

**APPROVED**

**by resolution of the Annual General Meeting of Shareholders of OAO NOVATEK on 10 June 2005 (Minutes N 96 of 17 June 2005) as amended and restated by the Board of Directors on 31 October 2005 (Minutes N 57 of 1 November 2005), the Board of Directors on 21 August 2006 (Minutes N 73 of 21 August 2006), the Extraordinary General Meeting of Shareholders on 29 July 2008 (Minutes N 104 of 30 July 2008), the Extraordinary General Meeting of Shareholders on 15 October 2009 (Minutes N 108 of 21 October 2009), by the Board of Directors on 05 February 2010 (Minutes N 121 of 08 February 2010), by the Board of Directors on 30 October 2013 (Minutes N 162 of 31 October 2013), the Annual General Meeting of Shareholders on 18 April 2014 (Minutes N 120 of 18 April 2014).**

## **ARTICLES OF ASSOCIATION of**

### **NOVATEK**

**Open Joint Stock Company**

(edition 7/1)

## 1. GENERAL PROVISIONS

1.1. These Articles of Association were drawn up in accordance with requirements of the Civil Code of the Russian Federation and the RF Federal Law N 208-FZ dated 26 December 1995.

1.2. NOVATEK Open Joint Stock Company was renamed from OJSC Financial and Investment Company "Novafininvest" established in 1994 and registered under the Order of the Oktyabrskiy District Administration of Samara № 1461 dated 16 August 1994.

The change of the Company's location from Novokuibyshevsk, Samara Region, to Tarko-Sale, was approved by resolution of the Extraordinary General Meeting of Shareholders on 15 November 2002, Minutes № 74, and registered by the RF Tax Ministry Inspectorate for Purovsky District, Yamal-Nenets Autonomous Region, on 4 December 2002 under the State Registration Number 2028900859997.

The change of the Company's name was approved by resolution of the Annual General Meeting of Shareholders on 7 March 2003 (Minutes № 76). Amendments to the Articles of Association in connection with the change of the Company's name were registered on 18 March 2003 by the RF Tax Ministry Inspectorate for Purovsky District, Yamal-Nenets Autonomous Region, under the State Registration Number 2038901120575.

1.3. The Company's full name in the Russian language shall be: Открытое акционерное общество «НОВАТЭК». The Company's brief name in the Russian language shall be: ОАО «НОВАТЭК».

The Company's full name in the English language shall be: The Joint Stock Company «NOVATEK». The Company's brief name in the English language shall be: JSC «NOVATEK».

1.4. The Company, being a legal entity in the form of the open joint stock company, shall exist for an unlimited period of time beginning from the date of its state registration, and have in its ownership separate property accounted on its independent balance sheet. The Company may, on its own behalf, acquire and exercise property and non-property rights and personal non-property rights, perform obligations, sue and be sued in court.

1.5. The Company shall have the right to open bank accounts on and beyond the territory of the Russian Federation, issue shares and other securities in the prescribed manner.

1.6. The Company shall have a round seal bearing its full corporate name and location in the Russian language.

The Company shall be entitled to have stamps and letterheads bearing its corporate name, logo, as well as its duly registered trademark and other means of visual identification.

1.7. The Shareholders shall not be liable for the Company's obligations and shall bear the risk of losses arising out of the Company's activities within the value of the shares they hold.

1.8. The Company shall be held liable for its obligations to the extent of all its property.

1.9. The Company shall not be held liable for obligations of its shareholders.

1.10. The Company's location shall be: 22a Pobedy Street, Tarko-Sale, Purovsky district, Yamal-Nenets Autonomous Region, Russian Federation.

## **2. OBJECTIVES OF THE COMPANY'S BUSINESS**

2.1. The Company shall have civil rights and obligations required to carry out any types of activities not prohibited by the Federal Laws. The Company may engage in certain activities as listed in the federal laws under a special permit (license) only. Should such special permit (license) for carrying out certain activities require them to be exclusive, the Company shall not be entitled within the validity period of such special permit (license) to carry out any other activities, except for those provided for by the special permit (license).

2.2. The Company may carry out the following types of activities:

- Production and processing of oil, gas and gas condensate;
- Selling oil, gas, gas condensate and their refined products;
- Development of oil, gas and gas condensate fields and field facilities construction;
- Geological study of subsurface resources, exploration and production of oil, gas and gas condensate;
- Construction of trunk and interfield oil, gas and petroleum product pipelines;
- Maintenance of trunk and interfield oil, gas and petroleum product pipelines;
- Working out project documentation for the construction, reconstruction, expansion, technological re-equipment and liquidation of trunk and interfield oil, gas and petroleum product pipelines;
- Expert review (including expert opinion) of equipment and materials for the trunk oil, gas and petroleum product pipelines;
- Construction of general-purpose motor roads and road maintenance facilities;
- Construction engineering;
- Transportation of hydrocarbon raw materials through the interfield pipelines;
- Construction of gas supply facilities;
- Operating facilities of the oil and gas industry and exploration facilities;
- Construction of buildings and facilities;
- Innovative activities, including development and implementation of advanced technologies, realization of the relevant licenses and transfer of technical documentation;

- Commercial and brokerage activities, including such activities at conducting export and import operations;

- Entering into agreements for performing the works and services that require cooperation between companies, as well as entering into agreements for performing the functions of a management company in relation to other business entities;

- Expert review of innovation programs;

- Trust management;

- Wholesale trade;

- Foreign economic activities in the form of export and import, foreign exchange, credit and financial operations, including in particular raising foreign investments and loans intended for industry modernization and expansion, implementation of advanced technologies, output of new products and participation in the investment projects and innovation programs;

- Marketing services;

- Conducting operations at a commodity exchange;

- Organization of hotel and consumer services, leisure time activities, health and fitness and other types of services;

- Conducting brokerage and leasing operations;

- Provision of advisory services;

- Arrangement of transportation, provision of transportation and car rental services;

- Real estate transactions;

- Other types of activities.

2.3. The Company shall perform duties related to industrial mobilization training and perform industrial mobilization tasks in accordance with the applicable laws and approved mobilization plans.

2.4. The Company shall perform works related to the use of information which constitutes a state secret being guided by the Russian Federation Law «On State Secret» and other regulatory acts protecting state secrets.

### **3. SUBSIDIARIES AND AFFILIATES. BRANCHES AND REPRESENTATIVE OFFICES**

3.1. The Company may have subsidiaries and affiliates in the Russian Federation enjoying rights of a legal entity and established in accordance with applicable laws of the Russian Federation. The Company may have subsidiaries and affiliates abroad established in accordance with applicable laws of

the foreign state where such subsidiary or affiliate is located, unless otherwise is provided for by the RF international treaties.

3.2. The Company may establish branches and open representative offices in the Russian Federation and abroad in compliance with requirements of the applicable law of the foreign state where such branch or representative office is located, unless otherwise is provided for by international treaties of the Russian Federation. The Board of Directors shall resolve on establishing affiliates and representative offices or liquidation thereof in accordance with applicable laws.

3.3. Information on the Company's branches and representative offices:

The Company has its branch in Moscow.

The Company has its representative office in Salekhard.

*(The paragraph wording approved by the Board of Directors on 30 October 2013, Minutes N 162 of 31 October 2013).*

#### **4. AUTHORIZED CAPITAL AND SHARES**

4.1. The Company's authorized capital is comprised of 303,630,600.00 (Three Hundred and Three Million Six Hundred and Thirty Thousand Six Hundred) Russian Roubles. The authorized capital consists of the nominal value of 3,036,306,000.00 (Three Billion Thirty Six Million Three Hundred and Six Thousand) ordinary registered shares acquired by the shareholders (outstanding shares). The par value of each ordinary registered share is 0.1 Russian Roubles. All the Company's shares are registered shares.

