

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from, if you are in the UK, your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who is authorised pursuant to the Financial Services and Markets Act 2000 or, if you are in a territory outside the UK, an appropriately authorised independent financial adviser.

If you no longer hold any shares in Trans-Siberian Gold plc ("**TSG**" or the "**Company**") please send this document and the accompanying documents including the Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Trans-Siberian Gold plc

(Incorporated and registered in England and Wales under number 1067991)

Circular to shareholders concerning the proposed capital reduction so as to create distributable reserves

- and -

Notice of General Meeting

This document should be read as a whole, including the enclosed Form of Proxy. Your attention is drawn to the letter from the Chairman of Trans-Siberian Gold plc, which contains the recommendation of the Company's directors that you vote in favour of the resolution to be proposed at the general meeting.

Notice of a General Meeting of Trans-Siberian Gold plc, to be held at 55 Baker Street, London W1U 7EU, at 11.30 a.m. on 29 September 2016, is set out at the end of this document.

ACTION TO BE TAKEN

Shareholders will find enclosed with this document a form of proxy. Forms of proxy should be completed, signed and returned as soon as possible, but in any event so as to be received by the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.30 a.m. on 27 September 2016. If the form of proxy is not lodged so as to be received by that time and in accordance with the instructions on that form of proxy, it will be invalid. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting in person should they so wish.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	5 September 2016
Latest time and date for receipt of completed Forms of Proxy	11.30 a.m. 27 September 2016
General Meeting	11.30 a.m. 29 September 2016
Court Hearing to confirm Directions	14 October 2016
Court Hearing to confirm Capital Reduction *	26 October 2016
Registration of Court Order and Effective Date of Capital Reduction **	2 November 2016

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.

* This date is subject to any changes which may be imposed by the Court.

** This date will depend on, amongst other things, the date on which the Court confirms the Capital Reduction.

All references to times in this document are to London (UK) time, unless otherwise stated.

DEFINITIONS

“Act”	the Companies Act 2006, as amended from time to time
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the AIM rules for companies, as published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company, as amended from time to time
“Auditor”	BDO LLP
“Board”	the directors of the Company whose names are set out at the head of the Chairman’s letter forming part of this Circular
“Capital Reduction”	the proposed cancellation of the Company’s share premium account pursuant to the Resolution as set out in the Notice and as more particularly described in this Circular
“Circular”	this document, including the Notice and the Form of Proxy
“Company” or “TSG”	Trans-Siberian Gold plc
“Court”	the High Court of Justice in England and Wales
“Court Hearing”	the hearings by the Court to confirm the Capital Reduction
“Court Order”	the order of the Court confirming the Capital Reduction
“Directions”	instructions given by the Court to the Company on how to prepare its case
“Directors”	the directors of the Company
“Form of Proxy”	the form of proxy enclosed with this Circular for use by Shareholders in connection with the Meeting
“Group”	the Company and its subsidiaries
“London Stock Exchange”	London Stock Exchange plc
“Meeting”	the general meeting of the Company convened for 11.30 am on 29 September 2016, notice of which is set out at the end of this Circular
“Notice”	the notice of the Meeting set out at the end of this Circular
“Ordinary Shares”	the ordinary shares of £0.10 each in the capital of the Company
“Regulatory Information Service”	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements
“Resolution”	the resolution to be proposed at the Meeting as set out in the Notice
“Shareholders”	holders of Ordinary Shares
“UFG”	UFG Asset Management, including its affiliates UFG Private Equity Fund I, L.P., UFG Special Situations Fund L.P. and Destin Investment Management Ltd
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US\$”	United States dollars
“£”	UK pounds sterling

PART 1 - LETTER FROM THE CHAIRMAN OF TRANS-SIBERIAN GOLD PLC

Directors:

Peter Burnell
Dmitry Khilov
Simon Olsen
Charles Ryan
Robert Sasson

Registered office:

39 Parkside
Cambridge, CB1 1PN

www.trans-siberiangold.com

5 September 2016

To holders of the ordinary shares of Trans-Siberian Gold plc

Dear Shareholder

PROPOSED CAPITAL REDUCTION

Introduction

It was announced today that the Company intends to seek Shareholder and Court approval for a Capital Reduction, involving the cancellation of the Company's share premium account. The purpose of this circular is to give you details of the proposed Capital Reduction, to explain its background and to set out the reasons why the Board recommends that you should vote in favour of the Resolution approving the proposed Capital Reduction.

