear in relation to your Highland Gold Shares.**

After settlement of a TTE Instruction, you will not be able to access the Highland Gold Shares concerned in CREST for any transaction or charging purposes.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Highland Gold Shares to settle prior to 1.00 p.m. on 20 October 2020. In this connection, you are referred in particular to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

*To accept the Offer in respect of your Highland Gold Shares*

To accept the Offer in respect of Highland Gold Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE Instruction in relation to such shares. A TTE Instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- the ISIN number for Highland Gold Shares. This is GB0032360173;
- the number of Highland Gold Shares in respect of which you wish to accept the Offer (i.e., the number of Highland Gold Shares to be transferred to escrow);

- your participant ID;
- your member account ID;
- the participant ID of the Escrow Agent. This is 8RA07;
- the member account ID of the Escrow Agent for the Offer. This is HIGFOR01;
- the intended settlement date. This should be as soon as possible and, in any event, not later than 1.00 p.m. (London time) on 20 October 2020;
- the corporate action number of the Offer. This is allocated by Euroclear and shall be available on screen from Euroclear;
- input with a standard delivery instruction priority of 80; and
- a contact name and telephone number (including STD Code) in the shared note field.

#### *Validity of Acceptances*

Highland Gold Shareholders with Highland Gold Shares in uncertificated form who wish to accept the Offer should note that a TTE Instruction shall only be a valid acceptance of that Offer as at the relevant closing date if it has settled on or before 1.00 p.m. on that date. A Form of Acceptance which is received in respect of Highland Gold Shares held in uncertificated form will be treated as an invalid acceptance and be disregarded.

Fortiana will make an appropriate announcement if any of the details contained in this paragraph alter for any reason.

#### *Overseas Shareholders*

The attention of Highland Gold Shareholders holding Highland Gold Shares in uncertificated form and who are citizens or residents of jurisdictions outside the United Kingdom is drawn to paragraph 13 of this Part II (*Letter from Fortiana Holdings Limited*) of this document and the relevant provisions of the Form of Acceptance.

#### *General*

Normal CREST procedures (including timings) apply in relation to any Highland Gold Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Highland Gold Shares or otherwise). Holders of Highland Gold Shares who are proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 20 October 2020.

If you have any questions relating to the procedure for acceptance of the Offer, please contact the Receiving Agent, at Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH or on 0370 707 1066 (or +44 370 707 1066, if telephoning from outside the United Kingdom). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

## 17. Settlement

In each case subject to Rule 14e-1 under the US Exchange Act, settlement of the consideration to which any Highland Gold Shareholder is entitled under the Offer shall be effected by the issue of cheques or CREST payments: (i) in the case of acceptances received, complete in all respects, by the date the Offer becomes or is declared unconditional, promptly following such date; and (ii) in the case of acceptances received, complete in all respects, after the date the Offer becomes or is declared unconditional but while it remains open for acceptance, promptly following such receipt, in the following manner:

(a) ***Highland Gold Shares held in certificated form (i.e. not in CREST)***

Where an acceptance relates to Highland Gold Shares held in certificated form, a cheque for consideration due shall be despatched by first class post (or such other method as may be approved by the Panel) to accepting Highland Gold Shareholders or their appointed agents (but not into any Restricted Jurisdiction). All such cash payments shall be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

(b) ***Highland Gold Shares held in uncertificated form (i.e., in CREST)***

Where an acceptance relates to Highland Gold Shares held in uncertificated form, the cash consideration to which an accepting Highland Gold Shareholder is entitled shall be paid by means of a CREST payment in favour of the accepting Highland Gold Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST payment arrangements. Fortiana reserves the right to settle all or any part of the consideration referred to in this paragraph, for all or any accepting Highland Gold Shareholder(s), in the manner referred to in paragraph 17(a) above, if, for any reason, it wishes to do so.

(c) ***General***

If the Offer lapses for any reason:

- it will cease to be capable of further acceptance and Fortiana and accepting Highland Gold Shareholders will cease to be bound by acceptances of the Offer delivered on or before the date the Offer lapses;
- neither Fortiana nor any person acting in concert with Fortiana for the purposes of the Offer may, pursuant to the Code, take any action set out in Rule 35.1 of the Code (including making an offer (whether inside or outside the United Kingdom) for Highland Gold Shares) for a period of twelve months following the date the Offer lapses, except with the consent of the Panel;
- in the case of Highland Gold Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other documents of title shall be returned by post (or by such other method as may be approved by the Panel) within 14 calendar days of the Offer lapsing to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in Box 1 of the Form of Acceptance or, if none is set out, to the first named holder at his or her registered address (provided that no such documents shall be sent to an address in a Restricted Jurisdiction); and
- in the case of Highland Gold Shares held in uncertificated form, the Escrow Agent shall, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days after the lapsing of the Offer), give TTE Instructions to Euroclear to transfer all Highland Gold Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Highland Gold Shareholders concerned.

All remittances, communications, notices, certificates and documents of title sent by, to or from Highland Gold Shareholders or their appointed agents shall be sent at their own risk.

## **18. Further information**

The terms of the Offer are set out in full in Part III (*Condition to and further terms of the Offer*) of this document.

## **19. Action to be taken**

To accept the Offer:

- if you hold your Highland Gold Shares, or any of them, in certificated form (that is, NOT in CREST), you should complete, sign the Form of Acceptance in accordance with the instructions printed on it and set out in this document and return the Form of Acceptance (together with your share certificate(s) and/or other document(s) of title) as soon as possible and, in any event, so as to be received by the Receiving Agent not later than 1.00 p.m. (London time) on 20 October 2020. A reply-paid envelope is enclosed for your convenience for use in the United Kingdom only; or
- if you hold your Highland Gold Shares, or any of them, in uncertificated form (that is, in CREST), you should follow the procedure for Electronic Acceptance through CREST so that the TTE Instruction settles as soon as possible and, in any event, not later than 1.00 p.m. (London time) on 20 October 2020.

Yours faithfully

**Agathi Frantzi**

*Director*

for and on behalf of

**Fortiana Holdings Limited**



## **PART III**

### **CONDITION TO AND FURTHER TERMS OF THE OFFER**

#### **Part A: Condition to the Offer**

The Offer is subject to the following Condition:

#### **Acceptance of the Offer**

Valid acceptances of the Offer being received (and not, where permitted, withdrawn) by Fortiana by no later than 1.00 p.m. (London time) on the First Closing Date of the Offer (or such later time(s) and/or date(s) as Fortiana may, subject to the Code or with the consent of the Panel, decide) in respect of Highland Gold Shares which, together with Highland Gold Shares acquired or agreed to be acquired before such time, will result in Fortiana and any person acting in concert with it holding Highland Gold Shares carrying, in aggregate, more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Highland Gold, including (to the extent, if any, required by the Panel for this purpose) any such voting rights attaching to Highland Gold Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

For the purposes of this Condition:

- (i) all percentages of voting rights, share capital and relevant securities are to be calculated by reference to the percentage held and in issue outside treasury;
- (ii) Highland Gold Shares that have been unconditionally allotted but not issued shall be deemed to carry the voting rights that they will carry upon issue; and
- (iii) valid acceptances shall be treated as having been received in accordance with the Code (including but not limited to Rule 10, the notes to Rule 10 and Appendix 4).

## **Part B: Further terms of the Offer**

Except where the context otherwise requires, any reference in this Part III or in paragraph 16 of Part II (*Letter from Fortiana Holdings Limited*) of this document and in the Form of Acceptance:

- (i) to the “**Offer**” means the Offer and any revision of it or extension to it;
- (ii) to the “**Offer becoming unconditional**” means the Condition becoming or being declared satisfied, and references to the Offer having become or not becoming unconditional shall be construed accordingly;
- (iii) “**acceptances**” of the Offer includes deemed acceptances of the Offer;
- (iv) “**First Closing Date**” means 20 October 2020;
- (v) “**Day 39**” means 30 October 2020 (or such other date as Fortiana may decide with the agreement of the Panel);
- (vi) “**Day 46**” means 6 November 2020 (or such other date as Fortiana may decide with the agreement of the Panel); and
- (vii) “**Day 60**” means 20 November 2020 (or such other date as Fortiana may decide with the agreement of the Panel).

The following further terms apply, unless the context requires otherwise, to the Offer:

### **1. Acceptance Period**

- (a) The Offer will initially be open for acceptance until 1.00 p.m. on 20 October 2020. Fortiana reserves the right (but will not be obliged, other than as required by the Panel) at any time and from time to time to extend the Offer after such time and, in such event, it will make an announcement of such extension in the manner described in paragraph 2 of this Part B and give oral or written notice of such extension to the Receiving Agent.
- (b) If the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such other period as may be permitted by the Panel and subject to Rule 14e-1 under the US Exchange Act) from the date on which Fortiana publishes the revised offer documentation. Except with the Panel’s consent, no revision of the Offer may be made or revised offer documentation published after Day 46 or, if later, the date which is 14 days before the last date on which the Offer can become unconditional.
- (c) The Offer, whether revised or not, shall not (except with the consent of the Panel or as otherwise permitted by the Code) be capable of becoming unconditional after midnight on Day 60 (or any other time and/or date beyond which Fortiana has stated that the Offer will not be extended and in respect of which it has not, where permitted, withdrawn that statement), nor of being kept open for acceptance after that time and/or date unless it has previously become unconditional. Unless the Panel agrees otherwise, if the Offer has not become unconditional at such time (taking account of any permitted extension of the Offer), the Offer will lapse. If the Offer lapses for any reason, the Offer will cease to be capable of further acceptance and Fortiana and Highland Gold Shareholders will cease to be bound by prior acceptances. Fortiana reserves the right, with the permission of the Panel, to extend the time for the Offer to become unconditional to any later time(s) and/or date(s).
- (d) Except with the consent of the Panel, for the purpose of determining at any particular time whether the Condition is satisfied, Fortiana may only take into account acceptances received, or purchases of Highland Gold Shares made, in respect of which relevant documents and/or TTE Instructions are received by the Receiving Agent:
  - (i) by 1.00 p.m. on Day 60 (or any other time and/or date beyond which Fortiana has stated that the Offer will not be extended and in respect of which it has not, where permitted, withdrawn that statement); or

- (ii) if the Offer is extended with the consent of the Panel, such later time(s) and/or date(s) as Fortiana may, with the permission of the Panel, determine.

If the latest time at which the Offer may become unconditional is extended beyond midnight on Day 60, acceptances received and purchases made in respect of which the relevant documents have been received by the Receiving Agent after 1.00 p.m. (London time) on the relevant date may (except where the Code otherwise permits) only be taken into account with the agreement of the Panel.

- (e) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional and it is stated by or on behalf of Fortiana that the Offer will remain open until further notice, then not less than 14 days' notice in writing will be given by or on behalf of Fortiana prior to the closing of the Offer to those Highland Gold Shareholders who have not accepted the Offer.
- (f) If a competitive situation arises after Fortiana has given a "no increase" statement and/or a "no extension" statement in relation to the Offer (as determined by the Panel), Fortiana may, if it specifically reserves the right to do so at the time such statement is made or otherwise with the consent of the Panel, set aside such statement and be free to revise or extend the Offer provided that it complies with the requirements of the Code and in particular that:
  - (i) it announces that such statement has been set aside as soon as possible and in any event within four Business Days after the date of the firm announcement of the competing offer or other circumstance in respect of which a reservation has been made;
  - (ii) it sends a notice to Highland Gold Shareholders (and persons with information rights) at the earliest opportunity to that effect (or, in the case of Highland Gold Shareholders with registered addresses outside the United Kingdom or whom Fortiana reasonably believes to be a nominee, trustee, agent or custodian holding Highland Gold Shares for such persons, by an announcement in the United Kingdom); and
  - (iii) any Highland Gold Shareholder who accepted the Offer after the date of the "no increase" and/or "no extension" statement is given a right of withdrawal in accordance with paragraph 3(c) below.
- (g) Fortiana may, if it specifically reserved the right to do so at the time the statement was made (or otherwise with the consent of the Panel), choose not to be bound by the terms of a "no increase" statement and/or a "no extension" statement and may publish an increased or improved offer (either as to the value or form of the consideration or otherwise) if it is recommended for acceptance by the Highland Gold Independent Directors, or in any other circumstance permitted by the Panel.
- (h) Subject to Rule 14e-1 under the US Exchange Act, if Highland Gold announces material new information of the kind referred to in Rule 31.9 of the Code after Day 39, Fortiana may choose not to be bound by a "no increase" statement and/or a "no extension" statement if it specifically reserved the right to do so at the time such statement was made (or otherwise with the consent of the Panel) and to be free to revise and/or extend the Offer, if permitted by the Panel, provided that:
  - (i) it announces that such statement has been set aside as soon as possible and in any event within four Business Days after the date of the announcement by Highland Gold; and
  - (ii) it sends a notice to Highland Gold Shareholders (and persons with information rights) at the earliest opportunity to that effect (or, in the case of Highland Gold Shareholders with registered addresses outside the United Kingdom or whom Fortiana reasonably believes to be a nominee, trustee, agent or custodian holding Highland Shares for such persons, by announcement in the United Kingdom).
- (i) Except as provided in this paragraph 1, Fortiana will be bound by the terms of any "no increase" or "no extension" statement.

## 2. Announcements

- (a) By 8.00 a.m. on the next Business Day (the “**relevant day**”) following the day on which the Offer is due to expire or expires or becomes or is declared unconditional or is revised or extended as the case may be (or such later time(s) and/or date(s) as the Panel may agree), Fortiana will make an appropriate announcement through a Regulatory Information Service. Such announcement will also state (unless otherwise permitted by the Panel):
- (i) the total number of Highland Gold Shares for which acceptances of the Offer have been received showing: (A) the extent, if any, to which such acceptances have been received from person(s) acting or deemed to be acting in concert with Fortiana; and (B) which were the subject of an irrevocable commitment or a letter of intent procured by Fortiana or any persons acting in concert with it;
  - (ii) details of the relevant securities of Highland Gold in which Fortiana or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned. Similar details of any short positions over Highland Gold relevant securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, will also be stated;
  - (iii) details of any relevant securities of Highland Gold in respect of which Fortiana or any person acting in concert with it has an outstanding irrevocable commitment or letter of intent; and
  - (iv) details of any relevant securities of Highland Gold which Fortiana or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,

and will specify the percentage of Highland Gold Shares represented by each of these figures ignoring shares held in treasury (if any). The announcement shall include a prominent statement of the total number of Highland Gold Shares which Fortiana may count towards the satisfaction of the Condition and the percentage of Highland Gold Shares represented by this figure.

