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31 July 2020

RELATIONSHIP AGREEMENT

between

HIGHLAND GOLD MINING LIMITED

and

FORTIANA HOLDINGS LIMITED

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THIS AGREEMENT is made on 31 July 2020 between the following parties:

- (1) **HIGHLAND GOLD MINING LIMITED**, a company incorporated in Jersey (company number 83208) whose registered office is at 26 New Street, St Helier, Jersey JE2 3RA (the “**Company**”) and
- (2) **FORTIANA HOLDINGS LIMITED**, a company existing under the laws of Cyprus (company number 399750) whose registered office is at Ayias Elenis 36, Galaxias Commercial Centre, 4th Floor, Flat/Office 403, 1061 Nicosia, Cyprus (the “**Shareholder**”),

(together “**the parties**”).

WHEREAS

- (A) On the date of this Agreement the Shareholder is expected to acquire approximately 23.95% of the issued ordinary share capital of the Company, with the acquisition of a total of approximately 40.06% of the issued ordinary share capital of the Company conditional upon the Shareholder having obtained the antitrust approval of the Russian Federal Antimonopoly Service (the “**Acquisition Condition**”).
- (B) The parties are of the view that the relationship between them should be managed in order to ensure that, inter alia, the Company carries on its business independently of the Shareholder.
- (C) In consideration of the Company entering into this Agreement and such other consideration as is hereinafter referred to, the Shareholder has agreed to give the covenants set out in this Agreement.

IT IS AGREED as follows

1 DEFINITIONS AND INTERPRETATION

1.1 The definitions and rules of interpretation set out in this clause apply to this Agreement:

“ Act ”	means the Companies Act 2006;
“ AIM ”	means AIM, a market operated by London Stock Exchange plc;
“ AIM Rules ”	means the AIM Rules for Companies issued by London Stock Exchange plc, as amended from time to time;
“ Articles ”	means the Company’s articles of association from time to time;
“ Associate ”	has the meaning given to an associate in paragraph (c) of the definition of related party contained in the AIM Rules;
“ Board ”	means the board of directors of the Company from time to time;
“ Board Committees ”	means the Audit Committee, Remuneration and Nomination Committee and Health, Safety and Environment Committee of the Company from time to time;
“ Code ”	means The City Code on Takeovers and Mergers;
“ Connected ”	means connected as described in Section 1122 of the Corporation Tax Act 2010 (including the meaning of “control” defined in Section 1124 thereof) and includes, in relation to the Shareholder, any Associate of the Shareholder;

“Disclosure Guidance and Transparency Rules”	means the disclosure guidance and transparency rules made by the Financial Conduct Authority, as amended from time to time;
“Group”	means the Company and its subsidiaries (within the meaning of the Act) from time to time, and the expression “member(s) of the Group” shall be construed accordingly;
“Independent Directors”	means the directors of the Company from time to time, excluding any party Connected with, or appointed by, the Shareholder;
“Market Abuse Regulation”	means EU Regulation No. 596/2014, as amended from time to time;
“Ordinary Shares”	means the Ordinary Shares of £0.001p each in the capital of the Company;
“QCA Corporate Governance Code”	the corporate governance code issued by the Quoted Companies Alliance in April 2018, as may be amended from time to time; and
“Relevant Number”	means the product of the total number of members of the Board and the lower of 66.7% and the percentage of then issued Ordinary Shares held by the Shareholder rounded down to the nearest whole number while the Shareholder holds 50% or less of the then issued Ordinary Shares and rounded to the nearest integer (with 0.5 rounding up) otherwise, provided that, in each case, the Relevant Number shall not be less than 3.

1.2 The headings in this Agreement are for convenience only and shall not affect the construction of this Agreement.

1.3 References to clauses and to parties are to clauses of and parties to this Agreement.

1.4 References to “person” or “persons” shall include bodies corporate, unincorporated associations and partnerships (whether or not having separate legal personality).