Reasons for the proposed Capital Reduction

As at 31 December 2015, the Company's retained earnings amounted to US\$10,943,320, however the Company has confirmed with its Auditor that these do not constitute distributable profits under the Act and applicable accounting standards, as required to permit the payment of a dividend, or otherwise to return cash, to Shareholders. It is also anticipated that, although the Group's activities are currently both profitable and cash generative, in the absence of the Capital Reduction the Company itself is unlikely to generate adequate distributable profits for the foreseeable future. The Board considers it desirable that the Company has both the ability and the maximum flexibility to consider the payment of dividends and other means by which value may be returned to Shareholders.

In accordance with the Act and applicable accounting standards, the Company's share premium account is a non-distributable capital reserve and under the Act is treated, except in limited circumstances, as part of the Company's paid up share capital. The Act does however allow a public company to reduce its capital including its share premium account if so authorised by its Articles, providing it obtains the approval of its shareholders by special resolution in general meeting and that the Court confirms the reduction. The reserve arising on such a reduction may, subject to any Court order, be utilised in eliminating the accumulated deficit, if any, on a company's profit and loss account and in creating distributable profits available for the payment of dividends, the purchase by the company of its own shares or facilitating other means of returning cash to Shareholders or for the company's other corporate purposes.

The Board has therefore decided, subject to the approval of both Shareholders and the Court, to effect the Capital Reduction in order to create sufficient distributable profits to facilitate the future payment of dividends or other methods by which cash may be returned to Shareholders.

It is proposed that the amount currently standing to the credit of the Company's share premium account, representing the accumulated difference between the price at which Ordinary Shares have been issued and their nominal value, (such amount being, as at 2 September 2016, US\$89,520,424) be cancelled and, subject to the approval of the Court, that the resulting sum of US\$89,520,424 be credited to the distributable profits of the Company. The Capital Reduction, if approved by Shareholders and the Court, will create distributable profits of US\$89,520,424.

Capital Reduction – Procedure

In order to effect the Capital Reduction, the Company requires the authority of Shareholders through the passing of the Resolution at the Meeting as set out in the accompanying Notice.

In addition to the approval of the Resolution by Shareholders, the Capital Reduction requires the approval of the Court under the provisions of the Act. Accordingly, subject to and following the approval of the Capital Reduction by Shareholders, an application will be made as soon as practicable to the Court in order to confirm and approve the Capital Reduction.

The Company has provisionally scheduled the two Court Hearings at which, subject to the discretion of the Court, the Capital Reduction will be confirmed. The actual date of the Court Hearing to confirm the Capital Reduction will be advertised in a national newspaper, as directed by the Court, at least seven days prior to that hearing.

The Capital Reduction will take effect when the Court Order and a statement of capital approved by the Court have been filed with the Registrar of Companies. The Effective Date of the Capital Reduction is currently expected to be at the beginning of November 2016. This date is likely to be within a few working days of the second Court Hearing at which the Capital Reduction is confirmed by the Court, which is currently expected to be during October 2016.

In order to approve the Capital Reduction, the Court will need to be satisfied that the interests of the creditors of the Company will not be prejudiced. The Company's share capital, which will be unaffected by the Capital Reduction, amounts to US\$18,987,583 and the Company has few creditors, wherefore the Board considers that the interests of the creditors of the Company will not be prejudiced by the Capital Reduction, however the Company will put suitable measures in place, if required to do so by the Court.

The Board reserves the right (where necessary by application to the Court) to abandon, discontinue or adjourn any application to the Court for confirmation of the Capital Reduction, and hence the Capital Reduction itself, if the Board believes that the terms required to obtain confirmation are unsatisfactory to the Company or if as the result of a material unforeseen event the Board considers that to continue with the Capital Reduction would be inappropriate or inadvisable.

Current trading and prospects

Underground mining activity at Asacha in July was affected by an unexpected rockfall. The need to install additional roof supports reduced the amount of new ore cut during that month. The consequential impact on July's production of processing a higher proportion of lower grade stockpile ore was partially offset by increasing plant throughput to 14,137 mt, 13% above the planned level.

Mine preparatory activities have commenced at level 150 m. Mining blocks within 175 and 150 levels will be prepared for stoping shortly. Level 100 m is now expected to be reached in March 2017, with stoping starting there by mid-2017, enabling the delivery each month of up to 12,500 mt of high quality stoping ore to the plant.

Mining and production at Asacha in the first seven months of 2016 is shown in the following table.