- (b) In calculating the number of Highland Gold Shares represented by acceptances and/or purchases for any announcement, an acceptance or purchase will only be counted towards fulfilling the Condition if the requirements of Notes 4, 5 and 6 (as applicable) on Rule 10 of the Code are satisfied. Subject to this, Fortiana may include or exclude for announcement purposes acceptances, purchases and/or agreements to purchase which are not in all respects in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title and/or not accompanied by the relevant TTE Instruction or which are subject to verification.
- (c) Any decision to extend the time and/or date by which the Condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00 a.m. on the relevant day or such later time(s) and/or date(s) as the Panel may agree. The announcement will state the next expiry date, unless the Offer is then unconditional, in which case it may instead state that the Offer will remain open until further notice.
- (d) In this Part B, references to the making of an announcement or the giving of notice by or on behalf of Fortiana include the release of an announcement by public relations consultants or financial advisers of Fortiana, in each case on behalf of Fortiana, to the press and the delivery by hand or telephone, e-mail, facsimile or telex or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously to a Regulatory Information Service (unless the Panel otherwise permits).
- (e) A copy of any announcement made by Fortiana in accordance with this paragraph 2 of Part B will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Highland Gold’s and Fortiana’s websites at <https://www.highlandgold.com/home/offer> and

<https://fortianaholdings.com/>, respectively, by no later than 12.00 noon on the Business Day following such announcement.

- (f) Without limiting the manner in which Fortiana may choose to make any public announcement and subject to Fortiana's obligations under applicable law, Fortiana will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

### **3. Rights of Withdrawal**

- (a) Except as provided by this paragraph 3 and paragraph 4 below or as otherwise permitted by Fortiana, all acceptances by Highland Gold Shareholders under the Offer are irrevocable.
- (b) If Fortiana, having announced the Offer to be unconditional, fails to comply by 3.30 p.m. on the relevant day (or such later time(s) and/or date(s) as the Panel may agree) with any of the requirements specified in paragraph 2(a) of this Part B, an accepting Highland Gold Shareholder may immediately afterwards withdraw their acceptance of the Offer:
  - (i) in the case of Highland Gold Shares held in certificated form, by written notice given by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE or by post to Computershare at The Pavilions, Bridgwater Road, Bristol, BS99 6AH (during normal business hours only); or
  - (ii) in the case of Highland Gold Shares in uncertificated form, in the manner set out in paragraph 3(h) of this Part B.

This right of withdrawal may be terminated not less than eight days after the relevant day by Fortiana confirming, if such is the case, that the Offer is still unconditional and complying with the other requirements specified in paragraph 2(a) of this Part B. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(e) of this Part B will run from the date of that confirmation.

- (c) If by 1.00 p.m. on 10 November 2020 (or such later time(s) and/or date(s) as the Panel may agree) the Offer has not become unconditional, an accepting Highland Gold Shareholder may withdraw their acceptance of the Offer at any time thereafter:
  - (i) by written notice in the manner referred to in paragraph 3(b) of this Part B; or
  - (ii) if the relevant Highland Gold Shares are held in uncertificated form, in the manner set out in paragraph 3(h) of this Part B,  
until the earlier of:
    - (A) the time when the Offer becomes unconditional; and
    - (B) the final time for the lodging of acceptances of the Offer which can be taken into account in accordance with paragraph 1(d) of this Part B.
- (d) If a "no increase" statement and/or a "no extension" statement has been set aside in accordance with paragraph 1(f) above, any Highland Gold Shareholder who accepts the Offer after the date of such statement may withdraw their acceptance in the manner referred to in paragraph 3(c) above (or, in the case of Highland Gold Shares held in uncertificated form, in the manner referred to in paragraph 3(h) below) no later than the eighth day after the date on which Fortiana sends the notice of its setting aside of that statement to Highland Gold Shareholders.
- (e) In this paragraph 3, "written notice" (including any letter of appointment, direction or authority) means notice in writing signed by the relevant accepting Highland Gold Shareholder(s) (or their agent(s) duly appointed in writing and evidence of whose appointment is produced with the notice in a form satisfactory to Fortiana) given to the Receiving Agent by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, United Kingdom or by post to

Computershare at The Pavilions, Bridgwater Road, Bristol, BS99 6AH, United Kingdom. E-mail, facsimile, the internet, telex or other electronic transmission or copies will not be sufficient for this purpose and shall not constitute written notice. A notice which is postmarked in, or otherwise appears to Fortiana or its agents to have been sent from, a Restricted Jurisdiction may be treated as invalid. The notice must include all relevant information to enable the Receiving Agent to identify the Highland Gold Shares to be withdrawn and a contact telephone number (including STD Code) for the Highland Gold Shareholder.

- (f) To be effective, a written notice of withdrawal must be received on a timely basis by the Receiving Agent and must specify the name of the person who has made the relevant acceptance, the number of Highland Gold Shares in respect of which acceptance is withdrawn and (if share certificates have been delivered) the name of the registered holder of the relevant Highland Gold Shares, if different from the name of the person who made the relevant acceptance.
- (g) All questions of validity (including time of receipt) of any notice of withdrawal will be determined by Fortiana whose determination (except as the Panel otherwise decides) will be final and binding. Neither Fortiana nor the Receiving Agent will be under any duty to give notification of any defects in any notice of withdrawal or will incur any liability for failure to do so.
- (h) In the case of Highland Gold Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 3(b), (c) or (d) of this Part B, an accepting Highland Gold Shareholder may withdraw their acceptance through CREST by sending (or, if a CREST sponsored member, procuring that their CREST sponsor sends) an ESA Instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA Instruction must, in order for it to be valid and settle, include the following details:
- the number of Highland Gold Shares to be withdrawn, together with their ISIN number;
  - the member account ID of the accepting shareholder, together with their participant ID;
  - the member account ID of the Escrow Agent included in the relevant Electronic Acceptance, together with the Escrow Agent's participant ID;
  - the transaction reference number of the Electronic Acceptance to be withdrawn;
  - the intended settlement date for withdrawal;
  - the corporate action number for the Offer; and
  - input with a standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will on behalf of Fortiana, either reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message, as appropriate.

- (i) If an accepting Highland Gold Shareholder withdraws their acceptance, all documents of title and other documents lodged with the Form of Acceptance will be returned promptly following the receipt of the withdrawal and the Receiving Agent will immediately give TTE Instructions for the release of securities held in escrow to the original balance(s) of the Highland Gold Shareholder concerned.
- (j) Highland Gold Shares in respect of which acceptances have been validly withdrawn in accordance with this paragraph 3 of this Part B may subsequently be re-assented to the Offer by following one of the procedures set out in paragraph 16 of Part II (*Letter from Fortiana Holdings Limited*) of this document at any time while the Offer remains open for acceptance.
- (k) Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by Fortiana whose determination (save as the Panel otherwise determines) will be final and binding. None of Fortiana, VTB Capital, the Receiving Agent or any other person will be under any duty to give notification of any defect or irregularities in any notice of withdrawal or incur any

liability for failure to give such notification or for any determination under this paragraph 3 of this Part B.

#### 4. Revisions of the Offer

- (a) If the Offer (in its original or any previously revised form(s)) is revised either in its terms or conditions or in the value or form of the consideration offered or otherwise (which Fortiana reserves the right to do), and any such revision represents, on the date on which such revision is announced (on such basis as Fortiana may consider appropriate), an improvement (or no diminution) in the value of the consideration previously offered or in the overall value received and/or retained by a Highland Gold Shareholder (under the Offer or otherwise), the benefit of the revised Offer will (subject to the provisions of this paragraph 4 and paragraph 6 below) be made available to Highland Gold Shareholders who have accepted the Offer in its original or any previously revised form(s) and not validly withdrawn such acceptances (“**previous acceptors**”). The acceptance by or on behalf of a previous acceptor of the Offer in its original or any previously revised form(s) shall (subject to the provisions of this paragraph 4 and paragraph 6 below) be treated as an acceptance of the Offer as so revised and shall also constitute the separate appointment of each of Fortiana, or any director of Fortiana and their respective agents as their attorney and/or agent (the “**Attorney**”) with authority to accept any such revised Offer on behalf of such previous acceptor and, if such revised Offer includes alternative forms of consideration, to make an election for and/or accept such alternative forms of consideration on their behalf or any combination of them as the Attorney in their absolute discretion thinks fit and to execute on behalf of and in the name of such previous acceptor all such further documents (if any) and do such further things (if any) as may be required to give effect to such acceptance and/or election(s). In making any such acceptance and/or election(s), the Attorney shall take into account the nature of any previous acceptance and/or election made by the previous acceptor and such other fact or matters as they may reasonably consider relevant.
- (b) For the avoidance of doubt, for the purposes of paragraph 4(a) above, “revision” includes, without limitation, any revision of the Offer: (i) in its original or revised form; (ii) in relation to its terms and conditions; and (iii) in relation to the value or nature of the consideration offered.
- (c) Subject to paragraphs 4(d) and (e) below, the authorities and powers of attorney conferred in this paragraph 4 and any acceptance of a revised Offer and/or any alternative forms of consideration and/or any related elections shall be irrevocable until the previous acceptor becomes entitled to withdraw their acceptance under paragraph 3 above and duly and validly does so.
- (d) The deemed acceptances and elections referred to in paragraph 4(a) above shall not apply and the power of attorney and authorities conferred by that paragraph shall not be exercised if as a result the previous acceptor would (on such basis as Fortiana may consider appropriate) receive less in aggregate in consideration than they would have received in aggregate in consideration as a result of their acceptance of the Offer in the form in which it was originally accepted and/or elected by them or on their behalf having regard to any election or previous acceptance(s) originally made by them. The authorities conferred by paragraph 4(a) above shall not be exercised in respect of any election available under the revised Offer save in accordance with this paragraph 4.
- (e) The deemed acceptances and elections referred to in paragraph 4(a) above shall not apply and the exercise of the powers of attorney and authorities so conferred by such paragraph shall be ineffective to the extent that any previous acceptor:
- (i) in respect of Highland Gold Shares held in certificated form shall lodge with the Receiving Agent within 14 days of the date of the document containing the revised Offer, a Form of Acceptance validly accepting the Offer in which they validly elect to receive the consideration receivable by them in some other manner; or
  - (ii) in respect of Highland Gold Shares in uncertificated form, shall send (or, if a CREST sponsored member, procures that their CREST sponsor sends) an ESA Instruction to settle in CREST in

relation to each Electronic Acceptance in respect of which an election is to be varied. Each ESA Instruction must, in order for it to be valid and settle, include the following details:

- the number of Highland Gold Shares in respect of which the changed election is made, together with their ISIN number;
- the member account ID of the previous acceptor, together with their participant ID;
- the member account ID of the Escrow Agent included in the relevant Electronic Acceptance, together with the Escrow Agent's participant ID;
- the transaction reference number of the Electronic Acceptance in respect of which the election is to be changed;
- the intended settlement date for the changed election;
- the corporate action number for the Offer;

and, in order that the desired change of election can be effected, must include:

- the member account ID of the Escrow Agent relevant to the new election; and
- input with a standard delivery instruction priority of 80.

Any such change of election will be conditional upon the Receiving Agent verifying that the request is validly made. Accordingly, the Receiving Agent will, on behalf of Fortiana, reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or a receiving agent accept (AEAN) message, as appropriate.

- (f) Fortiana reserves the right, subject to paragraphs 4(d) and (e) above, to treat an executed Form of Acceptance or TTE Instruction (in respect of the Offer) (in its original or any previously revised form(s)) which is received or dated after the announcement or issue of the Offer in any revised form as a valid acceptance of the revised Offer and/or an election in respect of any alternative forms of consideration then included in the revised Offer, as the case may be, and such acceptance and/or election shall constitute an authority in the terms of paragraph 4(a) above, with due alteration of details, on behalf of the relevant Highland Gold Shareholder.
- (g) If the Offer is revised, a revised offer document will be published (save where the Panel otherwise consents). On the day of publication, Fortiana will publish the revised offer document on its website and will announce that the revised offer document has been so published. If the revised offer document is published, Fortiana will make the revised offer document readily available to the representatives of the employees of Fortiana (if any) or, where there are no such representatives, to the employees themselves.
- (h) In the event of any material change to the terms of the Offer, Fortiana will make such change in accordance with all applicable laws.

## **5. Dividends**

- (a) The Highland Gold Shares will be acquired by Fortiana under the Offer fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after the date of the 2.7 Announcement, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after Completion.
- (b) If any dividend, other distribution or other return of capital is announced, declared, paid or becomes payable in respect of the Highland Gold Shares on or after the date of the 2.7 Announcement, and prior to the condition to the Offer having been fulfilled and so long as the Offer remains open for



acceptance, Fortiana reserves the right to reduce the consideration payable in respect of each Highland Gold Share by some or all of the amount of any such dividend and/or other distribution or return of capital. If Fortiana exercises this right to make such a reduction in respect of a dividend or other distribution or return of capital, Highland Gold Shareholders will be entitled to receive and retain such dividend and/or other distribution and/or other return of capital, and references in this document to the Offer consideration will be deemed to be references to the Offer consideration as so reduced. To the extent that such a dividend, other distribution or other return of capital is announced, declared, paid or becomes payable and is or shall be: (i) transferred pursuant to the Offer on a basis which entitles Fortiana to receive the dividend or distribution or return of capital in respect of all Highland Gold Shares and to retain it; or (ii) cancelled, the consideration payable by Fortiana pursuant to the Offer shall not be subject to change in accordance with this paragraph. Any exercise by Fortiana of its rights referred to in this paragraph shall not be regarded as constituting any revision or variation of the Offer.