*(The paragraph wording approved by the Board of Directors on 21 August 2006, Minutes N 73 of 21 August 2006).*

4.2. In addition to outstanding shares, the Company shall be entitled to place 7,557,376,000 (Seven Billion Five Hundred and Fifty-Seven Million Three Hundred and Seventy-Six Thousand) ordinary registered shares with a par value of 0.1 Russian Roubles per share (authorized shares). The Company's additional shares shall confer the same rights as those granted by outstanding shares.

*(The paragraph wording approved by the Board of Directors on 21 August 2006, Minutes N 73 of 21 August 2006).*

4.3 The Company's authorized capital may be increased by means of increasing the par value of its shares by resolution of the General Meeting of Shareholders or by means of placement of additional shares by resolution of the General Meeting of Shareholders or the Company's Board of Directors, in the events provided for by applicable laws and the Articles of Association.

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N 120 of 18 April 2014).*

A resolution to increase the Company's authorized capital via placement of additional shares shall be passed by the Board of Directors unanimously and the votes cast by the retired members of the Board of Directors shall not be counted.

4.4. An increase in the Company's authorized capital via placement of additional shares may be achieved at the expense of the Company's property. An increase in the Company's authorized capital through increasing the par value of its shares shall only be accomplished at the expense of the Company's property.

The amount by which the Company's authorized capital is increased at the expense of the Company's property shall not exceed the difference between the value of the Company's net assets and the sum of the Company's authorized capital and reserve fund.

4.5. The Company's authorized capital may be reduced by decreasing the par value of its shares or the total number of shares, as well as via acquisition by the Company of a part of its shares in the cases provided for by the Federal Law "On Joint-Stock Companies".

4.6. The additional shares placed on subscription may be paid in cash, securities, other assets or property rights or any other rights, which have monetary value. The method of payment for additional shares shall be determined by resolution regarding their placement. Other issuable securities may only be paid in cash.

4.7. The price of placement of additional shares among the Company's shareholders, as they exercise their pre-emptive right to buy shares, may be lower than the placement price for other persons, but not more than by 10 percent.

The price of placement of issuable securities convertible into shares among the Company's shareholders, as they exercise their pre-emptive right to buy shares, may be lower than the placement price for other persons, but not more than by 10 percent.

4.8. The Company shall be entitled to place additional shares and other issuable securities via subscription or conversion. In the event the Company's authorized capital is increased at the expense of its property, the Company shall place additional shares among its Shareholders.

The Company shall be entitled to place its shares and issuable securities convertible into shares on open or closed subscription.

4.9. The Company shall place its shares and issuable securities in compliance with regulatory enactments of the Russian Federation.

4.10. The Company may acquire its outstanding shares by resolution of the General Meeting of Shareholders to decrease the authorized capital through acquisition of a part of the Company's outstanding shares in order to reduce their total number.

4.11. The Company may acquire its outstanding shares by resolution of the Board of Directors, if the nominal value of the Company's outstanding shares constitutes not less than 90 per cent of the Company's authorized capital.

4.12. The shares acquired by the Company shall be paid in cash, securities, other assets, property rights or any other rights which have monetary value agreed by the Parties.

4.13. Restrictions on acquisition of shares by the Company shall be imposed pursuant to Article 73 of the Federal Law «On Joint Stock Companies».

4.14. The Company's shares shall be consolidated or split pursuant to Article 74 of the Federal Law “On Joint Stock Companies”.

4.15. The repurchase by the Company of its own shares on shareholders request may be exercised pursuant to Articles 75 and 76 of the Federal Law “On Joint Stock Companies”.

## **5. COMPANY'S FUNDS AND NET ASSETS. DIVIDENDS**

5.1. The Company shall establish a reserve fund, the size of which shall constitute not less than 5 % (five per cent) of its authorized capital.

The Company's reserve fund shall be formed by mandatory annual deductions of 5% of the Company's net profits until it reaches the size specified by this paragraph.

The Company's reserve fund shall be intended solely to cover its losses, redeem the Company's bonds and repurchase its own shares in the absence of other funds available. The Company's reserve fund shall not be used for other purposes.

5.2. The Company shall be entitled to resolve on dividend payment based on the performance results of the first quarter, six months, nine months and/or the whole financial year.

5.3. A decision to pay dividend, as well as the size, payout time and form of dividend payment on each category (type) of shares shall be passed by the General Meeting of Shareholders in the manner prescribed by article 42 of the Federal Law "On Joint-Stock Companies".

5.4. Restrictions on dividend payment shall be set pursuant to article 43 of the Federal Law “On Joint-Stock Companies”.

## **6. BONDS AND OTHER ISSUABLE SECURITIES**

6.1. The Company shall be entitled to place its bonds and other issuable securities as provided for by the RF statutory acts on securities.

6.2. The Company shall place its bonds and other issuable securities by resolution of the Board of Directors.

The Company shall place bonds and other issuable securities convertible into shares by resolution of the Board of Directors.

6.3. The company may place bonds with bullet maturity or serial bonds.

The bonds may be redeemed for cash or other property as prescribed by the relevant resolution regarding the bonds issue.

6.4. The Company shall be entitled to place bonds secured by the Company's certain property or bonds against security provided to the Company for the purposes of bonds issue by third parties or unsecured bonds.

6.5. The bonds may be registered or unregistered (bearer bonds).

6.6. Other terms and conditions of the bond issue and procedure for circulation of bonds and the Company's other issuable securities shall be established in accordance with applicable laws.

## **7. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS - HOLDERS OF ORDINARY SHARES**

7.1. Each ordinary share in the Company shall confer upon its holder an equal scope of rights.

7.2. The holders of the Company's ordinary shares may attend the General Meeting of Shareholders and have the right to vote on any matters within its competence, receive dividends and a part of the Company's assets in the event of its liquidation.

7.3. The Shareholders shall be entitled to:

- Receive information on the Company's activities, state of its assets and the amount of its losses and profits;
- Transfer voting right;
- Succeed or sell their shares to the Company or any other person followed by the relevant amendments introduced to the Shareholder Register.

7.4. The Shareholders shall:

- Participate in management of the Company as provided for by these Articles of Association, the Laws and other legal acts of the Russian Federation;
- Meet requirements of the Company's Articles of Association and perform resolutions passed by its bodies;
- Keep confidential any information regarding the Company's activities;
- Promote the Company's development.

## **8. THE COMPANY'S SHAREHOLDER REGISTER**



8.1. The Company shall either appoint a Registrar or keep the Register by itself in the manner prescribed by the laws of the Russian Federation.

8.2. If the Shareholder register is maintained by a Registrar authorized to do so by the Company, the Company shall not be relieved from its responsibility for maintaining and keeping the Company's Shareholder Register.

8.3. The Company shall procure keeping and maintaining of the Shareholder Register in accordance with statutory acts of the Russian Federation beginning from the date of the Company's state registration.

## **9. MANAGEMENT BODIES**

### **General Meeting of Shareholders**

9.1. The General Meeting of Shareholders shall be the Company's highest management body. The Company shall hold General Meetings of Shareholders annually. The Annual General Meeting of Shareholders shall be convened within the timeframe set by the Board of Directors, but not earlier than two months and not later than six months after the end of each financial year. Any General Meeting of Shareholders other than the Annual General Meeting of Shareholders shall be deemed extraordinary.