2 CONDITIONS PRECEDENT AND INTERIM OBSERVER

2.1 This Agreement shall be conditional upon the Shareholder (or its nominee) becoming the registered holder of not less than 15% of the issued ordinary share capital of the Company.

2.2 In addition, except with the agreement of the Board, subject to clause 2.4, the provisions of clause 4 are conditional upon the Shareholder demonstrating to the reasonable satisfaction of the Board that the Acquisition Condition has been satisfied by the Shareholder.

2.3 Subject to clause 2.4, from the date on which the condition in clause 2.1 is satisfied until such date as the Acquisition Condition has been satisfied or waived by the Shareholder (the **“Relevant Date”**), the Shareholder shall be entitled to appoint one observer (the **“Interim Observer”**) to attend (at the Shareholder’s expense) any meeting of the Board or Board Committee that takes place between the date of this Agreement and the Relevant Date, provided that the Interim Observer shall not be entitled to participate in or vote at any such meeting of the Board or Board Committee.

2.4 The Shareholder agrees that, from the date of this Agreement until such time as the offer for the Company under Rule 9 of the Code announced by the Shareholder on or around the date of this Agreement (the **“Offer”**) becomes unconditional as to acceptances or lapses, terminates or is withdrawn, the Shareholder shall not exercise any of its rights under clause 2.3 or clause 4 to:

- (a) participate in any discussions of the Board or any committee of independent directors of the Board constituted for the purpose of considering the Offer (the “**Independent Committee**”) in relation to:
 - (i) the Offer; or
 - (ii) any competing offer by a third party for the Company (a “**Competing Offer**”),
 and shall procure that the Observer and any director appointed by the Shareholder in accordance with clause 4 shall recuse himself or herself from any meeting of the Board or Independent Committee at which the Offer or a Competing Offer is to be considered or discussed; or
- (b) otherwise influence or affect the outcome of the Offer or any Competing Offer.

2.5 The parties agree that, if the Takeover Panel determines that any provision of this Agreement that requires the Company to take or not to take action, whether as a direct obligation or as a condition to any other person’s obligation (however expressed), is not permitted by Rule 21.2 of the Code, that provision shall have no effect and shall be disregarded.

3 INDEPENDENCE OF THE COMPANY

3.1 The Shareholder shall (and shall procure, so far as is within its power, that all persons Connected with it shall):

- (a) conduct all transactions and relationships with any member of the Group on arm’s length terms and on a normal commercial basis;
- (b) exercise the voting rights attached to the Ordinary Shares held by the Shareholder or any of its Connected Persons in such a manner so as to procure (to the extent that it is able to do so by the exercise of such voting rights) that:
 - (i) the provisions of this Agreement are fully complied with at all times;
 - (ii) the Company carries on an independent business as its main activity;
 - (iii) the Company is not managed in a manner contrary to the QCA Corporate Governance Code (save for such non-compliance as may previously have been disclosed by the Company or as may be agreed by a majority of the Independent Non-Executive Directors); and
 - (iv) no amendment is made to the Articles which would be inconsistent with or breach any of the provisions of this Agreement (in particular which would be contrary to the principle of the independence of the Company from the Shareholder);
- (c) not take any action which precludes or inhibits any member of the Group from carrying on its business independently of the Shareholder and persons Connected with the Shareholder;
- (d) not do anything or intentionally omit to do anything the effect of which would be to prevent the Company complying with the AIM Rules, the requirements of London Stock Exchange plc, the Disclosure Guidance and Transparency Rules (to the extent applicable) or the Market Abuse Regulation;
- (e) not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the AIM Rules; and