## **6. Acceptances and purchases**

- (a) Subject to the Code, and notwithstanding any other provision of this Part B, Fortiana reserves the right to treat as valid in whole or in part any acceptance of the Offer if received by the Receiving Agent or otherwise on behalf of Fortiana which is not entirely in order or in the correct form or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other relevant document(s) of title or not accompanied by the relevant TTE Instruction or is received by it at any place or places or in any form or manner determined by either the Receiving Agent or Fortiana otherwise than as set out in this document or (in respect of Highland Gold Shares held in certificated form) in the Form of Acceptance. In that event, no settlement of consideration under the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Fortiana have been received by the Receiving Agent.
- (b) Except as otherwise agreed by the Panel:
- (i) an acceptance of the Offer will only be counted towards fulfilling the Condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied with respect to it;
  - (ii) a purchase of Highland Gold Shares by Fortiana or a person acting in concert with Fortiana or its nominee(s) will only be counted towards fulfilling the Condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied with respect to it;
  - (iii) Highland Gold Shares which have been borrowed by Fortiana may not be counted towards fulfilling the Condition; and
  - (iv) before the Offer may become or be declared unconditional, the Receiving Agent shall issue a certificate to Fortiana, VTB Capital or their respective agents which states the number of Highland Gold Shares in respect of which acceptances have been received and not validly withdrawn, and the number of Highland Gold Shares held or otherwise acquired, whether before or during the Offer Period, which comply with the provisions of this paragraph 6(b) of this Part B. A copy of the certificate will be sent to the Panel and Highland Gold's financial adviser(s) as soon as possible after it is issued.
- (c) For the purpose of determining at any particular time whether the Condition is satisfied, Fortiana is not bound (unless otherwise required by the Panel) to take into account any Highland Shares which have been unconditionally allotted or issued or which arise as the result of the exercise of subscription or conversion rights before the determination takes place unless written notice containing relevant details of the allotment, issue, subscription or conversion has been received from Highland Gold or its agent before that time by the Receiving Agent on behalf of Fortiana at the address specified in paragraph (3)(b) of this Part B. E-mail, facsimile, the internet or other electronic transmission, or copies, will not constitute written notice for this purpose.

## 7. General

- (a) Except with the consent of the Panel, settlement of the consideration to which any Highland Gold Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Fortiana may otherwise be, or claim to be, entitled as against them and will (subject to paragraph 8 below) be effected in the manner described in paragraph 17 of Part II (*Letter from Fortiana Holdings Limited*) of this document promptly, and in any case within 14 days, following the later of (i) the First Closing Date; or (ii) receipt of a valid and complete acceptance, whichever is the later.
- (b) The Offer is made on 21 September 2020 to all Highland Gold Shareholders and is capable of acceptance from and after that time. Copies of this document and the Form of Acceptance are available from the Receiving Agent at the addresses referred to in paragraph 3(b) above.
- (c) The first closing date of the Offer for the purposes of the Code is 1.00 p.m. on 20 October 2020. Fortiana may close the Offer without further notice at 1.00 p.m. on the First Closing Date or any subsequent closing date.
- (d) The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Form of Acceptance (in respect of certificated Highland Gold Shares) form part of the terms of the Offer. Words and expressions defined in this document will, unless the context otherwise requires, have the same meanings when used in the Form of Acceptance. The terms and conditions to the Offer in this document will be deemed to be incorporated in, and form part of, the Form of Acceptance.
- (e) If the expiry date of the Offer is extended, all references in this document and in the Form of Acceptance to 20 October 2020 shall be deemed to refer to the expiry date of the Offer as so extended.
- (f) Any omission or failure to (or decision not to) despatch this document or the Form of Acceptance or any document required to be given under the terms of the Offer and/or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to paragraph 8 below, the Offer will extend to any persons to whom this document, the Form of Acceptance or any related documents may not be despatched, and such persons may collect copies of those documents from the Receiving Agent at the addresses and in the manner referred to in paragraph 3(b) above.
- (g) If the Offer lapses:
  - (i) it will cease to be capable of further acceptance;
  - (ii) Fortiana and accepting Highland Gold Shareholders will cease to be bound by: (A) in the case of Highland Gold Shares held in certificated form, Forms of Acceptance submitted; and (B) in the case of Highland Gold Shares held in uncertificated form, Electronic Acceptances inputted and settled, in each case before the time the Offer lapses;
  - (iii) in respect of Highland Gold Shares held in certificated form, Forms of Acceptance, share certificates and other documents of title will be returned by post (or by such other method as may be approved by the Panel) promptly, and in any case within 14 days, following the Offer lapsing, at the risk of the Highland Gold Shareholder in question, to the person or agent whose name and address is set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at their registered address; and
  - (iv) in respect of Highland Gold Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days from the lapsing of the Offer), give TTE Instructions to Euroclear to transfer all Highland Gold Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original balances of Highland Gold Shareholders concerned.

- (h) All powers of attorney, appointments as agents and authorities on the terms conferred by or referred to in this Part B or in the Form(s) of Acceptance are given by way of security for the performance of the obligations of the Highland Gold Shareholders concerned and are irrevocable (in respect of powers of attorney, in accordance with section 4 of the Powers of Attorney Act 1971) except in the circumstances where the acceptance is withdrawn in accordance with paragraph 3 above.
- (i) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or other document(s) of title, transfer(s) by means of CREST, communication or notice will be given by the Receiving Agent or otherwise by or on behalf of Fortiana.
- (j) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any Highland Gold Shareholder (or their designated agents) will be delivered by or sent to or from them (or their designated agent(s)) at their risk.
- (k) Fortiana reserves the right to notify any matter, including the making of the Offer, to all or any Highland Gold Shareholder(s) with (a) registered address(es) outside the United Kingdom or whom Fortiana reasonably believes to be a nominee, trustee or custodian holding Highland Gold Shares for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom, by announcement in the United Kingdom or by paid advertisement in a newspaper published and circulated in the United Kingdom, in which event such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Highland Gold Shareholder to receive or see such notice. All references in this document to notice or the provision of information in writing by or on behalf of Fortiana shall be construed accordingly. No such document will be sent to an address in a Restricted Jurisdiction.
- (l) If sufficient acceptances are received and/or purchases made, Fortiana will have the right to apply the provisions of Part 18 of the Jersey Companies Law to acquire compulsorily any outstanding Highland Gold Shares to which the Offer relates.
- (m) In relation to any Highland Gold Shares which are held in uncertificated form, Fortiana reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided that such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Panel.
- (n) The Offer, all acceptances of it and elections under it, this document and the Form of Acceptance (in respect of certificated Highland Gold Shares) and any action taken or made or deemed to be taken or made under any of the foregoing, shall be governed by and construed in accordance with the laws of England.
- (o) Execution by or on behalf of a Highland Gold Shareholder of a Form of Acceptance, or the making by or on behalf of Highland Gold Shareholders of the Electronic Acceptance constitutes, subject to paragraph 7(p) below, their irrevocable submission, in relation to all matters arising out of the Offer and the Form of Acceptance or an Electronic Acceptance, to the exclusive jurisdiction of the courts of England.
- (p) Execution by or on behalf of a Highland Gold Shareholder of a Form of Acceptance, or the making by or on behalf of Highland Gold Shareholders of an Electronic Acceptance constitutes their agreement that the provisions of paragraph 7(o) above are included for the benefit of Fortiana and their agreement that nothing shall limit the right of Fortiana to bring any action, suit or proceeding arising out of or in connection with the Offer in any other manner permitted by law or in any court of competent jurisdiction and that they irrevocably submit to the jurisdiction of any such court.
- (q) For the purpose of this document, the time of receipt of a TTE Instruction, an ESA Instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- (r) The Offer is subject to the applicable requirements of the FCA, AIM, the London Stock Exchange and the Code.

- (s) All questions as to the validity of any acceptance of the Offer and all questions as to, or the acceptance of, any words or markings on a Form of Acceptance will be determined by Fortiana whose determination (except as required by the Panel) will be final and binding. None of Fortiana, VTB Capital, the Receiving Agent, or any other person will be under any duty to give notification of any defects or irregularities in any purported acceptance of the Offer or will incur any liability for failure to give such notification or for any determination under this paragraph 7(s).

## **8. Overseas Shareholders**

- (a) The making of the Offer in, into or from jurisdictions outside the United Kingdom or to persons who are citizens, nationals or residents of or otherwise subject to jurisdictions outside the United Kingdom or their nominees, custodians or trustees (“**Overseas Shareholders**”) may be prohibited or affected by the laws of the relevant jurisdiction, including individual states in the United States. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Overseas Shareholders wishing to accept the Offer to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or duties or payments due in such jurisdiction.
- (b) Any Overseas Shareholder will be responsible for any issue, transfer or other taxes or duties or payments, by whomever payable, and Fortiana and any person acting on its behalf shall be fully indemnified and held harmless by any such Overseas Shareholder for such taxes, duties or payments as Fortiana may be required to pay in respect of the Offer insofar as it relates to such Overseas Shareholder.
- (c) The Offer is not being and will not be made, directly or indirectly, in, into, from or by use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or of any facilities of a national securities exchange of, a Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or otherwise from or within a Restricted Jurisdiction.
- (d) Copies of this document, the Form of Acceptance and any related offering documents are not being, and must not be, mailed, transmitted, or otherwise distributed or sent, in whole or in part, in, into or from a Restricted Jurisdiction including to Highland Gold Shareholders with registered addresses in a Restricted Jurisdiction or to persons whom Fortiana reasonably believes to be custodians, trustees or nominees holding Highland Gold Shares for such persons. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from a Restricted Jurisdiction or use the mails of a Restricted Jurisdiction or any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction for any purpose, directly or indirectly, in connection with the Offer, and so doing may invalidate any related purported acceptance of the Offer. Persons wishing to accept the Offer must not use the mails of a Restricted Jurisdiction or any such means, instrumentality or facilities for any purpose, directly or indirectly, relating to acceptance of the Offer. Envelopes containing Forms of Acceptance, evidence of title or other related documents must not be postmarked in a Restricted Jurisdiction or otherwise despatched from a Restricted Jurisdiction, and all acceptors must provide addresses outside a Restricted Jurisdiction for return of Forms of Acceptance, Highland Gold share certificate(s) and/or other documents of title.
- (e) Save as provided in the remainder of this paragraph 8, a Highland Gold Shareholder may be deemed not to have validly accepted the Offer if:
- (i) (in respect of certificated Highland Gold Shares) they do not make the relevant representations and warranties set out in paragraph (c) of Part C below; or

- (ii) (in respect of certificated Highland Gold Shares) they complete Box 5 of the Form of Acceptance with an address in a Restricted Jurisdiction or have a registered address in a Restricted Jurisdiction and in either case they do not insert in Box 5 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom they wish the consideration to which they are entitled under the Offer to be sent, subject to the provisions of this paragraph 8(e) and applicable laws; or
- (iii) (in respect of certificated Highland Gold Shares) they insert in Box 5 of the Form of Acceptance the name and address and/or telephone number of a person or agent in a Restricted Jurisdiction to whom they wish the consideration to which they are entitled under the Offer to be sent; or
- (iv) (in respect of certificated Highland Gold Shares) the Form of Acceptance received from them is in an envelope postmarked in, or otherwise appears to Fortiana or its agents to have been sent from, a Restricted Jurisdiction; or
- (v) (in respect of uncertificated Highland Gold Shares) they do not make the representations and warranties set out in paragraph (b) of Part D below.

Fortiana reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the relevant representations and warranties set out in paragraph (c) of Part C (in respect of certificated Highland Gold Shares) or (as the case may be) paragraph (b) of Part D (in respect of uncertificated Highland Gold Shares) below could have been truthfully given by the relevant Highland Gold Shareholder and, if such investigation is made and as a result Fortiana determines that such representation and warranty could not have been so given or is not correct, such acceptance shall not, save as provided in the remainder of this paragraph 8, be valid.

- (f) If a Highland Gold Shareholder holding Highland Gold Shares in uncertificated form is unable to give the warranties set out in paragraph (b) of Part D below, but nevertheless can provide satisfactory evidence to Fortiana that they are able to accept the Offer in compliance with all relevant legal and regulatory requirements, they may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that their CREST sponsor sends) a TTE Instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”). Such purported acceptance will not be treated as a valid acceptance unless the Restricted Escrow Transfer instruction settles in CREST and Fortiana decides, in its absolute discretion, to exercise its right described in paragraph 8(h) below to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1 above. If Fortiana accordingly decides to permit such acceptance to be made, the Receiving Agent will on behalf of Fortiana accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will on behalf of Fortiana reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message.

Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- the ISIN number for the Highland Gold Shares. This is GB0032360173;
- the number of Highland Gold Shares in respect of which the Offer is to be accepted;
- the member account ID and participant ID of the Highland Gold Shareholder;
- the participant ID of the Escrow Agent. This is 8RA07;
- the member account ID of the Escrow Agent specific to a Restricted Escrow Transfer. This is HIGFOR01;
- the intended settlement date;

- the corporate action number for the Offer allocated by Euroclear; and
  - input with a standard delivery instruction priority of 80.
- (g) If, in connection with the making of the Offer, notwithstanding the restrictions described above, any person (including without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any related document in, into or from a Restricted Jurisdiction or uses the mails of or any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should:
- (i) inform the recipient of such fact;
  - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
  - (iii) draw the attention of the recipient to this paragraph 8.
- (h) The provisions of this paragraph 8 and/or any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Overseas Shareholders or on a general basis by Fortiana in its sole and absolute discretion. Subject to such discretion, the provisions of this paragraph 8 supersede any terms of the Offer inconsistent with them.
- (i) If any written notice purporting to withdraw an acceptance in accordance with paragraph 3 above is received in an envelope postmarked in, or which otherwise appears to Fortiana or its agents to have been sent from, a Restricted Jurisdiction, Fortiana reserves the right, in its absolute discretion, to treat that notice as being valid.
- (j) Neither Fortiana nor its advisers nor any person acting on behalf of any of them shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer on any of the bases set out above or otherwise in connection therewith.
- (k) References in this paragraph 8 to a Highland Gold Shareholder shall include references to the person or persons executing a Form of Acceptance (or making an Electronic Acceptance) and, in the event of one or more persons executing a Form of Acceptance (or making an Electronic Acceptance), the provisions of this paragraph 8 shall apply to them jointly and to each of them.
- (l) Overseas Highland Gold Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction.