9.2. The following matters shall be deemed to fall within the competence of the General Meeting of Shareholders:

- 1) introduction of amendments to the Company's Articles of Association or approval of the restated Articles of Association of the Company;
- 2) reorganization of the Company;
- 3) winding up of the Company, appointment of a liquidation commission, adoption of interim and final liquidation balance sheets;
- 4) election of members of the Company's Board of Directors and early termination of their powers;
- 5) determining the number, par value, class (type) of authorized shares and the rights attaching thereto;
- 6) increase of the Company's authorized capital through increasing the par value of shares or placing additional shares within the total number of the Company's shares, determination of method, timeframe, terms and conditions of their placement;
- 7) reduction of the Company's authorized capital via decrease of the nominal value of shares, acquisition of a part of the shares to reduce their total number, as well as redemption of the acquired or repurchased shares;
- 8) election of members of the Company's Revision Commission and early termination of their powers;

9) appointment of the Company's auditor;

10) approval of annual reports, annual financial statements, including inter alia, the income statements (profit and loss accounts), as well as distribution of profit, including the payment (declaration) of dividends, and losses based on the financial year results;

11) establishing the procedure of conduct of the General Meeting of Shareholders;

12) election of members of the Counting Commission and early termination of their powers;

13) split and consolidation of the Company's shares;

14) making decisions on approval of related party transactions in the cases provided for by Article 83 of the Federal Law "On Joint-Stock Companies";

15) making decisions on approval of major transactions in the cases provided for by article 79 of the Federal Law «On Joint-Stock Companies»;

16) acquisition of the Company's outstanding shares in the cases provided for by the Federal Law "On Joint-Stock Companies";

17) making decisions on participation in holding companies, financial and industrial groups, associations and other commercial organizations;

18) approval of internal documents regulating activity of the Company's bodies;

19) forming the Company's sole executive body and early termination of it powers;

20) declaration (pay out) of dividends based on the results of three months, six months and nine months of the financial year;

21) transfer of powers of the sole executive body to a management company or a trustee and termination of their powers;

21.1) making decisions on filing an application to delist the Company's shares and/or issuable securities of the Company convertible into its shares;

*(The subparagraph was added by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N 120 of 18 April 2014).*

22) resolving on any other matters provided for by the Federal Law "On Joint-Stock Companies".

No matters referred to the competence of the General Meeting of Shareholders shall be delegated to be resolved by the Company's Board of Directors or executive body.

9.3. The General Meeting of Shareholders shall not have the right to consider and make decisions on the matters falling outside of its competence under the Federal Law "On Joint-Stock Companies" and the Company's Articles of Association.

9.4. Resolutions on the matters specified in Sub-paragraphs 1 - 3, 5 and 16, of Paragraph 9.2 of this Article shall be passed by the General Meeting of Shareholders by a majority of three-fourths of the votes of shareholders holding the voting shares and present at the General Meeting of Shareholders. A resolution on other matters falling within the competence of the General Meeting of Shareholders shall be

passed by a majority vote of the holders of voting shares present at the meeting, unless otherwise provided for by the Federal Law “On Joint-Stock Companies”.

Resolutions on matters specified in Sub-paragraphs 2, 6, 7, 13-18, 20 and 21 of Paragraph 9.2 hereof, shall be adopted by the General Meeting of Shareholders only as advised by the Board of Directors.

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes N108 of 21 October 2009).*

A resolution on the matter specified in sub-paragraph 21.1 of paragraph 9.2 hereof shall enter into force provided that the total number of shares (with respect to which redemption requests have been filed) does not exceed the number of shares which may be redeemed by the Company with due account of the limitation established by paragraph 5 of article 76 of the Federal Law “On Joint Stock Companies”.

*(The paragraph added by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N 120 of 18 April 2014)*

9.5. The General Meeting of Shareholders shall not be entitled to pass resolutions on the matters not included in the agenda of the meeting, nor shall they be entitled to change the agenda.

9.6. The resolutions passed by the General Meeting of Shareholders and the voting results shall be announced at the General Meeting of Shareholders, at which the voting took place, and notified to the persons included in the list of those entitled to participate in the General Meeting of Shareholders, in form of a voting results report in the manner provided for notification of the shareholders of the General Meeting of Shareholders no later than four business days following the date of closing the General Meeting of Shareholders or the ballots submission closing date in case of holding the General Meeting of Shareholders through absentee voting.

In case on the date of composing the list of persons eligible to participate in the General Meeting of Shareholders, a person is registered in the Company’s Shareholder Register as a nominee shareholder, the voting results report shall be forwarded in an electronic form (in the form of an electronic document signed with an electronic signature) to the nominee shareholder. The nominee shareholder shall bring to the notice of his bailors the voting results report received by him hereunder in the manner and within the time-limits established by the regulatory legal acts of the Russian Federation or an agreement with the bailor.

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N 120 of 18 April 2014).*

9.7. The resolution of the General Meeting of Shareholders may be passed via absentee voting without conducting a meeting.

9.8. A notice of the forthcoming General Meeting of Shareholders shall be served at least 30 (thirty) days prior to holding the meeting, unless otherwise provided for by the Federal Law “On Joint Stock Companies”.

Within the above mentioned period, a notice of the General Meeting of Shareholders shall be sent by registered mail or delivered against signature to each person indicated in the list of those entitled to participate in the General Meeting of Shareholders.

The Company shall additionally inform the shareholders of the General Meeting of Shareholders by placing a notice of holding thereof on the official website of the Company in the Internet ([www.novatek.ru](http://www.novatek.ru)).

In case a nominee shareholder is registered in the Company's Shareholder Register, a notice of the General Meeting of Shareholders, as well as the information (materials) to be provided to the persons entitled to participate in the General Meeting of Shareholders, during the preparation to the General Meeting of Shareholders shall be sent in an electronic form (in the form of electronic documents signed with an electronic signature) to the nominee shareholder.

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N 120 of 18 April 2014).*

9.9. The shareholder(s) holding in aggregate at least 2 % (two percent) of the Company's voting shares shall be entitled to propose items on the agenda of the Annual General Meeting of Shareholders and nominate candidates to the Board of Directors, Revision Commission and Counting Commission, the number of which cannot exceed the number of members of the relevant body. Such proposals shall be submitted to the Company within 30 days following the end of the financial year.

In case the proposed agenda of Extraordinary General Meeting of Shareholders (EGM) includes an item on electing members of the Company's Board of Directors and/or forming the Company's sole executive body, one or more shareholders holding in aggregate not less than 2 percent of the Company's voting shares shall be entitled to nominate candidates to the Company's Board of Directors whereby their number may not exceed the number of members of the Company's Board of Directors or to nominate a candidate to the Company's sole executive body.

Such proposal shall be received by the Company not less than 30 days before the EGM date.

A proposal to include items on the agenda of a General Meeting of Shareholders shall contain the wording of each item proposed, whereas a proposal regarding the nominees shall state the name and details of identification document (series and (or) number, date and place of issue, issuing authority) of each nominee, the name of the body to which it is nominated for election and other details required under the Articles of Association or the Company's internal regulations. A proposal to include items on the agenda of a General Meeting of Shareholders may include draft resolutions on each proposed item.