	Q1 2016	Q2 2016	July 2016	Year to date 2016	Year to date 2015
Mine development (m)	1,115	986	410	2,511	2,224
Ore extracted (mt)	44,067	43,281	14,199	101,547	102,931
Ore processed (mt)	40,300	40,436	14,137	94,783	93,493
Average processed gold grade (g/t)	7.38	8.11	5.64	7.43	7.80
Average processed silver grade (g/t)	10.75	12.96	11.20	11.76	12.70
Gold recovery rate (%)	94.95	95.30	95.23	95.14	95.56
Silver recovery rate (%)	77.36	82.45	81.63	80.38	76.00
Gold in dore (oz)	9,202	10,109	2,449	21,760	22,391
Silver in dore (oz)	10,818	14,244	4,201	29,263	29,128
Gold refined (oz)	9,343	9,337	2,418	21,098	22,303
Silver refined (oz)	11,542	11,869	3,993	27,404	29,561

The Company expects to report its Q3 2016 mining and production data in mid-October 2016.

Major shareholder

As previously reported, the Company was advised on 28 July 2016 that UFG had acquired an additional 28,387,621 Ordinary Shares, thereby increasing its interest in the Company from 53.82% to 79.62%. This increased UFG shareholding is above the 75% threshold required under the Act for shareholder approval of special resolutions and under the AIM Rules for shareholder approval of various transactions, including AIM Rule 15 'Fundamental Change of Business'.

The Company has been advised by UFG that it intends to maintain TSG's AIM listing and to support the Company and Board in their efforts to develop and expand the Company's asset base.

General Meeting

Notice of the Meeting, to be held at 11.30 a.m. on 29 September 2016 at the offices of BDO LLP, 55 Baker Street, London W1U 7EU is attached to this Circular.

The Resolution which is to be proposed at the Meeting seeks Shareholder approval for the cancellation of the Company's share premium account. To be effective, the Resolution must be passed by Shareholders holding a majority of not less than 75% of the Ordinary Shares represented at the meeting in person or by proxy and voting on the Resolution.

Shareholders will find attached to this letter a Form of Proxy for use at the Meeting. Whether or not you intend to attend the Meeting and vote in person, all Shareholders are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as

soon as possible. To be valid, completed Forms of Proxy must be received by the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.30 a.m. on 27 September 2016 being 48 hours before the time appointed for holding the Meeting. Completion of a Form of Proxy will not preclude you from attending the relevant meeting and voting in person if you so wish.

Irrevocable undertaking

The Company has received an irrevocable undertaking from UFG holding 79.62% of the Ordinary Shares to vote in favour of the Resolution.

Recommendation

Your Board considers that the proposals described in this letter are in the best interests of shareholders as a whole.

Accordingly, your Board recommends you to vote in favour of the Resolution to be proposed at the general meeting. The Directors intend to vote in favour of the Resolution in respect of the 7,025,585 Ordinary Shares (approximately 6.38 per cent. of the current issued ordinary share capital holding voting rights) in respect of which they are, as at the date of publication of this letter, entitled to exercise the voting rights. If the Directors acquire the right to exercise the voting rights over any further Ordinary Shares prior to the date of the Meeting it is their intention that such voting rights would be exercised in favour of the resolution.

Yours faithfully

Charles Ryan
Chairman

TRANS-SIBERIAN GOLD PLC

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Trans-Siberian Gold plc will be held at 55 Baker Street, London W1U 7EU on 29 September 2016 at 11.30 a.m. for the purpose of considering and, if thought fit, approving the following resolution as a special resolution:

1. That subject to and conditional upon the approval of the Court the amount of US\$89,520,424 being the entire amount standing to the credit of the Company's share premium account at the date of this resolution be cancelled.

By order of the board

Simon V Olsen
Company Secretary
39 Parkside
Cambridge, CB1 1PN

5 September 2016

NOTES

1. Holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the meeting. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with the company's registrar so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
2. The return of a completed Proxy Form, other such instrument or any CREST Proxy Instruction (as described in note 3) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.
3. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita Asset Services (ID RA10) not later than 48 hours before the time fixed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the senior holder (being the first named of the joint holders entered on the Company's register of members) will be accepted.
5. The statement of the rights of shareholders in relation to the appointment of proxies in note 1 does not apply to Nominated Persons, being a person nominated in accordance with section 146 of the Companies Act 2006. The rights described in that note can only be exercised by shareholders of the Company. However Nominated Persons may have a right under an agreement with the registered shareholder to be appointed, or have someone else appointed, as a proxy. Alternatively, in the absence of such a right or not wishing to exercise it, a Nominated Person may have a right under any such agreement to give the registered shareholder instructions as to the exercise of voting rights.
6. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members at close of business on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's register of members at close of business on the day two days before the date of any adjournment shall be entitled to attend and vote at the meeting.
7. As at 2 September 2016 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 110,053,073 ordinary shares carrying one vote each. No shares are held in treasury, therefore the total number of voting rights in the Company as at that date was 110,053,073.