## **9. Notices for Highland Gold Shareholders in the United States**

Highland Gold Shareholders in the United States should be aware that the Offer is being made for securities of a public limited company incorporated in Jersey, which is a foreign private issuer within the meaning of the US Exchange Act, and such securities have not been registered under Section 12 of the US Exchange Act.

The Offer is being made to Highland Gold Shareholders in the United States in reliance on, and in compliance with Regulation 14E and the related rules promulgated under the US Exchange Act, and otherwise in accordance with the requirements of Jersey law, the Code, the Panel, the London Stock Exchange and the FCA.

Accordingly, the Offer is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable and settlement procedures that are different from those applicable under US domestic tender offer procedures and law. Highland Gold Shareholders in the United States should also be aware that this document and any other documents relating to the Offer have been or will be prepared in accordance with the Code and in UK format and style, which differs from offer documents used in

connection with tender offers for securities of US domestic issuers that have been registered under Section 12 of the US Exchange Act.

The following describes certain ways in which the Offer will differ from the rules and procedures typically applicable in US domestic tender offers:

- (a) the Offer will be open until 1.00 p.m. on the First Closing Date and, subject to Rule 14e-1 under the US Exchange Act, can be extended for such additional period or periods as determined by Fortiana, though not beyond Day 60 (unless the Panel agrees otherwise) in the event the Offer has not become or been declared unconditional. If the Offer has not become or been declared unconditional by 1.00 p.m. on the date that is 21 days after the First Closing Date, Highland Gold Shareholders who have accepted the Offer will, until the Offer becomes or is declared unconditional, be entitled to withdraw their acceptance. Otherwise, except in the other limited circumstances described in paragraph 3 of Part B of Part III (*Condition to and further terms of the Offer*) of this document, Highland Gold Shareholders will not be entitled to withdraw their acceptance; and
- (b) if the Offer is revised, the Offer will remain open for acceptance for a period of at least 14 days or such other period as may be permitted by the Panel after the date on which Fortiana publishes the revised offer documentation. Except with the Panel's consent, Fortiana may not revise the Offer or publish any revised offer document after Day 46 (as defined in Part B of Part III (*Condition to and further terms of the Offer*) of this document), or, if later, the date which is 14 days before the last date on which the Offer can become or be declared unconditional (also as so defined).

The summary contained in this paragraph 9 is not comprehensive and is subject in its entirety to the disclosures contained in the remainder of this document. Highland Gold Shareholders in the United States should also closely read "*Notice to US holders of Highland Gold Shares*" on page 3 of this document for further details.

**Part C: Form of Acceptance (for Highland Gold Shares held in certificated form)**

**This Part C applies only to Highland Gold Shares held in certificated form. If you hold all your Highland Gold Shares in uncertificated form, you should ignore this Part C and instead read Part D below.**

For the purposes of this Part C and the Form of Acceptance, the phrase “**Highland Gold Shares in certificated form comprised in the acceptance**” shall mean the number of Highland Gold Shares inserted in Box 2 of the Form of Acceptance or, if no number is inserted, or a number greater than the relevant Highland Gold Shareholder’s holding of Highland Gold Shares is inserted, or Box 2 contains the word “ALL” or any other word or marking, the greater of:

- the relevant Highland Gold Shareholder’s entire holding of Highland Gold Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the time the relevant Form of Acceptance is processed by it;
- the relevant Highland Gold Shareholder’s entire holding of Highland Gold Shares in certificated form, as disclosed by details of the register of members made available to the Receiving Agent prior to the latest time for receipt of Form(s) of Acceptance; and
- the number of Highland Gold Shares in certificated form in respect of which certificates or an indemnity in lieu thereof is received.

Without prejudice to the terms of the Form of Acceptance and the provisions of Part B and Part C of this Part III, each Highland Gold Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and lodged with the Receiving Agent, irrevocably undertakes, represents, warrants and agrees to and with Fortiana, VTB Capital and the Receiving Agent (so as to bind them, their personal or legal representatives, heirs, successors and assigns) that:

- (a) the execution of the Form of Acceptances, whether or not any Boxes are completed, and whether or not the Form of Acceptance is validly executed as a deed, constitutes:
  - (i) an acceptance of the Offer in respect of the number of Highland Gold Shares in certificated form inserted or deemed to be inserted in Box 2 of the Form of Acceptance; and
  - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable Fortiana to obtain the full benefit of this Part C and/or to perfect any of the authorities expressed to be given in this Part C and otherwise in connection with their acceptance of the Offer,

in each case on and subject to the terms and conditions set out or referred to in this document and the Form of Acceptance, and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Part B of this Part III, each such acceptance and undertaking shall be irrevocable, provided that if:

- (A) no Boxes are completed; or
- (B) the total number of Highland Gold Shares inserted in Box 2 is greater than the relevant Highland Gold Shareholder’s holding of Highland Gold Shares, or Box 2 contains the word “ALL” or any other word or marking; or
- (C) the acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed,

it shall be deemed to be an acceptance of the Offer in respect of all Highland Gold Shares in certificated form comprised in the acceptance;

- (b) it has good title to, and are irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Highland Gold Shares in certificated form comprised or deemed to be comprised in such acceptance and that such Highland Gold Shares are sold fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and



interests of any nature whatsoever and together with all rights attaching to them on or after the date of the 2.7 Announcement, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made, on or after Completion;

- (c) unless “NO” is inserted in Box 4 of the Form of Acceptance, such Highland Gold Shareholder:
  - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from any Restricted Jurisdiction;
  - (ii) has not in connection with the Offer or the execution or delivery of the Form of Acceptance, utilised, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a national, state or other securities exchange of, any Restricted Jurisdiction;
  - (iii) is not accepting the Offer from inside a Restricted Jurisdiction and was outside such jurisdictions when the Form of Acceptance was delivered;
  - (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has not given any instructions with respect to the Offer from inside a Restricted Jurisdiction; and
  - (v) if such Highland Gold Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom or Jersey, they have observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and they have not taken or omitted to take any action that will or may result in Fortiana, VTB Capital or any other person acting on behalf of any of them being in breach of the legal or regulatory requirements of, or be liable for any issue, transfer or other taxes or duties or other payments in, any such jurisdiction in connection with the Offer or acceptance of the Offer;
- (d) in relation to Highland Gold Shares in certificated form, the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes the irrevocable and separate appointment of each of Fortiana and any director of, or any person authorised by Fortiana as its attorney and/or agent (the “**attorney**”), and an irrevocable instruction and authorisation to such attorney to:
  - (i) complete and execute all or any form(s) of transfer, renunciation and/or other documents at the discretion of such attorney in relation to Highland Gold Shares in certificated form comprised in the acceptance in favour of Fortiana or such other persons as Fortiana or its agents may direct;
  - (ii) deliver any form(s) of transfer, renunciation and/or other document(s) at the discretion of such attorney together with any share certificate or other document(s) of title relating to such Highland Gold Shares for registration; and
  - (iii) execute all such other documents and take any other action as may in the opinion of such attorney be necessary or expedient for the purposes of, or in connection with, the acceptance of the Offer and to vest in Fortiana (or its nominees) the full legal and beneficial ownership of Highland Gold Shares in certificated form comprised in the acceptance;

- (e) in relation to Highland Gold Shares in certificated form, the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes a separate and irrevocable instruction and authorisation:
  - (i) to Highland Gold or its agents to procure the registration of the transfer of the Highland Gold Shares in certificated form comprised in the acceptance and the delivery of the share certificate(s) and other document(s) of title in respect of the Highland Gold Shares to Fortiana or as it may direct;
  - (ii) subject to the provisions of paragraph 6 of Part B of this Part III, to Fortiana to procure the issue and dispatch by post (or such other method as may be approved by the Panel) of a cheque in respect of any cash consideration to which such Highland Gold Shareholder is entitled under the Offer at such Highland Gold Shareholder's risk, to the person or agent whose name and address (outside the Restricted Jurisdictions unless otherwise permitted by Fortiana) is set out in Box 1 of the Form of Acceptance or such changed address entered in Box 6 of the Form of Acceptance or, if none is set out, to the first-named holder at their registered address (outside the Restricted Jurisdictions unless otherwise permitted by Fortiana); and
  - (iii) to Fortiana, VTB Capital, Highland Gold or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of Highland Gold in respect of their holding of Highland Gold Shares (until such are revoked or varied);
- (f) the execution of the Form of Acceptance constitutes the giving of separate authority to each of Fortiana, VTB Capital, the Receiving Agent and their respective directors and agents within the terms of Part B and this Part C of this Part III in respect of the Highland Gold Shares in certificated form comprised in the acceptance;
- (g) for Highland Gold Shares in certificated form comprised in the acceptance and in respect of which the Offer has been accepted or deemed to be accepted, which acceptance has not been validly withdrawn and pending registration of any transfer in the name of Fortiana (or as it may direct), pursuant to the Offer:
  - (i) Fortiana or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Highland Gold or of any class of its shareholders) attaching to the Highland Gold Shares in certificated form comprised in the acceptance; and
  - (ii) the execution of a Form of Acceptance by a Highland Gold Shareholder constitutes with regard to such Highland Gold Shares in certificated form comprised in the acceptance:
    - (A) an irrevocable authority to Highland Gold and/or its agents from such Highland Gold Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to them as a member of Highland Gold (including any share certificate(s) and/or other document(s) of title) to Fortiana at its registered office;
    - (B) an irrevocable authority to Fortiana and any director of, or any person authorised by, Fortiana to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Highland Gold Shares held by them in certificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as their attorney and/or agent and on their behalf, and/or to attend (and/or to execute a form of proxy in respect of such Highland Gold Shares appointing any person nominated by Fortiana to attend) general and separate class meetings of Highland Gold (and any adjournments thereof)); and

- (C) the agreement of the Highland Gold Shareholder not to exercise any of such rights without the consent of Fortiana, and the irrevocable undertaking of such Highland Gold Shareholder not to appoint a proxy for or to attend any such general meeting or separate class meeting of Highland Gold;
- (h) it shall deliver or procure the delivery to the Receiving Agent at the address referred to in paragraph 3(b) of Part B of this Part III their share certificate(s) and/or other document(s) of title in respect of those Highland Gold Shares in certificated form comprised in the acceptance (which has not been not validly withdrawn), or an indemnity acceptable to Fortiana in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
  - (i) it shall do all such acts and things as shall, in the opinion of Fortiana, be necessary or expedient to vest in Fortiana or its nominee(s) (or such other person as Fortiana may decide) the Highland Gold Shares in certificated form comprised in the acceptance;
  - (j) it shall ratify each and every act or thing which may be done or effected by Fortiana, VTB Capital or the Receiving Agent or any directors or agents of, or any person authorised by, any of them, or by Highland Gold or its agents, as the case may be, in the exercise of any of the powers and/or authorities under this Part C;
  - (k) the execution of the Form of Acceptance constitutes such Highland Gold Shareholder's agreement to the terms of paragraphs 7(n) and (o) of Part B of this Part III;
  - (l) if any provision of Part B or Part C of this Part III shall be unenforceable or invalid or shall not operate so as to afford Fortiana, VTB Capital, the Receiving Agent or any of their respective directors, agents or persons authorised by any of them the benefit of the authorities and powers of attorney expressed to be given therein, they shall with all practicable speed do all such acts and things and execute all such documents as may be required or desirable to enable those persons to secure the full benefits of Part B or Part C of this Part III; and
  - (m) the Highland Gold Shareholder is not a client (as defined in the FCA Handbook) of VTB Capital in connection with the Offer.

References in this Part C to a Highland Gold Shareholder include references to the person or persons executing a Form of Acceptance and, if more than one person executes a Form of Acceptance, the provisions of this Part C shall apply to them jointly and to each of them.

The terms and conditions of the Offer are deemed to be incorporated in, and form part of, the Form of Acceptance, which shall be read and construed accordingly.

The Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a deed on such date.

The *ejusdem generis* principle of construction shall not apply to the terms and conditions of the Offer and/or the Form of Acceptance. Accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words.

#### **Part D: Electronic Acceptances**

**This Part D applies only to Highland Gold Shares held in uncertificated form. If you hold all your Highland Gold Shares in certificated form, you should ignore this Part D and instead read Part C above.**

For the purposes of this Part D, the phrase “**Highland Gold Shares in uncertificated form comprised in the acceptance**” shall mean the number of Highland Gold Shares which are transferred by the relevant Highland Gold Shareholder by Electronic Acceptance to an escrow account by means of a TTE Instruction.