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes N108 of 21 October 2009).*

9.10. The Board of Directors shall consider the received proposals and make a decision on entering them on the agenda of the General Meeting of Shareholders or refuse to include the proposal not later than 5 days following the deadline set by Subparagraph 9.9 hereof. The item proposed by shareholders (shareholder) shall be included in the agenda of the General Meeting of Shareholders, as well as nominated candidates shall be included in the list of candidates to be elected to the Company's relevant body except in cases where:

- shareholder(s) exceeded the term set by Paragraph 9.9. hereof;
- shareholder(s) does not own the required number of the Company's voting shares provided for by Paragraph 9.9. hereof;
- the proposed items do not comply with requirements set out by clause 9.9. hereof;
- the item proposed on the agenda of the General Meeting of Shareholders is beyond its competence and/or does not meet requirements of the Federal Law "On Joint-Stock Companies" and other statutory acts of the Russian Federation.

9.11. A motivated decision of the Company's Board of Directors denying inclusion of any item on the agenda of the General Meeting of Shareholders or inclusion of a candidate in the list of nominees to be elected to the Company's relevant body shall be sent to the shareholder(s), who proposed the item or nominated the candidate, not later than three days following the date of receipt thereof. A decision of the Company's Board of Directors denying inclusion of any item on the agenda of the General Meeting of Shareholders or denying inclusion of candidate in the list of nominees to be elected to the Company's relevant body, as well as refusal by the Board of Directors to pass the relevant resolution may be challenged in court.

The Company's Board of Directors shall not be entitled to amend the wording of the items proposed on the agenda of the General Meeting of Shareholders and the wording of resolutions on such items.

9.12. Apart from the items proposed by shareholders on the agenda of the General Meeting of Shareholders and in the absence of such proposals, as well as in the absence of or insufficient number of nominees proposed by the shareholders for forming the relevant body, the Board of Directors shall be entitled to put items on the agenda of the General Meeting of Shareholders or include nominees in the list of nominees at its own discretion.

9.13. In preparing the General Meeting of Shareholders, the Company's Board of Directors shall determine the following:

- form of the General Meeting of Shareholders (joint attendance or absentee voting);

- date, place and time of the forthcoming General Meeting of Shareholders, time of starting the registration of persons participating in the General Meeting, mailing address at which the completed ballots may be forwarded, or in the event the General Meeting of Shareholders is conducted in the form of absentee voting – a deadline for acceptance of completed ballots and the mailing address to which the completed ballots shall be sent;

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

- a date for compiling a list of persons entitled to attend the General Meeting of Shareholders;
- agenda of the General Meeting of Shareholders;
- procedure of notifying the shareholders of the forthcoming General Meeting of Shareholders;
- list of information (materials) to be submitted to the shareholders while preparing for the forthcoming General Meeting of Shareholders and its provision procedure;
- form and the text of the voting ballots.

9.14. The Extraordinary General Meeting of Shareholders shall be convened by resolution of the Company's Board of Directors on its own initiative, as well as on request of the Revision Commission, the Company's auditor and the shareholder(s) holding in aggregate not less than 10 % (ten per cent) of the Company's voting shares as of the request date.

The Company's Board of Directors shall not be entitled to amend the wording of items on the agenda, the wording of resolutions on such items or change the proposed form of the Extraordinary General Meeting of Shareholders convened on request of the Revision Commission, the Company's Auditor or shareholder(s) holding in aggregate not less than 10 % (ten per cent) of the Company's voting shares.

The Extraordinary General Meeting of Shareholders convened on request of the persons or bodies authorized to do so shall be conducted not later than 50 (fifty) days after the request is made to convene the Extraordinary General Meeting of Shareholders.

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

Where the agenda proposed includes the issue on election of the Board of Directors' members, the General Meeting shall be convened within 95 days after submission of the request for convocation of the Extraordinary General Meeting of Shareholders.

*(The paragraph added by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

In cases where according to Articles 68–70 of the Federal Law “On Joint Stock-Companies” the Company’s Board of Directors is obliged to decide on holding an Extraordinary General Meeting of

Shareholders, such General Meeting of Shareholders shall be held within 40 days after the decision to hold it was made by the Company's Board of Directors.

*(The paragraph added by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

In cases where according to the Federal Law "On Joint Stock Companies" the Company's Board of Directors is obliged to decide on holding an Extraordinary General Meeting of Shareholders to elect the members of the Company's Board of Directors, such General Meeting of Shareholders shall be held within 90 days after the decision to hold it was made by the Company's Board of Directors.

*(The paragraph added by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

A request to convene the Extraordinary General Meeting of Shareholders shall include the items proposed on its agenda. The request to convene the Extraordinary General Meeting of Shareholders may contain draft resolutions on each of the proposed agenda items, as well as the proposed form of the Extraordinary General Meeting of Shareholders.

If the request to convene the Extraordinary General Meeting of Shareholders is initiated by a shareholder(s) it shall contain the name of such shareholder(s) requesting to convene the Extraordinary General Meeting of Shareholders, as well as the number, class (type) of the shares it holds. It shall be signed by a person(s) requesting to convene the Extraordinary General Meeting of Shareholders.

A decision to convene or refuse from convening the Extraordinary General Meeting of Shareholders shall be passed by the Company's Board of Directors within 5 days after the request is made. The decision to refuse from convening the Extraordinary General Meeting of Shareholders may be made if:

- the procedure stipulated by article 55 of the Federal Law "On Joint-Stock Companies" for submitting a request to convene an Extraordinary General Meeting of Shareholders has not been observed;
- the shareholders (shareholder) requesting to convene an Extraordinary General Meeting of Shareholders hold less than 10 percent of the Company's voting shares;
- none of the matters proposed for the agenda of Extraordinary General Meeting of Shareholders falls within its competence and/or complies with the provisions of the Federal Law "On Joint-Stock Companies" and other statutory acts of the Russian Federation.

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes N108 of 21 October 2009).*

A resolution of the Company's Board of Directors convening the Extraordinary General Meeting of Shareholders or a reasonable resolution to refuse from its convocation shall be forwarded to the

persons requesting such convocation not later than 3 days after such resolution is passed. The decision of the Board of Directors to refuse from convening the EGM may be challenged in court.

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes N108 of 21 October 2009).*

Should the Board of Directors fail to make a decision to convene the Extraordinary General Meeting of Shareholders within the established timelines or refuse from its convocation, the Extraordinary General Meeting of Shareholders may be convened by the bodies and persons requesting its convocation. In such case, the expenses relating to preparation and conduct of the Extraordinary General Meeting of Shareholders may be reimbursed at the expense of the Company's funds by resolution of the Extraordinary General Meeting of Shareholders.

9.15. The Counting Committee shall verify credentials and register persons attending the General Meeting of Shareholders, determine if the General Meeting of Shareholders is in quorum, explain matters arising out of exercising by shareholders (or their representatives) of their voting right at the general meeting, clarify the procedure of voting on the items put to the vote, ensure compliance with the established voting procedure and the right of shareholders to take part in voting, count the votes and sum up voting results, draw up minutes on voting results and hand over the voting ballots to the archives.

The Counting Commission's functions may be imposed on the Company's registrar by resolution of the General Meeting of Shareholders.

9.16. Any shareholder shall have the right to attend the General Meeting of Shareholders personally or through its representative. The shareholder's representative at the General Meeting of Shareholders shall act within the powers provided for by the Federal Laws or Acts of the competent federal or local authorities or under a power of attorney executed in writing under Clauses 4 and 5 of Article 185 of the Civil Code of the Russian Federation or notarized.

If any shares are transferred after the date of compiling the list of shareholders entitled to participate in the General Meeting of Shareholders but before the date of the meeting, a person entered on such list shall issue a power of attorney to the transferee or vote at the General Meeting of Shareholders in accordance with the transferee's instructions, if it is provided for by the share transfer agreement.

*(The paragraph wording has approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

9.17. The General Meeting of Shareholders shall be deemed duly constituted, if the shareholders having in aggregate more than a half of the voting rights on the Company's outstanding shares take part in the meeting.