- (f) not cause or authorise to be done anything which would prejudice either the Company's status as a company with its Ordinary Shares admitted to trading on AIM or its continuing suitability or eligibility for such trading.
- 3.2 The Shareholder undertakes that it shall (and shall procure, so far as is within its power, that all persons Connected with it shall) at all times, exercise the voting rights attached to the Ordinary Shares held by it so as to procure, insofar as it is able to do so by the exercise of such voting rights, that the Company shall not delist all or any of its Ordinary Shares from AIM.
- 3.3 The Shareholder undertakes not to exercise (and shall procure, so far as is within its power, that all persons Connected with it shall not exercise) the voting rights attached to the Ordinary Shares held by it or any person Connected with it in any manner which conflicts with this Agreement.
- 3.4 The parties acknowledge and agree that nothing in this Agreement shall prevent or restrict the Shareholder or any person Connected with it from taking any action:

 - (a) in connection with the acceptance or approval of any offer or proposal made in relation to the Company; or
 - (b) in connection with or in furtherance of any transaction which it is or is proposing to undertake in accordance with the Code, including the acquisition by the Shareholder or any person Connected with it of any Ordinary Shares or any other interest in securities in the Company or the making of any offer or proposal in relation to the Company.

4 BOARD COMPOSITION AND CONDUCT OF BOARD

- 4.1 Whilst this Agreement is in force the Board of the Company shall consist of seven directors. Subject to clause 4.2, Jersey company law and the Articles, the Shareholder shall be entitled:

 - (a) for so long as the Shareholder, together with any persons Connected with the Shareholder, holds not less than 15% but less than 25% of the then issued Ordinary Shares, to appoint up to two (2) members of the Board as non-executive directors provided always that those individuals are suitably qualified to be non-executive directors of an AIM-quoted company; or
 - (b) for so long as the Shareholder, together with any persons Connected with the Shareholder, holds 25% or more of the then issued Ordinary Shares, to appoint up to the Relevant Number of members of the Board as non-executive directors provided always that those individuals are suitably qualified to be non-executive directors of an AIM-quoted company.
- 4.2 Subject to the Articles, the Shareholder shall be entitled to require any such person to be removed from office and to appoint another person in place of any person appointed pursuant to clause 4.1 who ceases to be a director of the Company for any reason.
- 4.3 The Board Committees shall each be comprised of at least one director appointed by the Shareholder together with any number of Independent Directors.
- 4.4 The non-executive directors appointed by the Shareholder will be entitled to receive the normal director's fee for a non-executive director as agreed by the Board from time to time.
- 4.5 Subject to clauses 4.2 and 4.7, such directors may only be removed by ordinary resolution of the Company in general meeting or otherwise as required by law.
- 4.6 The Shareholder shall be entitled to nominate an individual of suitable experience for an AIM listed company to be appointed as chief executive of the Company, provided that such individual's nomination shall be subject to the approval of the Board. For the purpose of giving any such approval, any directors appointed by the Shareholder, any party Connected with the Shareholder or

any person acting in concert (as defined in the Code) with the Shareholder shall not be entitled to participate or vote in the Board proceedings relating to such approval. For the avoidance of doubt, any such individual shall not serve as a director of the Shareholder.

4.7 If the Shareholder ceases to be entitled to appoint any director pursuant to clause 4.1, or the number of directors which the Shareholder is entitled to appoint pursuant to that clause falls below the number of the Shareholder's nominees who are then directors of the Company, then the Shareholder shall procure that the relevant number of directors resign forthwith without seeking compensation for loss of office and waiving all claims that the director may have against the Company in connection thereto. If a relevant director refuses to resign, the parties shall use reasonable endeavours to ensure that such director is removed as a director as soon as practicable.

4.8 The Shareholder undertakes to the Company:

- (a) to abstain from voting any Ordinary Shares held by it at any general meeting of the Company in respect of any resolution concerning any Related Party Arrangement; and
- (b) to procure that any Director appointed by the Shareholder will abstain from voting at any Board meeting of the Company or at any meeting of a committee of the Board in respect of any Related Party Arrangement,

and a “**Related Party Arrangement**” means (i) any contract, arrangement or transaction of any type between (x) any member of the Group and (y) the Shareholder or any person Connected with the Shareholder; or (ii) any other contract, arrangement, transaction or matter in which the Shareholder or any person Connected with the Shareholder has a material interest.