Without prejudice to the provisions of Part B and Part C of this Part III, each Highland Gold Shareholder by whom, or on whose behalf, an Electronic Acceptance is made, irrevocably undertakes, represents, warrants and agrees to and with Fortiana, VTB Capital and the Receiving Agent (so as to bind them, their personal or legal representatives, heirs, successors and assigns) that:

- (a) the Electronic Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of Highland Gold Shares held in uncertificated form to which a TTE Instruction relates; and
  - (ii) an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable Fortiana to obtain the full benefit of this Part D and/or to perfect any of the authorities expressed to be given in this Part D and otherwise in connection with their acceptance of the Offer,

in each case on and subject to the terms and conditions set out or referred to in this document, and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Part B of this Part III, such acceptance and undertaking shall be irrevocable;

- (b) such Highland Gold Shareholder:
  - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents, in, into or from any Restricted Jurisdiction;
  - (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a national, state or other securities exchange of, any Restricted Jurisdiction;
  - (iii) is not accepting the Offer from inside a Restricted Jurisdiction and was outside those jurisdictions at the time of the input and settlement of the relevant TTE Instruction(s);
  - (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has not given any instructions with respect to the Offer from inside a Restricted Jurisdiction; and
  - (v) if such Highland Gold Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom or Jersey, has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and they have not taken or omitted to take any action that will or may result in Fortiana, VTB Capital or any other person acting on behalf of them being in breach of the legal or regulatory requirements of, or be liable for any issue, transfer or other taxes or duties or other payment in, any such jurisdiction in connection with the Offer or their acceptance of the Offer;
- (c) the Electronic Acceptance constitutes the irrevocable and separate appointment of each of Fortiana and any director of, or any person authorised by Fortiana, as its attorney and/or agent (the

- “attorney”), and an irrevocable instruction and authorisation to such attorney to execute all such documents and do all such acts and things as may in the attorney’s opinion be necessary or expedient for the purpose of, or in connection with, acceptance of the Offer and to vest in Fortiana (or its nominees) the full legal and beneficial ownership of Highland Gold Shares in uncertificated form comprised in the acceptance;
- (d) the Electronic Acceptance constitutes the irrevocable appointment of the Receiving Agent as such Highland Gold Shareholder’s attorney and/or agent with an irrevocable instruction and authorisation to transfer to Fortiana (or to such other person or persons as Fortiana or its agents may direct) by means of CREST all or any of the Highland Gold Shares in uncertificated form which are the subject of a TTE Instruction in respect of that Electronic Acceptance;
  - (e) the Electronic Acceptance constitutes a separate and irrevocable instruction and authorisation:
    - (i) to Fortiana, VTB Capital or their respective agents (subject to the provisions of paragraph 6 of Part B of this Part III) to procure the making of a CREST payment obligation in favour of the Highland Gold Shareholder’s payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which the Highland Gold Shareholder is entitled under the Offer, provided that Fortiana may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque dispatched by post (or such other method as may be approved by the Panel) at the risk of the Highland Gold Shareholder, to the first-named or sole holder at their registered address or, to such other address which is acceptable to Fortiana at the risk of the Highland Gold Shareholder, provided that if the Highland Gold Shareholder concerned is a CREST member whose registered address is in a Restricted Jurisdiction, any cash consideration to which such shareholder is entitled shall be paid by cheque dispatched by post, at the risk of the Highland Gold Shareholder, to the first-named or sole holder at an address outside a Restricted Jurisdiction stipulated by such holder or as otherwise determined by Fortiana; and
    - (ii) to Fortiana, VTB Capital, Highland Gold or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of Highland Gold in respect of their holding of Highland Gold Shares (until such are revoked or varied);
  - (f) the Electronic Acceptance constitutes the giving of separate authority to each of Fortiana, VTB Capital, the Receiving Agent, and their respective directors and agents within the terms of Part B and Part D of this Part III in respect of Highland Gold Shares in uncertificated form comprised in the acceptance;
  - (g) for Highland Gold Shares in uncertificated form comprised in the acceptance and in respect of which the Offer has been accepted or deemed to be accepted, which acceptance has not been validly withdrawn and pending registration of any transfer in the name of Fortiana (or as it may direct) pursuant to the Offer:
    - (i) Fortiana or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Highland Gold or of any class of its shareholders) attaching to the Highland Gold Shares in uncertificated form comprised in the acceptance; and
    - (ii) an Electronic Acceptance by a Highland Gold Shareholder constitutes with regard to such Highland Gold Shares in uncertificated form comprised in the acceptance:
      - (A) an irrevocable authority to Highland Gold and/or its agents from such Highland Gold Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to them as a member of Highland Gold (including any share certificate(s) and/or other document(s) of title issued as a result of a conversion of such Highland Shares into certificated form) to Fortiana at its registered office;

- (B) an irrevocable authority to Fortiana and any director of, or any person authorised by, Fortiana to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Highland Gold Shares held by them in uncertificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as their attorney and/or agent and on their behalf and/or to attend (and/or to execute a form of proxy in respect of such Highland Gold Shares appointing any person nominated by Fortiana to attend) general and separate class meetings of Highland Gold (and any adjournments thereof) and to exercise the votes attaching to the Highland Gold Shares in uncertificated form comprised or deemed to be comprised in the acceptance on their behalf); and
  - (C) the agreement of the Highland Gold Shareholder not to exercise any of such rights without the consent of Fortiana, and the irrevocable undertaking of such Highland Gold Shareholder not to appoint a proxy for or to attend any such general meeting or separate class meeting of Highland Gold;
- (h) if, for any reason, any Highland Gold Shares in respect of which a TTE Instruction has been effected in accordance with paragraph 16 of Part II (*Letter from Fortiana Holdings Limited*) of this document are converted to certificated form, it shall (without prejudice to paragraph (g) of this Part D) immediately deliver or procure the immediate delivery of the share certificate(s) and/or other document(s) of title in respect of all such Highland Gold Shares that are so converted to the Receiving Agent at the address referred to in paragraph 3(b) of Part B of this Part III, or to Fortiana at its registered office, or as Fortiana or its agents may direct, and they shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part B of this Part III in relation to such Highland Gold Shares without prejudice to the application of this Part D as far as Fortiana deems appropriate;
- (i) the creation of a CREST payment obligation in favour of their payment bank in accordance with the CREST payment arrangements referred to in paragraph (e) of this Part D shall, if and to the extent of the obligation so created, discharge in full any obligation of Fortiana to pay to it the cash consideration to which it is entitled pursuant to the Offer;
- (j) it shall do all such acts and things as shall, in the opinion of Fortiana, be necessary or expedient to vest in Fortiana or its nominee(s) (or such other person(s) as Fortiana may decide) the Highland Gold Shares in uncertificated form comprised or deemed to be comprised in the acceptance and to enable the Receiving Agent to perform its functions as Escrow Agent for the purposes of the Offer;
- (k) it shall ratify each and every act or thing which may be done or effected by Fortiana, VTB Capital or the Receiving Agent, or any directors or agents of, or any person authorised by, any of them, or by Highland Gold or its agents, as the case may be, in the exercise of any of their powers and/or authorities under this Part D;
- (l) if any provision of Part B or this Part D of this Part III shall be unenforceable or invalid or shall not operate so as to afford Fortiana, VTB Capital or the Receiving Agent or any of their respective directors, agents or persons authorised by them, the benefit of the authorities and powers of attorney expressed to be given therein, it shall with all practicable speed do all such acts and things and execute all such documents that may be required or desirable to enable those persons to secure the full benefits of Part B and this Part D of this Part III;
- (m) the making of an Electronic Acceptance constitutes such Highland Gold Shareholder's agreement to the terms of paragraphs 7(n) and (o) of Part B of this Part III;
- (n) by virtue of Article 42 of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the CREST member accepting the Offer in favour of Fortiana, the Receiving Agent and any of their respective directors or agents or persons authorised by either of

them in the terms of all the powers and authorities expressed to be given by Part B, Part D and (where applicable by virtue of paragraph (h) above) Part C of this Part III;

- (o) it has good title to, and are irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Highland Gold Shares comprised or deemed to be comprised in such acceptance and that such Highland Gold Shares are sold fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after the date of the 2.7 Announcement, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made, on or after Completion;
- (p) the sending of an Electronic Acceptance constitutes the Highland Gold Shareholder's submission to the exclusive jurisdiction of the courts of England and Wales in relation to all matters arising in connection with the Offer; and
- (q) the Highland Gold Shareholder is not a client (as defined in the FCA Handbook) of VTB Capital in connection with the Offer.

References in this Part D to a Highland Gold Shareholder include references to the person or persons making an Electronic Acceptance and, if more than one makes an Electronic Acceptance, the provisions of this Part D shall apply to them jointly and to each of them.

## PART IV

### FINANCIAL AND RATINGS INFORMATION

#### Part A: Financial Information relating to Highland Gold

The following sets out financial information in respect of Highland Gold as required by Rule 24.3 of the Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

#### *Financial Information*

#### *Reference*

Audited consolidated accounts for the last two financial years

<https://www.highlandgold.com/home/investors/results-reports-and-presentations/>

The audited consolidated accounts of Highland Gold for the financial year ended 31 December 2019 are set out on pages 62 to 106 (both inclusive) in Highland Gold's annual report for the financial year ended on 31 December 2019 available from Highland Gold's website (at the link referred to above).

<https://www.highlandgold.com/home/investors/results-reports-and-presentations/>

The audited consolidated accounts of Highland Gold for the financial year ended 31 December 2018 are set out on pages 46 to 89 (both inclusive) in Highland Gold's annual report for the financial year ended on 31 December 2018 available from Highland Gold's website (at the link referred to above).

Unaudited interim condensed consolidated financial statements

<https://www.highlandgold.com/home/investors/results-reports-and-presentations/>

The unaudited interim condensed consolidated financial statements of Highland Gold for the six months ended 30 June 2020 are available from Highland Gold's website (at the link referred to above).

Q2 trading statement

<https://www.highlandgold.com/home/news-media/company-news/2020/q2-2020-operating-results/>

The trading statement for Highland Gold for the second quarter ended 30 June 2020 is available from Highland Gold's website (at the link referred to above).

#### Part B: Ratings information

No ratings agency has publicly accorded Highland Gold or Fortiana with any current credit rating or outlook.



**Part C: Financial effects of the Offer**

Full acceptance of the Offer (and assuming Highland Gold becomes an indirect, wholly-owned subsidiary of Fortiana) would result in the earnings, assets and liabilities of the Fortiana Group incorporating the consolidated earnings, assets and liabilities of Highland Gold, and Fortiana's consolidated earnings, assets and liabilities would therefore be increased accordingly. In addition, Fortiana's consolidated liabilities would also be increased to reflect the borrowings incurred to fund the Offer (plus any related accrued interest payable). Details of the financing of the Offer are set out in paragraph 9 of Part V (*Additional information*) of this document.

Based on its unaudited interim results for the half-year ended 30 June 2020, Highland Gold generated consolidated revenue of US\$194,517,000 and EBITDA of US\$96,383,000. As at 30 June 2020, based on its unaudited consolidated interim financial statements for the half-year ended 30 June 2020, Highland Gold had consolidated assets of US\$1,459,610,000 and consolidated liabilities of US\$487,242,000.

**Part D: Hard copies**

A person who has received this document may request a hard copy of any documents or information incorporated into this document by reference. To obtain a hard copy of any of the information incorporated by reference into this document contact Computershare at Corporate Actions Projects, Bristol, BS99 6AH or by telephoning 0370 707 1066 (from within the United Kingdom) or +44 370 707 1066 (from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). You will not receive a hard copy of this information unless you so request.

**Part E: No incorporation of website information**

Save as expressly referred to herein, neither the content of Highland Gold's or Fortiana's websites, nor the contents of any website accessible from hyperlinks from Highland Gold's or Fortiana's website, is incorporated into, or forms part of, this document.

## PART V

### ADDITIONAL INFORMATION

#### 1. Responsibility

- (a) The Fortiana Director, whose name is set out in paragraph 2(a) below, and Vladislav Sviblov, the sole shareholder of Fortiana, accept responsibility for the information contained in this document other than the information for which responsibility is taken by others pursuant to paragraphs 1(b) below. To the best of the knowledge and belief of the Fortiana Director and Vladislav Sviblov (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which the Fortiana Director and Vladislav Sviblov accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Highland Gold Independent Directors, whose names are set out in paragraph 2(b) below, accept responsibility for the information contained in this document relating to Highland Gold and the Highland Gold Directors (including their immediate family, related trusts and persons connected with them and persons deemed to be acting in concert with any of them (as such term is defined in the Code)). To the best of the knowledge and belief of the Highland Gold Independent Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors

- (a) The Fortiana Director and her position in Fortiana is as follows:

<i>Name</i>	<i>Position</i>
Agathi Franzi	Sole Director

The registered office of Fortiana and the business address of the Fortiana Director is Agías Elénis, 36, Galaxias Commercial Centre, Floor 4, Office 403, 1061 Nicosia, Cyprus and its telephone number is +357 22 817 500.

- (b) The Highland Gold Independent Directors and their respective positions in Highland Gold are as follows:

<i>Name</i>	<i>Position</i>
Duncan Baxter	Senior Independent Director (Non-Executive)
Colin Belshaw	Independent Non-Executive Director
Deborah Gudgeon	Independent Non-Executive Director

The registered office of Highland Gold and the business address of each of the Highland Gold Directors is 26 New Street, St. Helier, Jersey JE2 3RA and its telephone number is +44(0) 1534 814202.

#### 3. Persons acting in concert

- (a) In addition to the Fortiana Director (with her close relatives and related trusts), the persons who are acting in concert with Fortiana for the purposes of the Offer and which are required to be disclosed are:

<i>Name</i>	<i>Type of company</i>	<i>Registered Office</i>	<i>Relationship with Fortiana</i>
VTB Capital	Financial Services	14 Cornhill, London, EC3V 3ND	Financial Adviser

For the period from the date of the SPA until the date of completion of the Acquisition, the Selling Shareholders were considered to be acting in concert with Fortiana by reason of Fortiana having acquired part only of the Selling Shareholders' respective holdings of Highland Gold Shares. Following completion of the Acquisition, Fortiana is no longer considered to be acting in concert with the Selling Shareholders.

- (b) In addition to the Highland Gold Independent Directors (together with their close relatives and related trusts) and members of the Highland Gold Group (and their related pension schemes), the persons acting in concert with Highland Gold for the purposes of the Offer and which are required to be disclosed are:

<i>Name</i>	<i>Type of company</i>	<i>Registered Office</i>	<i>Relationship with Highland Gold</i>
Citigroup Global Markets Limited	Financial Services	Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB	Financial Adviser
Numis Securities Limited	Financial Services	10 Paternoster Square, London, EC4M 7LT	Nominated Adviser and Joint Broker
Peat & Co LLP	Financial Services	118 Piccadilly, Mayfair, London, W1J 7NW	Joint Broker (non-transaction)
BMO Capital Markets Limited	Financial Services	4th Floor, 95 Queen Victoria Street, London, EC4V 4HG	Joint Broker (non-transaction)

#### 4. Market quotations

Set out below is the Closing Prices of Highland Gold Shares as derived from the Daily Official List on:

- (i) the first dealing day in each of the six months immediately before the date of this document;
- (ii) 30 July 2020 (being the last practicable date prior to the date of the 2.7 Announcement); and
- (iii) 18 September 2020 (being the last practicable date prior to the date of this document).