In the absence of quorum required to conduct the Annual General Meeting of Shareholders, an adjourned General Meeting of Shareholders with the same agenda shall be conducted. In the absence of



quorum required to conduct the Extraordinary General Meeting of Shareholders, an adjourned Extraordinary General Meeting of Shareholders with the same agenda may be conducted.

An adjourned General Meeting of Shareholders shall be deemed duly constituted, if the shareholders holding in aggregate no less than 30% percent of voting rights on the Company's outstanding shares take part in the meeting.

In holding an adjourned General Meeting of Shareholders in less than 40 days after the invalid General Meeting of Shareholders, the persons entitled to participate in the General Meeting of Shareholders shall be determined in accordance with the list of persons entitled to participate in the invalid General Meeting of Shareholders.

9.18. The voting principle at the General Meeting of Shareholders shall be “one vote per voting share”, save for cumulative voting as provided for by these Articles of Association.

9.19. In holding the General Meeting of Shareholders, except for a meeting conducted in the form of absentee voting, the persons entered on the list of those entitled to take part in the meeting or their representatives shall be entitled to attend the meeting or send filled out ballots to the Company. At determining the quorum or summing up voting results there shall be taken into account the votes represented by the voting ballots received by the Company not later than 2 days before the date of the General Meeting of Shareholders.

Voting at the General Meeting of Shareholders held in absentee form shall be conducted by ballots. The form and text of the ballot shall be approved by the Company's Board of Directors. The ballot shall be served against receipt to each person appearing on the list of those entitled to participate in the General Meeting of Shareholders no later than 30 days before the General Meeting of Shareholders. The ballot shall be delivered by registered mail. Should the ballot be sent to a shareholder residing abroad, such ballot shall be sent by international courier service.

9.20. The minutes of the General Meeting of Shareholders shall be made in two original copies not later than 3 (three) business days after its closing date. Both original copies shall be signed by the Chairman and the Secretary of the General Meeting of Shareholders.

The minutes of the General Meeting of Shareholders shall be posted on the Company's website in the Internet not later than 2 (two) business days after the minutes have been drawn up.

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

9.21. The General Meeting of Shareholders shall be held in Moscow.

The procedure for holding a General Meeting of Shareholders, Extraordinary General Meetings of Shareholders and other matters not covered by these Articles of Association shall be governed by the Regulations on the General Meeting of Shareholders of the Company adopted by the General Meeting of Shareholders.

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

### **Board of Directors**

9.22. The Board of Directors shall perform overall management of the Company's activities, save for the matters referred by the Federal Law "On Joint-Stock Companies" and these Articles of Association to the competence of the General Meeting of Shareholders.

The competence of the Board of Directors shall include the following matters:

- 1) Defining priority lines of the Company's business;
- 2) Convening Annual and Extraordinary General Meetings of Shareholders, save the events provided for by Paragraph 8, Article 55 of the Federal Law "On Joint-Stock Companies";
- 3) Approving agenda of the General Meeting of Shareholders;
- 4) Fixing the date of compiling the list of persons entitled to participate in the General Meeting of Shareholders and other matters referred to the competence of the Company's Board of Directors in accordance with the provisions of Chapter VII of the Federal Law "On Joint-Stock Companies" and related to preparation and conduct of the General Meeting of Shareholders;
- 5) Placing by the Company of additional shares into which the Company's placed preferred shares of a certain type, convertible into ordinary shares or preferred shares of other types, are converted, unless such placement is related to increasing the Company's authorized capital, as well as placing by the Company of bonds and other issuable securities, save for the shares;

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

6) Increasing the Company's authorized capital via placement of additional shares within the number and category of authorized shares, save as provided for by the applicable law;

7) Introducing amendments to the Company's Articles of Association as a result of placement of the Company's shares, including amendments related to the increase of the authorized capital;

8) Introducing amendments to the Company's Articles of Association due to establishment of new branches and representative offices or their liquidation;

9) Determination of price (monetary value) of assets, offering price or procedure of determining it, as well as issued securities redemption price in the cases provided for by the Federal Law "On Joint Stock Companies";

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

10) Acquisition of the Company's outstanding shares, bonds or other securities in the cases provided for by the Federal Law "On Joint Stock Companies" and other federal laws;

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

11) Forming the Company's collegial executive body (Management Board), including determination (change) of its quantitative composition, election and early termination of powers of its members, save the election of chairman of the collegial executive body (Chairman of the Management Board);

*(The sub-paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes N 108 of 21 October 2009)*

12) Recommendations on the amount of remuneration and compensations payable to the members of the Company's Revision Commission and determination of the size of remuneration payable for the Auditor's services;

13) Recommendations on the amount of dividend on the shares and its payment procedure;

14) Using the Company's Reserve Fund and other funds;

15) Approval of the Company's internal documents, save the internal documents which shall be approved by the General Meeting of Shareholders in accordance with the Federal Law "On Joint-Stock Companies", and the Company's other internal documents, which approval is referred by the Articles of Association to the competence of the Company's executive bodies;

16) Establishment and liquidation of the Company's branches, opening and closing the Company's representative offices;

17) Approval of major transactions in the cases provided for by Chapter X of the Federal Law "On Joint-Stock Companies";

18) Approval of related party transactions provided for by Chapter XI of the Federal Law "On Joint-Stock Companies";

19) Approval of the Company's Registrar and the terms and conditions of the contract with such Registrar, renewal and termination of the Contract with it;

20) Approval of the Company's long-term and annual business plans, including investment projects approved under Sub-paragraph 21 hereof;

21) Making decisions on new investment projects or expansion of the existing investment projects, including those considered upon approval of the Company's long-term and annual business plans, if the amount of investments exceeds 5 (Five) % of the Company's book value determined based on the Company's accounts as of the last accounts date;

22) Making decisions on acquisition or sale of the Company-owned shares (participation interests) in legal entities, their pledge or creation of any other encumbrances in relation to such shares (participation interests) or consummating any other transactions with such shares (participation interests);

23) Making decisions on acquisition, re-issuance of or refusal from licenses for the right to use subsurface mineral resources, including participation in tenders or auctions in accordance with the Subsoil Use Law;

24) Approval of a transaction or several interrelated transactions on fund raising (including loans, credits, pledge or security) or direct or indirect acquisition, disposal or possibility of disposal by the Company of any assets, if the amount of such financing or the value of such assets makes up 5 (five) to 25 (twenty-five) per cent of the Company's assets book value determined based on the Company's accounting statements as of the last reporting date, excluding transactions concluded in the ordinary course of the Company's business;

*(The subparagraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

25) Making decisions on filing an application to list the Company's shares and (or) issuable securities of the Company convertible into its shares;

*(The paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

26) Making decisions on approval of documents pertaining to the issue of additional shares or other issuable securities, including decisions to issue shares or other issuable securities, prospectus for public offering of shares or other issuable securities and reports on results of issuing shares or the Company's other issuable securities;

27) Approval of a procedure for compiling, approval, adjustment and supervising implementation of the Company's and its subsidiaries' business plans, as well as capital investments made under such business plans;

28) Submitting any major transactions, the amount of which exceeds 25% - 50% of the Company's assets book value in the cases provided for by Chapter X of the Federal Law "On Joint-Stock Companies" for the consideration by the General Meeting of Shareholders;

29) Submitting the matters specified in Sub-paragraphs 2, 6, 7, 13-18, 20, 21 of Paragraph 9.2 of the Company's Articles of Association for consideration by the General Meeting of Shareholders.