4.9 The Shareholder and the Company shall cooperate to ensure that appointments to the Board are made in a manner that preserves the Company's tax status and in a manner which does not compromise the Company's current status with regard to the Code.

5 ADDITIONAL UNDERTAKINGS

The Shareholder undertakes that it shall exercise all voting rights and any powers of control whatsoever that it has in relation to the Company and any Subsidiaries of the Company in compliance with the AIM Rules.

6 DURATION OF THIS AGREEMENT

6.1 This Agreement (other than clause 4.7) shall terminate if at any time the Shareholder and any person Connected with the Shareholder holding Ordinary Shares from time to time together shall hold, directly or indirectly, less than 15% or 75% or more of the voting rights attached to the Ordinary Shares. Such termination shall be without prejudice to any rights and obligations which have accrued under it in favour of any party prior to such termination.

6.2 The Shareholder agrees that, for so long as this Agreement remains in force, it shall procure that any person Connected with it to whom it transfers Ordinary Shares shall enter into an agreement agreeing to be bound by this Agreement at or prior to the time when the Ordinary Shares are transferred.

7 VARIATIONS AND CONSENTS

No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties (including in the case of the Company by two Independent Directors).

8 ACKNOWLEDGEMENT

8.1 The parties acknowledge that the restrictions set out in this Agreement are fair and reasonable and are no greater than is reasonable and necessary for the protection of the interests of the Company and its shareholders other than the Shareholder but if any such restriction shall be held void but would be valid if deleted in part or reduced in application, such restriction shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

8.2 The parties agree that damages may not be an adequate remedy for any breach of the covenants and agreements contained in this Agreement and the Company shall be entitled to the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of those covenants or agreements.

9 CAPACITY

Each party warrants and represents to the other that it has the power to enter into this Agreement and to exercise its rights and perform its obligations hereunder and all corporate and other action required to authorise its execution of this Agreement and its performance of its obligations hereunder has been duly taken.

10 GOVERNING LAW

This Agreement (and all non-contractual rights or obligations arising out of or connected to it) shall be governed by and construed in accordance with English law and each party hereby irrevocably submits to the exclusive jurisdiction of the English courts.

11 WAIVER

No failure to exercise or delay in exercising or enforcing any right or remedy under this Agreement shall constitute a waiver thereof and no single or partial exercise or enforcement of any right or remedy under this Agreement shall preclude or restrict the further exercise or enforcement of any such right or remedy.

12 NOTICES

Any notice required or permitted to be given under this Agreement shall be given in writing and may be delivered personally or sent by first class pre-paid post at the registered office (if any) of the relevant party or at the address set out in this Agreement or such replacement address as may have been notified to the other parties in accordance with this clause. Any notice delivered personally shall be received when delivered to the address of the party to whom it is addressed and any notice sent by pre-paid post shall be deemed (in the absence of evidence of receipt) to be received two days after posting. In providing the time of despatch it shall be sufficient to show that the envelope containing such notice was properly addressed, stamped and posted.

13 COUNTERPARTS

This Agreement may be executed in any number of counterparts by the different parties on separate counterparts, each of which when executed and delivered shall constitute an original but all of which shall together constitute one and the same instrument.

14 ASSIGNMENT

No party may assign its rights or obligations under this Agreement without the prior written consent of the other party.

IN WITNESS whereof this Agreement has been duly executed by the parties hereto and is hereby delivered on the day and year set out above.



EXECUTED by)
HIGHLAND GOLD MINING LIMITED)
acting by:-)

Duncan Baxter Director
.....

EXECUTED by)
FORTIANA HOLDINGS LIMITED)
acting by:-)

..... Director

IN WITNESS whereof this Agreement has been duly executed by the parties hereto and is hereby delivered on the day and year set out above.

EXECUTED by)
HIGHLAND GOLD MINING LIMITED)
acting by:-)

..... Director
.....

EXECUTED by)
FORTIANA HOLDINGS LIMITED)
acting by:-)

..... Director