<i>Date</i>	<i>Highland Gold Shares (£)</i>
1 April 2020	1.92
1 May 2020	2.32
1 June 2020	2.59
1 July 2020	2.37
30 July 2020	2.89
3 August 2020	2.92
1 September 2020	2.95
18 September 2020	2.99

#### 5. Interests and dealings

- (a) For the purposes of this paragraph 5:

“**acting in concert**” with Fortiana or Highland Gold, as the case may be, means any such person acting or deemed to be acting in concert with Fortiana or Highland Gold, as the case may be, for the purposes of the Code;

“**arrangement**” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control;

“**dealing**” includes: (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities; (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities; (iii) subscribing or agreeing to subscribe for securities; (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights; (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which they have a short position;

“**derivative**” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

“**disclosure date**” means the last practicable date prior to the date of this document, which is 18 September 2020;

“**disclosure period**” means the period commencing on 31 July 2019 (the date twelve months prior to the commencement of the Offer Period) and ending on the disclosure date;

a person has an “**interest**” or is “**interested**” in securities if they have a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if they only have a short position in such securities) and in particular covers: (i) legal title and beneficial ownership (i.e., the ability to exercise, or control the exercise of, voting rights); (ii) the right, option or obligation to acquire, call for or take delivery of securities under an option or derivative; and (iii) the situation where a person holds a derivative referenced to, or which may result in, a long position in securities; and

“**relevant securities**” includes: (i) Highland Gold Shares and any other securities of Highland Gold conferring voting rights; (ii) equity share capital of Highland Gold; and (iii) securities of Highland Gold carrying conversion or subscription rights into any of the foregoing.

(b) ***Interests and dealings in relevant securities of Highland Gold***

*Fortiana, the Fortiana Director and persons acting in concert with Fortiana*

Pursuant to a share purchase agreement dated 31 July 2020 (the “**SPA**”), Fortiana agreed to acquire 145,759,871 ordinary shares in Highland Gold (representing 40.06 per cent. of Highland Gold’s issued share capital) from the Selling Shareholders. Due to Russian Federal Antimonopoly Service (“**FAS**”) requirements, Fortiana agreed to acquire 87,153,330 ordinary shares in Highland Gold (representing 23.95 per cent. of Highland Gold’s issued share capital) upon the announcement of the recommended pre-conditional mandatory cash offer for the entire issued and to be issued share capital of Highland Gold on 31 July 2020. The remaining 58,606,541 ordinary shares in Highland Gold (representing 16.11 per cent. of Highland Gold’s issued share capital) (the “**Remaining Shares**”) were acquired on 18 September 2020, following such approval from FAS having been obtained on 17 September 2020.

Accordingly, as at the close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant securities of Highland Gold held by Fortiana, the Fortiana Director and her close relatives and related trusts and companies, and persons acting in concert with Fortiana were as follows:

<i>Name</i>	<i>Number of Highland Gold Shares</i>	<i>% of Highland Gold's existing share capital</i>
Fortiana Holdings Limited	145,759,871	40.06

*Interests held by Highland Gold Directors*

As at the close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant securities of Highland Gold held by Highland Gold Directors and their close relatives and related trusts and companies were as follows:

<i>Name</i>	<i>Number of Highland Gold Shares</i>	<i>% of Highland Gold's existing share capital</i>
Duncan Baxter	20,000	0.01

(c) **General**

Save as disclosed above, none of Highland Gold, any Highland Gold Directors, any close relatives of such directors or any related trusts and companies, or any person with whom Highland Gold or any person acting in concert with Highland Gold or any Highland Gold Director has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities on the disclosure date, nor has any such person dealt in any relevant securities during the disclosure period.

Save as disclosed above, none of Fortiana, the Fortiana Director, any close relatives of such director or any related trusts and companies, nor any person acting in concert with Fortiana or the Fortiana Director, or any person with whom Fortiana or any person acting in concert with Fortiana has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities on the disclosure date nor has any such person dealt in any relevant securities during the disclosure period.

Save as disclosed above, neither Highland Gold nor any person acting in concert with Highland Gold has borrowed or lent any relevant securities of Highland Gold during the Offer Period, save for any borrowed shares which have either been on-lent or sold.

Save as disclosed above, neither Fortiana nor any person acting in concert with Fortiana has borrowed or lent any relevant securities of Highland Gold during the disclosure period, save for any borrowed shares which have either been on-lent or sold.

Save as disclosed above, neither Highland Gold nor any person acting in concert with Highland Gold has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Highland Gold during the disclosure period.

Save as disclosed above, neither Fortiana nor any person acting in concert with Fortiana has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Highland Gold during the disclosure period.

**6. Taxation**

***United Kingdom taxation***

The comments set out below are based on current UK tax law as applied in England and Wales and current published HM Revenue & Customs (“HMRC”) practice (which may not be binding on HMRC) as at the date of this document, both of which are subject to change at any time, possibly with retrospective effect.

They are intended as a general guide to certain limited aspects of UK tax treatment of Highland Gold Shareholders in respect of the Offer and, in the case of the comments in section (a) below, apply only to Highland Gold Shareholders resident and, in the case of an individual, domiciled or deemed domiciled for UK tax purposes in the United Kingdom and to whom “split year” treatment does not apply (except insofar as express reference is made to the treatment of non-UK residents), who hold shares in Highland Gold as an investment (otherwise than through an individual savings account or a pension arrangement) and who are the absolute beneficial owners thereof. This discussion does not address all possible tax consequences relating to an investment in the Highland Gold Shares. Certain categories of Highland Gold Shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs and exemptions, those connected with Highland Gold or the Highland Gold Group and those for whom the shares are employment related securities may be subject to special rules and this summary does not apply to such shareholders.

**The comments set out below do not constitute tax or legal advice. Highland Gold Shareholders or prospective Highland Gold Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.**

### *UK Tax Consequences of the Offer*

#### (a) *UK Tax on Chargeable Gains*

The receipt by a Highland Gold Shareholder of cash pursuant to the Offer will result in that Highland Gold Shareholder being treated as disposing of Highland Gold Shares which may, depending on the shareholder’s individual circumstances (including the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK tax on chargeable gains or, alternatively, an allowable capital loss.

##### (i) Individual Highland Gold Shareholders

Subject to available reliefs or allowances, a gain arising on the disposal of Highland Gold Shares by an individual Highland Gold Shareholder not acting as a trustee will be subject to capital gains tax at the rate of 10 per cent. except to the extent that the gain, when it is added to the Highland Gold Shareholder’s other taxable income and gains in the relevant tax year, exceeds the upper limit of the UK basic rate income tax band (£50,000 for the tax year ending 5 April 2021, including the personal allowance), in which case it will be taxed at the rate of 20 per cent.

An annual exempt amount (£12,300 for the tax year ending 5 April 2021) may be available to an individual Highland Gold Shareholder to offset against chargeable gains realised on the disposal of their Highland Gold Shares (to the extent it is not otherwise utilised in the relevant year).

##### (ii) Highland Gold Corporate Shareholders

Subject to available reliefs or allowances, gains arising on a disposal of Highland Gold Shares by a Highland Gold Shareholder within the charge to UK corporation tax on such disposal will be taxed at a rate of 19 per cent. for the 2020/2021 tax year. Indexation allowance will be available in respect of the period of ownership of the Highland Gold Shares up to 31 December 2017 to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of a company’s Highland Gold Shares.

#### (b) *UK Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)*

No UK stamp duty or SDRT will be payable by Highland Gold Shareholders on the transfer by them of their Highland Gold Shares to Fortiana pursuant to the Offer.

## 7. Irrevocable undertaking

The following Highland Gold Independent Director has given an irrevocable undertaking to accept the Offer in relation to the following Highland Gold Shares currently held by him as well as any further Highland Gold Shares he may acquire:

<i>Name</i>	<i>Number of Highland Gold Shares</i>	<i>Percentage of issued ordinary share capital of Highland Gold (%)</i>
Duncan Baxter	20,000	0.01
<b>TOTAL</b>	<b>20,000</b>	<b>0.01</b>

## 8. Significant change in financial or trading position of Highland Gold

The Highland Gold Independent Directors are not aware of any significant change in the financial or trading position of Highland Gold since 31 December 2019, being the end of the period for which Highland Gold's latest audited financial statements were published, save for those matters disclosed in Highland Gold's: (i) trading statement dated 9 July 2020; and (ii) unaudited interim results for the six months ended 30 June 2020.

## 9. Financing and cash confirmation

Fortiana intends to finance the cash consideration payable to Highland Gold Shareholders pursuant to the Offer using third party debt. Fortiana, as borrower, has entered into a facilities agreement dated 31 July 2020 (the "**Facilities Agreement**") with VTB Bank (PJSC) ("**VTB Bank**") as mandated lead arranger, VTB Bank as original lender and VTB Bank as administrative agent. The term loan facilities provided under the Facilities Agreement (the "**Facilities**") are committed and are secured by:

- an account pledge agreement dated 31 July 2020 between Fortiana and VTB Bank in respect of certain cash accounts;
- an account pledge agreement dated 31 July 2020 between Fortiana and VTB Bank in respect of certain securities accounts;
- an assignment agreement dated 31 July 2020 between Fortiana and VTB Bank in respect of the Share Purchase Agreement (as defined in the Facilities Agreement);
- a limited recourse share pledge agreement dated 7 August 2020 between Vladislav Sviblov and VTB Bank; and
- an assignment agreement dated 27 August 2020 between Fortiana and VTB Bank in respect of the Receiving Agent Agreement (as defined in the Facilities Agreement).

In connection with the Facilities Agreement, Chartac Management Services Limited and Vladislav Sviblov entered into a limited recourse share pledge agreement on 31 July 2020 with VTB Bank (the "**Former Share Pledge Agreement**"). Following the transfer of all of the shares in Fortiana from Chartac Management Services Limited to Vladislav Sviblov, on 7 August 2020 a new limited recourse share pledge agreement was entered into between Vladislav Sviblov and VTB Bank and the Former Share Pledge Agreement was released.

The Facilities comprise of Facility A and Facility B.

The principal amount of Facility A is EUR 349,398,434.99. Each loan made to Fortiana under Facility A must be used by Fortiana to:

- (a) finance the payment of the consideration payable for the Initial Acquisition pursuant to the Share Purchase Agreement (each as defined in the Facilities Agreement); and/or

- (b) pay any fees, costs and expenses incurred in relation to the Initial Acquisition and the Finance Documents (each as defined in the Facilities Agreement).

The principal amount of Facility B is EUR 805,601,565.01. Each loan made to Fortiana under Facility B must be used by Fortiana to:

- (a) finance the payment of the consideration payable for the Issuer Shares acquired, or to be acquired, pursuant to the Offer (each as defined in the Facilities Agreement); and/or
- (b) pay any fees, costs and expenses incurred in relation to the Offer and the Finance Documents (each as defined in the Facilities Agreement).

The rate of interest payable on each loan under Facility A and Facility B (each a “**Loan**”) is 575 basis points per annum (5.75% p.a.), subject to adjustment if one or more Rate Indicators (as defined in the Facilities Agreement) exceed the then applicable interest rate by 100 basis points per annum (1% p.a.) or more.

Each Loan is ordinarily repayable in full on the third anniversary of the Facilities Agreement. However, the terms of the Facilities Agreement require Fortiana to mandatorily prepay any outstanding Loans in certain circumstances, including due to a change of control of Fortiana or if it becomes unlawful for any Lender (as defined in the Facilities Agreement) to perform its obligations under the Facilities Agreement.

The Facilities Agreement contains representations, covenants and events of default (subject, in each case, to certain agreed exceptions, materiality qualifiers, carve-outs and grace periods). These include, among other things:

- financial covenants relating to loan-to-value, revenue, leverage, capex and production;
- restrictions on, among other things, the granting of security, the incurrence of financial indebtedness, disposals, distributions, mergers, changes to business and acquisitions; and
- events of default for non-payment, financial covenant breach, general covenant breach, misrepresentation, cross default, insolvency, insolvency proceedings, creditors’ process, cessation of business, effectiveness of finance documents, material adverse change, political and economic risk, expropriation and litigation.

In connection with the Facilities Agreement, Fortiana has entered into a foreign exchange agreement with VTB Bank in order to facilitate the payment of the cash consideration payable to Highland Gold Shareholders pursuant to the Offer. In addition, Rebra Investments Ltd (“**Rebra**”) has also entered into a subordination agreement dated 31 July 2020 with Fortiana and VTB Bank, pursuant to which Rebra agrees that certain financial accommodation provided by it to Fortiana is subordinated to debt incurred by Fortiana under the Facilities.

VTB Capital, as financial adviser to Fortiana, is satisfied that sufficient resources are available to Fortiana to enable it to satisfy in full the cash consideration payable to Highland Gold Shareholders under the terms of the Offer.

#### **10. Service contracts and remuneration of Highland Gold Directors**

Save as disclosed below, there are no service contracts in force between any Highland Gold Director or proposed director of Highland Gold or any of its subsidiaries and no such contract has been entered into or amended during the six months preceding the date of this document.



### **Highland Gold Directors**

The Highland Gold Directors have entered into letters of appointment with Highland Gold as summarised below:

<i>Director</i>	<i>Date of appointment</i>	<i>Notice period (from Highland Gold Director)</i>	<i>Notice period (from Highland Gold)</i>	<i>Current annual fees (USD)</i>	<i>Unexpired term of directorship</i>
Deborah Gudgeon	1 December 2019	One month	One month	150,000	Three months
Valery Oyf	18 January 2016	Immediate	Immediate*	100,000	Three months
Duncan Baxter	15 May 2012	Immediate	Immediate*	170,000	Three months
Eugene Shvidler	15 May 2012	Immediate	Immediate*	850,000	Three months
Colin Belshaw	10 September 2013	Immediate	Immediate*	130,000	Three months
Olga Pokrovskaya	28 January 2008	Immediate	Immediate*	125,000	Three months
John Mann	16 April 2015	One month	One month	120,000	N/A

\* Period after which the relevant Highland Gold Director must resign following request by the Highland Gold Board.

#### *Deborah Gudgeon*

- (a) Ms. Gudgeon was appointed as an independent non-executive director of Highland Gold under a letter of appointment dated 23 November 2019, under which she receives an annual fee of US\$150,000, payable in equal monthly instalments (comprising a base fee of US\$100,000 and a further fee of US\$50,000 for her role as chairperson of the audit and risk committee).
- (b) The initial term of Ms. Gudgeon's appointment began on 1 December 2019 and runs until 31 December 2020, unless either Ms. Gudgeon or Highland Gold gives one month's prior written notice or termination before that date. If no such notice of termination is given (or one month's written notice of termination is not given before the expiry of any subsequent one year term), Ms. Gudgeon's appointment will renew annually for a successive one year term.