*(The sub-paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes N108 of 21 October 2009)*

30) Other issues provided for by the Federal Law "On Joint-Stock Companies" and the Company's Articles of Association.

The matters referred to the competence of the Company's Board of Directors shall not be resolved by the Company's executive body.

The Board of Directors, as advised by the Chairman of the Management Board, shall be entitled to resolve other matters beyond its competence (save for the matters falling within the competence of the General Meeting of Shareholders), when the decisions may have a significant impact on the Company's business.

*(A new paragraph introduced by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes N108 of 21 October 2009)*

9.23. The General Meeting of Shareholders shall elect 9 members to the Company's Board of Directors.

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 29 July 2008, Minutes No. 104 as of July 30, 2008)*

The General Meeting of Shareholders shall elect members to the Board of Directors by cumulative voting as provided for by the Federal Law "On Joint-Stock Companies" and the Company's Articles of Association, for the period until the next Annual Meeting of Shareholders.

Persons elected to the Board of Directors may be re-elected an unlimited number of times. An individual (physical person) only may become a member of the Board of Directors.

The powers of all members of the Board of Directors may be early terminated if so resolved by the General Meeting of Shareholders.

A member of the Board of Directors may at any time voluntarily retire from its responsibilities by giving a prior notice thereof in writing to the other members of the Board of Directors. In this case, the Board of Directors shall convene the General Meeting of Shareholders, which shall early terminate the powers of all the members of the Board of Directors and elect the new members of the Board of Directors.

9.24. Should the number of members of the Company's Board of Directors become less than the number required to achieve a quorum set by the Company's Articles of Association, the Board of Directors shall convene an Extraordinary General Meeting of Shareholders in order to elect the new composition of the Board of Directors. The remaining members of the Company's Board of Directors shall only be entitled to adopt resolutions convening such Extraordinary General Meeting of Shareholders.

9.25 The Chairman of the Board of Directors shall be elected by and from among the members of the Board of Directors by a majority of votes of the total number of the members of the Board of Directors.

The Board of Directors may at any time re-elect its Chairman by a majority of votes of the total number of members of the Board of Directors.

Chairman of the Board of Directors shall:

- arrange the work of the Company's Board of Directors;
- convene the meetings of the Board of Directors, preside at such meetings or organize absentee voting;
- organize taking of Minutes at the meetings;
- preside at the General Meeting of Shareholders.

9.26. In the absence of Chairman of the Board of Directors, its functions shall be performed by one of the members of the Board of Directors according to the resolution of the Board of Directors passed by a majority of votes of its members attending the meeting.

9.27. The meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors on its own initiative or on request of any member of the Board of Directors, the Revision Commission, the Company's auditor, the executive body or shareholders holding in aggregate not less than 10% of the Company's voting shares. The Meetings of the Board of Directors shall be conducted when appropriate, but not less than once every three months.

The notification regarding the meeting of the Board of Directors shall be made in writing and delivered to each member of the Board of Directors by electronic means of communication (e-mail, fax) no later than 7 days before the date of the meeting of the Board of Directors, unless all the members of the Board of Directors approve a shorter term in writing.

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes No. 108 as of 21 October 2009)*

The notification shall contain the date, time and venue of the meeting of the Board of Directors and its agenda specifying in detail the items submitted for the meeting consideration together with copies of the relevant documents to be approved by the meeting;

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes No. 108 as of 21 October 2009)*

The Board of Directors may not consider items not included in the notification regarding the meeting, nor shall they consider the items included therein but not provided with the enclosed copies of the documents to be considered in respect of such items, unless all the members of the Board of Directors unanimously resolve to consider such items at the meeting of the Board of Directors.

9.28. The meeting shall be deemed duly constituted if it is attended by not less than a half of the elected members of the Board of Directors. In determining the quorum and results of voting on the agenda items, a written opinion of the absent members of the Board of Directors shall be taken into account.

9.29. In making decisions at the meeting of the Board of Directors, each member of the Board of Directors shall have one vote. The members of the Board of Directors shall not transfer their votes to other persons, including other members of the Board of Directors.

9.30. The resolutions of the Board of Directors on the matters specified in sub-paragraphs 1, 5, 6, 9-11, 19, 21-29 of Paragraph 9.22 hereof shall be passed by the Board of Directors, if 8 (Eight) Directors cast their votes for such resolution.

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 29 July 2008, Minutes No. 10 as of 30 July 2008).*

The resolutions on any other matters of the Meeting of the Board of Directors shall be passed by a simple majority of votes of the members of the Board of Directors attending the meeting, unless otherwise provided for by the Federal Law "On Joint-Stock Companies".

The resolution on the matter specified in sub-paragraph 11 of Paragraph 9.22 in terms of determination (change) of the quantitative composition of the Management Board and election of its members shall be passed by the Board of Directors solely on request of the Chairman of the Management Board.

*(A new paragraph introduced by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes No. 108 as of 21 October 2009).*

9.31. Should the Chairman of the Board of Directors be unable to conduct the meeting of the Board of Directors in the form of joint attendance, it shall be entitled to conduct absentee voting to resolve certain issues.

9.32. The minutes shall be kept at the meeting of the Board of Directors, and shall be drawn up within 3 days following its date. The minutes shall contain the following:

- venue and time of the meeting;
- persons attending the meeting;
- agenda of the meeting;
- items put to the vote and voting results;
- decisions made.

9.33. The minutes of the meeting of the Board of Directors shall be signed by its Chairman who is responsible for the correctness of the minutes.

9.34. During the period of exercising their duties the members of the Board of Directors may be paid a remuneration and/or receive compensation of any expenses related to performance of their functions as members of the Board of Directors. The size of such remuneration and compensation shall be determined by resolution of the General Meeting of Shareholders.

9.35. The members of the Board of Directors shall be liable to the Company for any losses caused to the Company through their faulty actions (or omission), unless other basis and scope of liability are established by federal laws.

**Sole and Collegial Executive Body**  
**(Chairman of the Management Board and Management Board)**

9.36. The management of the Company's day-to-day operations shall be carried out by the Company's sole executive body (Chairman of the Management Board) and collegial executive body (Management Board). The Chairman of the Management Board and the Management Board itself shall be subordinated to the Board of Directors and the General Meeting of Shareholders.

The Chairman of the Management Board shall head the Management Board, organize its work and its meetings, as well as implementation of resolutions passed by the General Meetings of Shareholders and the meetings of the Board of Directors.

9.37. By resolution of the General Meeting of Shareholders, the powers of the Company's sole executive body (Chairman of the Management Board) may be delegated to a commercial organization (Management Company) or individual entrepreneur (Manager) under a contract. A resolution to delegate the powers of the sole executive body (Chairman of the Management Board) to the Management Company or Manager shall be adopted at the General Meeting of Shareholders as advised by the Board of Directors only.

9.38. The competence of the Chairman of the Management Board shall include the management of all matters on the Company's day-to-day operations, excluding those falling within the sole competence of the General Meeting of Shareholders and the Company's Board of Directors.

9.39. The Chairman of the Management Board shall without the Power of Attorney act on behalf of the Company and:

- Manage the Company's day-to-day operations;
- Represent the Company's interests inside and outside the Russian Federation;
- Administer the Company's assets and funds and consummate transactions on behalf of the Company. The Chairman of the Management Board shall be entitled to consummate transactions that require approval by the General Meeting of Shareholders or the Board of Directors only after the relevant decision is passed by the General Meeting of Shareholders or the Board of Directors;
- Approve the staff schedule, regulations of the Company's structural subdivisions, job descriptions and wages for all the positions included into the staff schedule;
- Issue orders and give instructions obligatory for all the Company's employees;
- Organize the Company's bookkeeping and accounting;



- Control the due receipt of funds and compliance of any spending with the Company's annual business-plan;

- Have the right of first signature on financial documents;

- Enter into employment contracts with the Company's employees, apply punishment or incentive measures;

- Issuer powers of attorney on behalf of the Company.

- Prepare and submit for approval by the Board of Directors any resolutions to issue shares, offering memorandums and reports on results of securities issue;

- Open the Company's bank accounts;

- Appoint persons representing the Company at the Meetings of Shareholders (participants) of the companies whose shares are owned by the Company;

- Submit to the Company's Board of Directors proposals on the personal and quantitative composition of the Management Board;

- Submit for the consideration of the Board of Directors the matters that do not fall within the competence of the Board of Directors (save the matters falling within the competence of the General Meeting) but may have a significant impact on the Company's business.

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes N108 of 21 October 2009)*

9.40. The Chairman of the Management Board and its First Deputy shall issue powers of attorney to act on behalf of the Company.

9.41. The Chairman of the Management Board at its own discretion may present any issue for consideration by the Management Board meeting within his competence in order to make a collegial decision.

9.42 The Chairman of the Management Board shall be elected by the General Meeting of Shareholders for the period of five years and may be re-elected an unlimited number of times.

9.43. The rights and obligations, as well as the term and amount of remuneration of the Chairman of the Management Board shall be determined by the Federal Law "On Joint Stock Companies", other legal acts of the Russian Federation and by an agreement entered into with the Company. The agreement on behalf of the Company shall be signed by the Chairman of the Board of Directors or a person duly authorized to do so by the Company's Board of Directors.

9.44. The General Meeting of Shareholders may at any time pass a resolution on early termination of powers of the Chairman of the Management Board and decide to form a new sole executive body.

9.45. The Board of Directors shall resolve the matters on forming the Management Board, including determination of its quantitative composition and election of its members, save the Chairman of the Management Board who is represented on the Management Board by virtue of his position.

Decisions to determine (change) the number or elect members of the Management Board shall be made by the Board of Directors solely as advised by Chairman of the Management Board.

The Management Board members shall be elected for the period of 5 years.

The powers of any Management Board member may be terminated ahead of time by resolution of the Board of Directors. In this case, a new member may be elected to the existing composition of the Management Board to replace the previous one whose powers were terminated earlier.

The Board of Directors may resolve to increase the number of members of the Management Board and elect new members of the Management Board.

The term of powers of the new Management Board members elected instead of those whose powers were terminated earlier or those elected in connection with an increase in the number of members of the Management Board shall cease simultaneously with the tenure of the remaining members of the Management Board.

*(The paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes N108 of 21 October 2009)*

9.46. The rights and obligations of the members of the Management Board to carry out the Company's day-to-day operations shall be determined by the Federal Law "On Joint Stock Companies", these Articles of Association, the Regulation on the Management Board and the agreement between the Company and any member of the Management Board. On behalf of the Company the agreement shall be signed by the Chairman of the Board of Directors or a person duly authorized by the Board of Directors.

9.47. The competence of the Management Board shall include:

- 1) identifying perspective lines of the Company's development in accordance with priority lines of the Company's business determined by the Board of Directors;
- 2) preparation and submission to the Board of Directors of long-term (for the period of 5 years) consolidated and annual business plans; annual reports, annual balance sheets, profit and loss statements and the Company's other year-end reporting;
- 3) approval of the subsidiaries' and affiliates' annual and long-term business plans;
- 4) approval of annual reports, annual balance sheets, profit and loss statements and other annual accounts of the Company's subsidiaries and affiliates;
- 5) summing up the performance results of the Company's business plans;
- 6) summing up the performance results of the subsidiaries' and affiliates' business plans;
- 7) implementation of personnel policy in the Company and its subsidiaries, approval of candidates to the positions of directors of the Company's departments, the sole executive bodies, deputy sole executive bodies and chief accountants of the Company's subsidiaries, as well as nomination of candidates to the subsidiaries' management bodies (including the board of directors, management board and revision commission);

8) analyzing and summing up the performance results of the Company's structural subdivisions, as well as working out recommendations on improvement of their performance;

9) organizing implementation of resolutions passed by the General Meeting of Shareholders and the Board of Directors;

10) making decisions to submit claims in the capacity of a shareholder (participant) of the Company's subsidiary;

11) approving the articles of association of the newly established subsidiary companies, introducing amendments to the articles of association of the newly established subsidiary companies and new editions of the subsidiaries' articles of association;

*(The sub-paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes No. 108 as of 21 October 2009).*

12) passing resolutions on reorganization or liquidation of the Company's subsidiaries, as well as increase of their authorized capital;

13) approving related party and major transactions consummated by the Company's subsidiaries that require prior consent of the subsidiaries' supreme management bodies, excluding transactions consummated by the subsidiaries by and between themselves and with the Company;

*(The sub-paragraph wording approved by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes No. 108 as of 21 October 2009)*

14) approval of the subsidiaries' auditors;

15) making decisions to transfer the powers of the sole executive bodies of the subsidiaries to a managing company or administrator and decisions to terminate the powers of the subsidiaries' sole executive bodies;

16) passing resolutions on acquisition or disposal by the subsidiaries of any shares (participation interests) in legal entities, their pledge or creation of other encumbrances in relation to such shares (participation interests) and consummation of any other transactions with such shares (participation interests);

17) making decisions on the subsidiaries' new investment projects or expansion of the existing investment projects, including those considered upon approval of the subsidiaries' long-term and annual business plans, if the amount of investments exceeds 5 (Five) % of the subsidiary's book value determined based on its accounts as of the last accounts date;

18) Approval of a transaction or several interrelated transactions on fund raising (including loans, credits, pledge or security) or direct or indirect acquisition, disposal or possibility of disposal by a subsidiary company of any assets, if the amount of such financing or the value of such assets makes up 5 (five) to 25 (twenty-five) per cent of the subsidiary company's assets book value determined based on its

accounting statements as of the last reporting date, excluding transactions concluded in the ordinary course of the subsidiary company's business;

*(The sub-paragraph wording approved by the Annual General Meeting of Shareholders on 18 April 2014, Minutes N120 of 18 April 2014).*

19) *The sub-paragraph is deleted by resolution of the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes № 108 of 21.10.2009;*

20) making decisions on approval of documents pertaining to the issue by the Company's subsidiary of additional shares or other issuable securities, including decisions to issue shares or other issuable securities, prospectus for public offering of shares or other issuable securities and reports on results of issuing shares or the subsidiary's other issuable securities;

21) making decisions enabling the Company's subsidiaries to take actions on acquisition, re-issuance of or refusal from licenses for the right to use subsurface mineral resources, including participation in tenders or auctions;

22) defining priority lines of the subsidiaries' business;

23) passing resolutions on placement by the subsidiaries of their bonds and other securities;

24) approval of the subsidiaries' Registrar and the terms and conditions of the contract with such Registrar, renewal and termination thereof;

25) Determination of price (monetary value) of the subsidiaries' assets, as well as the placement and repurchase price of the issued securities in accordance with Russian laws;

26) Making decisions on acquisition by the subsidiary of its own shares (equity interests), bonds or other outstanding securities in accordance with the RF laws;

9.48. In resolving the matters at the Meeting of the Management Board, each member of the Management Board shall have one vote.

9.49. The resolutions of the Management Board meeting on the matters specified in sub-paragraphs 11) - 26) of Paragraph 9.47 hereof shall be deemed adopted, if 2/3 of the elected members of the Management Board cast their votes for such resolution.