#### *Valery Oyf*

- (a) Mr. Oyf was appointed as a non-executive director of Highland Gold under a letter of appointment dated 18 January 2016, under which he receives an annual fee of US\$100,000, payable in equal monthly instalments.
- (b) The initial term of Mr. Oyf's appointment began on 18 January 2016 and ran until 31 December 2016. Mr. Oyf's letter of appointment provides that annually on 31 December, Mr. Oyf and Highland Gold should discuss whether it is in the best interests of Highland Gold that Mr. Oyf's appointment be renewed, such renewals being for further terms of one year. Accordingly, Mr. Oyf's letter of appointment provides that Highland Gold and Mr. Oyf will next renew his appointment with effect from 31 December 2020. Mr. Oyf may terminate his letter of appointment with immediate effect, and without compensation, on written notice given at his discretion. The Highland Gold Board may also vote at any time as to whether to request Mr. Oyf's resignation. Mr. Oyf is not eligible to vote on such a resolution. If such a resolution is validly passed, Mr. Oyf is required under his letter of appointment to resign without delay and would not be entitled to compensation for loss of office.

#### *Duncan Baxter*

- (a) Mr. Baxter was appointed as a non-executive director of Highland Gold under a letter of appointment dated 15 May 2012, under which he receives an annual fee of US\$170,000, payable in equal monthly instalments.
- (b) The initial term of Mr. Baxter's appointment began on 15 May 2012 and ran until 31 December 2012. Mr. Baxter's letter of appointment provides that annually on 31 December, Mr. Baxter and Highland Gold should discuss whether it is in the best interests of Highland Gold that Mr. Baxter's appointment be renewed, such renewals being for further terms of one year. Accordingly, Mr. Baxter's letter of appointment provides that Highland Gold and Mr. Baxter will next renew his appointment with effect

from 31 December 2020. Mr. Baxter may terminate his letter of appointment with immediate effect, and without compensation, on written notice given at his discretion. The Highland Gold Board may also vote at any time as to whether to request Mr. Baxter's resignation. Mr. Baxter is not eligible to vote on such a resolution. If such a resolution is validly passed, Mr. Baxter is required under his letter of appointment to resign without delay and would not be entitled to compensation for loss of office.

*Eugene Shvidler*

- (a) Mr. Shvidler was appointed as a director and as executive chairman of Highland Gold under a letter of appointment dated 15 May 2012, under which he receives an annual fee of US\$850,000, payable in equal monthly instalments.
- (b) The initial term of Mr. Shvidler's appointment began on 15 May 2012 and ran until 31 December 2012. Mr. Shvidler's letter of appointment provides that annually on 31 December, Mr. Shvidler and Highland Gold should discuss whether it is in the best interests of Highland Gold that Mr. Shvidler's appointment be renewed, such renewals being for further terms of one year. Accordingly, Mr. Shvidler's letter of appointment provides that Highland Gold and Mr. Baxter will next renew his appointment with effect from 31 December 2020. Mr. Shvidler may terminate his letter of appointment with immediate effect, and without compensation, on written notice given at his discretion. The Highland Gold Board may also vote at any time as to whether to request Mr. Shvidler's resignation. Mr. Shvidler is not eligible to vote on such a resolution. If such a resolution is validly passed, Mr. Shvidler is required under his letter of appointment to resign without delay and would not be entitled to compensation for loss of office.

*Colin Belshaw*

- (a) Mr. Belshaw was appointed as a non-executive director under a letter of appointment dated 10 September 2013, under which he receives an annual fee of US\$130,000, payable in equal monthly instalments.
- (b) The initial term of Mr. Belshaw's appointment began on 10 September 2013 and ran until 30 September 2014. Mr. Belshaw's letter of appointment provides that annually on 31 December, Mr. Belshaw and Highland Gold should discuss whether it is in the best interests of Highland Gold that Mr. Belshaw's appointment be renewed, such renewals being for further terms of one year. Accordingly, Mr. Belshaw's letter of appointment provides that Highland Gold and Mr. Belshaw will next renew his appointment with effect from 31 December 2020. Mr. Belshaw may terminate his letter of appointment with immediate effect, and without compensation, on written notice given at his discretion. The Highland Gold Board may also vote at any time as to whether to request Mr. Belshaw's resignation. Mr. Belshaw is not eligible to vote on such a resolution. If such a resolution is validly passed, Mr. Belshaw is required under his letter of appointment to resign without delay and would not be entitled to compensation for loss of office.

*Olga Pokrovskaya*

- (a) Ms. Pokrovskaya was appointed as a non-executive director under a letter of appointment dated 28 January 2008, under which she receives an annual fee of US\$125,000, payable in equal monthly instalments.
- (b) The initial term of Ms. Pokrovskaya's appointment began on 28 January 2008 and ran until 31 December 2008. Ms. Pokrovskaya's letter of appointment provides that annually on 31 December, Ms. Pokrovskaya and Highland Gold should discuss whether it is in the best interests of Highland Gold that Ms. Pokrovskaya's appointment be renewed, such renewals being for further terms of one year. Accordingly, Ms. Pokrovskaya's letter of appointment provides that Highland Gold and Ms. Pokrovskaya will next renew her appointment with effect from 31 December 2020. Ms. Pokrovskaya may terminate her letter of appointment with immediate effect, and without compensation, on written notice given at her discretion. The Highland Gold Board may also vote at any time as to whether to request Ms. Pokrovskaya's resignation. Ms. Pokrovskaya is not eligible to vote on such a resolution. If such a resolution is validly passed, Ms. Pokrovskaya is required under

her letter of appointment to resign without delay and would not be entitled to compensation for loss of office.

### ***Executive Director***

#### *John Mann*

- (a) Mr. Mann was appointed as an executive director under a service agreement dated 16 April 2015, under which he receives an annual fee of US\$120,000, payable in equal monthly instalments.
- (b) Mr. Mann's appointment continues until terminated in accordance with his service agreement. Either Mr. Mann or Highland Gold may terminate his service by one month's written notice. Where Mr. Mann's service agreement is terminated by either Mr. Mann or Highland Gold, Mr. Mann is not entitled to any additional compensation, however Highland Gold may, at its discretion, pay one month's accrual of his annual fee in lieu of notice.

### ***All Highland Gold Directors***

- (a) Save as noted above, the Highland Gold Directors received no other benefits or remuneration other than the reimbursement of reasonable and properly documented expenses incurred in performing their duties.
- (b) Highland Gold maintains directors' and officers' insurance for the benefit of each Highland Gold Director.

## **11. Material contracts – Highland Gold**

Save as disclosed in this paragraph 11 and in paragraph 13 (*Offer-related arrangements*) below, there have been no contracts entered into by Highland Gold or any of its subsidiaries during the period commencing on 31 July 2018 (the date falling two years before the commencement of the Offer Period) and ending on 18 September 2020 (the last practicable date prior to the date of this document) which are outside the ordinary course of business and which are or may be considered material.

### ***Kayen Framework Agreement and Kayen Sale and Purchase Agreement***

On 2 June 2020, Highland Gold (as seller) entered into a: (i) framework agreement with Chukotka Mining Company and Geological Company (as buyer) ("**Chukotka Mining**") and North-East Mining and Geological Company LLC (as company) ("**Kayen Holdco**") (the "**Kayen Framework Agreement**"); and (ii) a sale and purchase agreement with Chukotka Mining (as buyer), together providing for the sale of Highland Gold's Kayenmivaam licence to Chukotka Mining (the "**Kayen Sale and Purchase Agreement**").

The consideration for the sale by Highland Gold of Kayen Holdco comprises:

- (a) US\$15,000,000 in cash, payable in two equal instalments as follows: (x) US\$7,500,000 at completion; and (y) US\$7,500,000 within two business days of the date on which the designated notary confirms in writing that the transfer to Chukotka Mining of the participatory interest representing 100 per cent. of the charter capital of Kayen Holdco (the "**Participatory Interest**") has been registered in the Russian Unified State Register of Legal Entities. In addition, Highland Gold would receive and adjustment payment not exceeding US\$1,200,000 to cover its direct out of pocket expenses properly and reasonably incurred from 2 June 2020 until completion of the sale of Kayen Holdco to Chukotka Mining; and
- (b) deferred royalty payments comprising 2 per cent. of certain proceeds of gold produced and sold from the Kayenmivaam deposits in excess of 500,000 ounces for a period of 30 years.

Completion of the sale of Kayen Holdco under the Kayen Framework Agreement and the Kayen Sale and Purchase Agreement is conditional on: (i) approval of the sale of Kayen Holdco to Chukotka Mining by the FAS; (ii) the termination of all loan agreements in relation to which Kayen Holdco is a debtor, and repayment of all debts owed thereunder by Kayen Holdco; and (iii) the only debts owed by Kayen Holdco being routine payables incurred in the ordinary course of business and not exceeding an aggregate amount equal to the

cash balance in Kayen Holdco's accounts of the period ended 31 March 2020 as provided to Chukotka Mining.

The Kayen Framework Agreement provides for certain customary pre-completion operating covenants given by Highland Gold in respect of Kayen Holdco, and customary warranties.

The sale of Kayen Holdco is subject to unwinding if state registration of the transfer of the Participatory Interest to Chukotka Mining is refused by the relevant authority, or has not been implemented within 50 business days of completion.

It is anticipated that the sale of Kayen Holdco to Chukotka Mining will receive FAS approval in Q3/Q4 2020, and that the sale will complete promptly thereafter.

## **12. Material contracts – Fortiana**

Save as disclosed in this paragraph 12 and in paragraph 13 (*Offer-related arrangements*) below, there have been two contracts entered into by Fortiana or any of its subsidiaries during the period commencing on 31 July 2018 (the date two years before the commencement of the Offer Period) and ended on 18 September 2020 (the last practicable date prior to the date of this document) which are outside the ordinary course of business and which are or may be considered material.

### ***Petropavlovsk Share Purchase Agreement***

On 22 October 2019, Fortiana entered into, as buyer, a sale and purchase agreement with Cis Opportunities Fund SPC Ltd. (“COF”) to purchase 152,994,773 ordinary shares in Petropavlovsk plc, (the “**Petropavlovsk Sale and Purchase Agreement**”).

The consideration for the acquisition by Fortiana of Petropavlovsk plc comprised GBP £16,829,425.03 in cash. This consideration was paid by Fortiana to COF on completion, which took place on 24 October 2019. Fortiana subsequently disposed of the entirety of its holding of shares in Petropavlovsk plc in June 2020.

### ***Petropavlovsk Facility Agreement***

In connection with and for the purpose of financing the consideration due under the Petropavlovsk Sale and Purchase Agreement, on 22 October 2019, Fortiana entered into, as borrower, a facility agreement with VTB Bank (Europe) SE (acting as the facility agent, arranger and lender) (the “**Petropavlovsk Facility Agreement**”).

Under the Petropavlovsk Facility Agreement, Fortiana was entitled to a credit facility of up to EUR 60,000,000, set to mature 9 months following the signing of the agreement on 22 July 2020 but with the option to extend the maturity date for a further 9 months. All amounts outstanding under the credit facility were repaid in full in July 2020.

## **13. Offer-related arrangements**

### ***Share Purchase Agreement***

Fortiana and the Selling Shareholders entered into the SPA in connection with the Acquisition on 31 July 2020, which committed Fortiana to buy, and the Selling Shareholders to sell, 145,759,871 Highland Gold Shares, representing 40.06 per cent. of Highland Gold's total issued share capital, at a price of £3.00 per Highland Gold Share.

The SPA provided for the Acquisition to take place in two stages. Firstly, Fortiana acquired 23.95 per cent. of Highland Gold pro rata from each of the Selling Shareholders, conditional only upon Fortiana making the 2.7 Announcement. The initial acquisition completed on 31 July 2020. The acquisition of the remaining Highland Gold Shares held by the Selling Shareholders was conditional upon Fortiana obtaining clearance by FAS, which was obtained on 17 September 2020. The subsequent acquisition was completed on 18 September 2020.

### ***Confidentiality Agreement***

Fortiana and Highland Gold entered into a confidentiality agreement on 28 July 2020 (the “**Confidentiality Agreement**”), pursuant to which Fortiana undertook to keep confidential information relating to Highland Gold and the Offer and not to disclose it to third parties (with certain customary exceptions). These confidentiality obligations will remain in force until the second anniversary of the date of the Confidentiality Agreement. The Confidentiality Agreement contains restrictions on Fortiana contacting any current or former directors or employees of the Highland Gold Group (other than the Selling Shareholders) in relation to the sale of their Highland Gold Shares pursuant to the SPA, or any person which Fortiana knows to be a customer, client, supplier or agent of the Highland Gold Group, other than in the ordinary course of business. The Confidentiality Agreement also contains provisions pursuant to which Fortiana has agreed not to solicit directors, management or senior employees of Highland Gold, subject to certain customary exceptions, for a period of twelve months.

### ***Co-operation Letter***

On 31 July 2020, Fortiana and Highland Gold entered into a letter whereby each party undertook to the other to co-operate in order to satisfy the FAS Pre-Condition (the “**Co-operation Letter**”). Under the Co-operation Letter, Fortiana undertook to use its best efforts to take any and all actions necessary to avoid, eliminate, and resolve any and all impediments as may be required by FAS to satisfy the FAS Pre-Condition as soon as reasonably practicable following the date of the Confidentiality Letter. In addition, Fortiana agreed not to seek to invoke the FAS Pre-Condition so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the FAS Pre-Condition are of material significance to Fortiana in the context of the Offer in accordance with the Code.

### ***Relationship Agreement***

On 31 July 2020, Fortiana and Highland Gold entered into a relationship agreement to ensure, among other things, that Highland Gold carries on its business independently of Fortiana (the “**Relationship Agreement**”). Under the Relationship Agreement, Fortiana is entitled, subject to it having a certain level of shareholding in Highland Gold, to appoint non-executive directors to the Highland Gold Board. Prior to satisfying the FAS Pre-Condition, Fortiana was also entitled to appoint an observer to attend meetings of the Highland Gold Board and its committees, subject to certain conditions set out in the Relationship Agreement. In addition, Fortiana agreed to certain undertakings in connection with Highland Gold carrying on its business independently of Fortiana.