*(The paragraph wording approved by resolution of the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes № 108 of 21.10.2009;)*

The resolutions on any other matters of the Management Board meeting shall be passed by a simple majority of votes of the members of the Management Board attending the Meeting.

The Company's sole executive body in exercising its powers of a participant or shareholder of the subsidiaries, and the members of the subsidiaries' boards of directors representing the Company in its subsidiaries, shall, in making decisions at the meetings of the subsidiaries' Board of Directors, act in compliance with resolutions of the Company's Management Board on the matters specified in sub-paragraphs 11) - 26) of Paragraph 9.47 hereof.

9.50. The notice of the Management Board meeting shall be served in writing and delivered to each member of the Management Board by electronic means of communication (e-mail, fax) no later than 5 days before the date of the Meeting, unless all the members of the Management Board approve a shorter period in writing. A notice shall contain the date, time and place of the Management Board meeting and its Agenda specifying in detail the items submitted for the meeting's consideration. A notice shall be accompanied by draft documents to be discussed.

*(The paragraph wording approved by resolution of the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes № 108 of 21.10.2009)*

9.51. In exercising their rights and performing their obligations, the Chairman of the Management Board, members of the Management Board and the Management Company or the trustee shall act to the benefit of the Company and be liable to the Company for any losses caused to the Company through their faulty actions (or omission), unless other basis and scope of liability are established by the Federal Laws.

## **10. MAJOR AND RELATED PARTY TRANSACTIONS**

10.1. Major transactions shall be approved in accordance with Article 79 of the Federal Law “On Joint Stock Companies”.

10.2. Should any major transaction simultaneously be a related party transaction, the procedure of consummating thereof shall only be regulated by the provisions of Chapter XI of the Federal Law “On Joint Stock Companies”.

10.3. A related party transaction shall be approved by the Board of Directors or the General Meeting of Shareholders pursuant to Article 83 of the Federal Law “On Joint Stock Companies”.

10.4. The members of the Company's Board of Directors and Management Board, as well as a person exercising the functions of the Company's sole executive body (Chairman of the Management Board), including the management company and its executive officers and the Company's shareholder holding independently or jointly with its affiliated entities 20 or more percent of the Company's voting shares, shall notify to the Board of Directors, the Revision Commission or the Company's auditor the information pertaining to:

- ownership of and the sale and purchase of the Company's securities;
- legal entities, in which they directly or jointly with their affiliated person(s) hold 20 or more per cent of the Company's voting shares (equity stakes, equity interests);
- legal entities where they hold positions on the management bodies;
- consummated or expected transactions whereby they may be deemed to be a related party;

## **11. AFFILIATED PERSONS**

11.1. A person shall be deemed affiliated in accordance with requirements of Russian Federation laws.

11.2. The Company's affiliated persons shall inform the Company in writing of any shares they held in the Company specifying their number and category (types) not later than 10 days following their acquisition date. In case the Company has incurred property damage through the failure to submit or untimely submission of the aforementioned information by the affiliated person, such affiliated person shall be held liable to the Company in the amount of the incurred losses.

11.3. The Company shall keep a record of its affiliated persons and present the relevant report in respect thereof in accordance with requirements of RF laws.

## **12. FINANCIAL ACCOUNTING AND REPORTING, COMPANY'S DOCUMENTS, INFORMATION ON THE COMPANY**

12.1. The Company shall keep accounting and submit financial statements pursuant in the manner prescribed by the Russian Federation laws, provide its shareholders with information regarding the Company and provide access to the documents specified in Par. 1 of Article 89 of the Federal Law "On Joint-Stock Companies", keep the documents, provided for by the Federal Law "On Joint-Stock Companies" at the location of the Company's executive body in the manner and within the timelines established by a federal agency for securities market.

12.2. The Company's annual report shall be preliminary approved by the Company's Board of Directors not later than 30 days before the date of the Annual General Meeting of Shareholders.

12.3. The Company shall disclose information as prescribed by the Federal Law "On Joint-Stock Companies".

## **13. CONTROL OVER THE COMPANY'S FINANCIAL AND BUSINESS ACTIVITY**

13.1. In order to exercise control over the Company's financial and business activity, the General Meeting of Shareholders shall elect the Revision Commission and approve the Company's auditor. The Company's Revision Commission shall consist of 4 members. Members of the Company's Revision Commission shall be elected by the General Meeting of Shareholders pursuant to the procedure established by the Federal Law "On Joint-Stock Companies".

13.2. The Revision Commission and the Company's auditor shall review the Company's financial and business activity in the manner prescribed by article 85 of the Federal Law "On Joint-Stock Companies".

13.3. The following matters fall within the competence of the Revision Commission:

1) confirming reliability of data contained in the Company's annual report, annual accounts and other reports and financial statements;

2) analyzing the Company's financial state, revealing reserves to improve the Company's financial condition and developing recommendations to the Company's management bodies;

3) organizing and conduct of reviews (audits) of the Company's financial and business activity in terms of:

- review (audit) of the Company's financial statements and accounts, payment & settlement and other documentation related to the Company's financial and business activity in view of its compliance with the Russian Federation law, the Company's Articles of Association, internal and other documents;

- control over the safety and utilization of fixed assets;

- control over spending of the Company's cash in accordance with the approved business-plan and budget;

- control for forming and using the Company's reserve and other special funds;

- checking up whether dividends on the Company's shares are charged and paid out correctly and in a timely manner;

- checking up the fulfillment of the previous instructions on eliminating the breaches and removing shortcomings discovered in the course of the previous reviews (audits);

- taking other actions (measures) aimed at checking up the Company's financial and business activity.

The resolutions falling within the competence of the Revision Commission shall be passed by a simple majority of votes cast by its members.

*(The paragraph wording approved by resolution of the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes № 108 of 21.10.2009;)*

13.4. The working procedure of the Company's Revision Commission (internal auditor) shall be determined by the Company's internal regulations approved by the General Meeting of Shareholders.

*(The paragraph wording approved by resolution of the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes № 108 of 21.10.2009;)*

## **14. COMPANY REORGANIZATION AND LIQUIDATION**

14.1. The grounds and the procedure of the Company's reorganization shall be established by the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies" and other federal laws.

14.2. The Company may be voluntarily liquidated in a manner prescribed by the Civil Code of the Russian Federation and the Federal Law “On Joint Stock Companies”. The Company may be liquidated under court order on the grounds prescribed by the Civil Code of the Russian Federation.

The Company liquidation shall entail termination of its activity without any transfer of rights and obligations to other persons by way of legal succession.

14.3. The liquidation of the Company shall be considered completed and the Company shall be deemed to have ceased its activity as of the date of the relevant entry made by the state registration authority to the Unified State Register of Legal Entities.

## **15. FINAL PROVISIONS**

15.1. Any and all disputes in relation to the Company's affairs between shareholders, members of the Board of Directors and other elected bodies, as well as disputes between the Company and individuals, legal entities, state, cooperative, joint-stock and other organizations and public associations shall be settled upon mutual agreement of the parties or in court.

15.2. The Company shall be entitled to establish a permanent arbitral tribunal to settle economic disputes between its affiliates and subsidiary joint-stock companies or between the latter and the Company.

15.3. The regulation on arbitral tribunal shall be elaborated by the Company and agreed upon with the management of its affiliates and subsidiary joint-stock companies and adopted by the Company's Board of Directors.

15.4. For any other matters not covered by these Articles of Association the Company shall be governed by the Federal Law “On Joint-Stock Companies” and the Civil Code of the Russian Federation.