The Relationship Agreement will terminate (save for accrued rights) if Fortiana holds less than 15 per cent. or 75 per cent. or more of the voting share capital of Highland Gold.

## **14. Other information**

Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Fortiana, or any concert party of Fortiana, and any of the directors, recent directors, shareholders or recent shareholders of Highland Gold or any person interested or recently interested in shares of Highland Gold having any connection with or dependence on the Offer.

Except as disclosed in this document, no agreement, arrangement or understanding of whatever nature, whether formal or informal (including indemnity or option arrangements), relating to relevant securities which may be an inducement to deal or refrain from dealing exists between Highland Gold or any concert party of Highland Gold and any other person.

Except as disclosed in this document, no agreement, arrangement or understanding of whatever nature, whether formal or informal (including indemnity or option arrangements), relating to relevant securities which may be an inducement to deal or refrain from dealing exists between Fortiana, or any concert party of Fortiana, and any other person.

Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Offer will be transferred to any other person, but Fortiana reserves the right to transfer any such shares to any member of the Fortiana Group.

Each of VTB Capital, Citi and Numis has given and not withdrawn its consent to the issue of this document with the inclusion herein of their names in the form and context in which they appear.

Citi has given and not withdrawn its consent to the issue of this document with the inclusion of its advice in the form and context in which it appears.

No management incentivisation arrangements, as envisaged by Rule 16.2 of the Code, are proposed in connection with the Offer.

## 15. Fees and expenses

Fortiana estimates that the aggregate fees and expenses to be incurred by Fortiana in connection with the Offer will be between £18.8 million and £20.3 million (excluding applicable VAT). Set out below are the estimates of fees and expenses (excluding applicable VAT) expected to be incurred in relation to:

<i>Category</i>	<i>Amount – £m*</i>
(a) Financial and corporate broking advice	3.1-4.6
(b) Financing costs	12.8
(c) Legal advice**	2.8
(d) Public relations advice	0.03
<b>Total</b>	<b><u>18.8-20.3</u></b>

\* For illustrative purposes only, where fees and expenses have been incurred in (a) US Dollars, these have been converted into Sterling at a rate of £1:US\$1.29; or (b) Euros, these have been converted into Sterling at a rate of £1:EUR1.09.

\*\* Fees for legal advice are estimated as they are charged by reference to hourly rates, and the amounts included here reflect the time incurred up to 18 September 2020, being the last practicable date prior to the date of this document, and an estimate of the further time required, and the residual amount of legal work required.

Highland Gold estimates that the aggregate fees and expenses to be incurred by Highland Gold in connection with the Offer will be between £5.3 million and £6.0 million (excluding applicable VAT). Set out below are the estimates of fees and expenses (excluding applicable VAT) expected to be incurred in relation to:

<i>Category</i>	<i>Amount – £m*</i>
(a) Financial and corporate broking advice	3.9-4.6
(b) Legal advice**	1.3
(c) Other costs and expenses	0.1
<b>Total</b>	<b><u>5.3-6.0</u></b>

\* For illustrative purposes only, where fees and expenses have been incurred in (a) US Dollars, these have been converted into Sterling at a rate of £1:US\$1.29; or (b) Euros, these have been converted into Sterling at a rate of £1:EUR1.09.

\*\* Fees for legal advice are estimated as they are charged by reference to hourly rates, and the amounts included here reflect the time incurred up to 18 September 2020, being the last practicable date prior to the date of this document, and an estimate of the further time required, and the residual amount of legal work required.

## 16. Documents

Copies of the following documents are available, subject to any restrictions relating to persons resident in certain jurisdictions, at Fortiana's website at <https://fortianaholdings.com/> and on Highland Gold's website at <https://www.highlandgold.com/home/offer> until the end of the Offer Period:

- (a) this document and the Form of Acceptance;
- (b) the memorandum and articles of association of Highland Gold;
- (c) the irrevocable undertaking to accept the Offer referred to in paragraph 7 above;
- (d) the offer-related arrangements described in paragraph 13 above;

- (e) the written consents referred to in paragraph 14 above;
- (f) the documents relating to the financing of the Offer described in paragraph 9 above;
- (g) a copy of the 2.7 Announcement;
- (h) a copy of the audited consolidated accounts of Highland Gold for the year ended 31 December 2018;
- (i) a copy of the audited consolidated accounts of Highland Gold for the year ended 31 December 2019;
- (j) a copy of the unaudited interim condensed consolidated financial statements of Highland Gold for the six months ended 30 June 2020; and
- (k) a copy of Highland Gold's trading statement for the second quarter ended 30 June 2020.

The content of the websites referred to in this document is not incorporated into and does not form part of this document.

Dated: 21 September 2020

## PART VI

### SOURCE OF INFORMATION AND BASIS OF CALCULATION

In this document, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

- (i) the value of the Offer is based upon the Offer price of £3.00 for each Highland Gold Share and 363,896,990 Highland Gold Shares being in issue on 18 September 2020 (being the last practicable date prior to the date of this document);
- (ii) unless otherwise stated, all prices for Highland Gold Shares are the Closing Price derived from Bloomberg for the relevant date;
- (iii) the gold price of US\$1,517/oz on 1 January 2020 and US\$1,957/oz on 30 July 2020 is sourced from Bloomberg; and
- (iv) the premia paid in precedent transactions in the mining sector referenced in the context of the premium offered to Highland Gold Group's one-month weighted average Closing Price were sourced from Mergermarket.



## PART VII

### DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>2.7 Announcement</b>	the announcement of the Offer, dated 31 July 2020, made by Fortiana in accordance with Rule 2.7 of the Code
<b>Acquisition</b>	the acquisition of Highland Gold Shares by Fortiana from the Selling Shareholders pursuant to the SPA, as further described in paragraph 1 of Part I ( <i>Letter from the Senior Independent Director of Highland Gold Mining Limited</i> ), paragraph 1 of Part II ( <i>Letter from Fortiana Holdings Limited</i> ) and paragraph 13 of Part V ( <i>Additional information</i> ) of this document
<b>AIM</b>	AIM, a market of the London Stock Exchange
<b>AIM Rules</b>	the AIM Rules for Companies as published by the London Stock Exchange (as amended from time to time)
<b>Business Day</b>	a day on which the London Stock Exchange is open for the transaction of business
<b>certificated or in certificated form</b>	a share or other security which is not in uncertificated form (that is, not in CREST)
<b>Citi</b>	Citigroup Global Markets Limited, financial adviser to Highland Gold
<b>Closing Price</b>	the closing, middle market quotation of a share as derived from the Daily Official List of the London Stock Exchange
<b>Code</b>	the City Code on Takeovers and Mergers
<b>Combined Group</b>	Fortiana and its subsidiary undertakings following Completion
<b>Companies Jersey Law</b>	the Companies (Jersey) Law 1991
<b>Completion</b>	in the context of the Offer, the Offer having become or been declared unconditional in all respects in accordance with the requirements of the Code
<b>Condition</b>	the condition to the Offer set out in Part A of Part III ( <i>Condition to and further terms of the Offer</i> ) of this document
<b>Confidentiality Agreement</b>	the confidentiality agreement entered into between Fortiana and Highland Gold dated 28 July 2020, as described in paragraph 13 of Part V ( <i>Additional information</i> ) of this document
<b>Co-operation Letter</b>	the co-operation letter between Fortiana and Highland Gold dated 31 July 2020, as described in paragraph 13 of Part V ( <i>Additional information</i> ) of this document
<b>CREST</b>	the computer system (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the authorised operator (as defined in the Regulations)
<b>CREST Manual</b>	the CREST Manual published by Euroclear, as amended from time to time

<b>Daily Official List</b>	the daily official list of the London Stock Exchange
<b>Dealing Disclosure</b>	an announcement pursuant to Rule 8 of the Code containing details of dealings in relevant securities of a party to an offer
<b>Electronic Acceptance</b>	the inputting and settling of a TTE Instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document
<b>ESA Instruction</b>	an Escrow Account Adjustment Input (AESN), transaction type “ESA” as described in the CREST Manual
<b>Escrow Agent</b>	Computershare, in its capacity as an escrow agent as described in the CREST Manual
<b>ESG</b>	Environmental, social and governance
<b>Euroclear</b>	Euroclear UK & Ireland Limited incorporated in England and Wales with registration number 02878738
<b>FAS</b>	the Russian Federal Antimonopoly Service
<b>FAS Pre-Condition</b>	the pre-condition to the Offer, as set out in Part A of Appendix I of the 2.7 Announcement
<b>FCA</b>	the UK Financial Conduct Authority
<b>FCA Handbook</b>	the FCA’s Handbook of rules and guidance as amended from time to time
<b>Facilities Agreement</b>	the facility agreement between Fortiana (as borrower) and VTB Bank (as lender) dated 31 July 2020, as described in paragraph 4 of Part II ( <i>Letter from Fortiana Holdings Limited</i> ) and paragraph 9 of Part V ( <i>Additional information</i> ) of this document
<b>Form of Acceptance</b>	the form of acceptance and authority relating to the Offer which accompanies this document for use by Highland Gold Shareholders with shares in certificated form
<b>Fortiana</b>	Fortiana Holdings Limited, a company registered in Cyprus with its registered address at Agías Elénis, 36, Galaxias Commercial Centre, Floor 4, Office 403, 1061 Nicosia, Cyprus
<b>Fortiana Director</b>	Agathi Franzì
<b>FSMA</b>	the Financial Services and Markets Act 2000
<b>GRI Standards</b>	GRI Sustainability Reporting Standards (Core Option)
<b>Highland Gold</b>	Highland Gold Mining Limited, a public limited company incorporated in Jersey with registered number 83208 and with its registered office at 26 New Street, St Helier, Jersey, JE2 3RA
<b>Highland Gold Board</b>	the board of directors of Highland Gold
<b>Highland Gold Group</b>	Highland Gold and its subsidiaries from time to time
<b>Highland Gold Independent Directors</b>	Duncan Baxter, Deborah Gudgeon and Colin Belshaw
<b>Highland Gold Shareholders</b>	the holders of Highland Gold Shares from time to time

<b>Highland Gold Shares</b>	the ordinary shares of £0.001 each in the capital of Highland Gold
<b>HMRC</b>	HM Revenue & Customs
<b>Independent Highland Gold Shareholders</b>	the Highland Gold Shareholders other than the Selling Shareholders
<b>Link Market Services or Registrars</b>	Link Market Services (Jersey) Limited, whose registered office is at 12 Castle Street, St. Helier, Jersey, JE2 3RT
<b>LOM</b>	Life of Mine
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Numis</b>	Numis Securities Limited, joint broker and nominated adviser to Highland Gold
<b>Offer</b>	the recommended mandatory cash offer by Fortiana for the Highland Gold Shares that it does not already own or has not already agreed to acquire pursuant to the Acquisition, on the terms and condition set out in Part A and Part B of Part III ( <i>Condition to and further terms of the Offer</i> ) of this document
<b>Offer Period</b>	the period commencing on 31 July 2020, being the date of the 2.7 Announcement, and ending on the earlier of the date on which the Offer has become or has been declared unconditional or lapses or is withdrawn (or such other date as the Panel may decide)
<b>Official List</b>	the official list maintained by the FCA pursuant to Part 6 of FSMA
<b>Opening Position Disclosure</b>	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position, as defined in Rule 8 of the Code
<b>Overseas Shareholders</b>	Highland Gold Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>Panel</b>	the UK Panel on Takeovers and Mergers
<b>QCA Corporate Governance Code</b>	QCA Corporate Governance Code, issued by the Quoted Companies Alliance in April 2018
<b>Receiving Agent or Computershare</b>	Computershare Investor Services PLC, whose registered office is at The Pavilions, Bridgwater Road, Bristol, BS13 8AE
<b>Regulations</b>	the Companies (Uncertificated Securities) (Jersey) Order 1999
<b>Regulatory Information Service</b>	a primary information provider which has been approved by the FCA to disseminate regulated information
<b>Relationship Agreement</b>	the agreement entered into on 31 July 2020 between Fortiana and Highland Gold, as described in paragraph 13 of Part V ( <i>Additional information</i> ) of this document
<b>Restricted Jurisdiction</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Highland Gold Shareholders in that jurisdiction

<b>Selling Shareholders</b>	Roman Arkadievich Abramovich, Eugene Shvidler, Irina Alexandrovna Panchenko, Andrey Victorovich Gorodilov, Aleksey Leonidovich Polezhaev, New Evolution Trading Limited, Matteson Overseas Limited and Denalot Worldwide Limited
<b>SEC</b>	US Securities and Exchange Commission
<b>SPA</b>	the agreement entered into on 31 July 2020 between Fortiana and the Selling Shareholders, as described in paragraph 13 of Part V ( <i>Additional information</i> ) of this document
<b>SDRT</b>	United Kingdom stamp duty reserve tax
<b>Sustainability Report</b>	the 2019 sustainability report published by Highland Gold Mining Limited on 17 August 2020
<b>TTE Instruction</b>	a Cash Offer TTE instruction or other Transfer to Escrow instruction as described in the CREST Manual
<b>uncertificated or in uncertificated form</b>	in relation to a share or other security, a share or other security which is recorded on the relevant register of the share or 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
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US Exchange Act</b>	the US Securities Exchange Act of 1934
<b>VAT</b>	within the European Union such tax as may be levied in accordance with (but subject to derogations from) the Directive 2006/112/EC and outside the European Union any similar tax levied by reference to added value, and any similar sales or turnover tax
<b>VTB Bank</b>	VTB Bank PAO, lender to Fortiana
<b>VTB Capital</b>	VTB Capital plc, financial adviser to Fortiana

All references to GBP, pence, Sterling, Pounds, Pounds Sterling, p or £ are to the lawful currency of the United Kingdom. All references to USD, US Dollars or US\$ are to the lawful currency of the United States of America. All references to EUR, Euro or € are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, amended, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

All the times referred to in this document are London times unless otherwise stated.

References to the singular include the plural and vice versa.



