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**RAVEN RUSSIA LIMITED**  
(Registered No. 43371)  
1 Le Truchot  
St Peter Port  
Guernsey GY1 6EH

2 June 2011

Dear Preference Shareholder

## **1 SCRIP DIVIDEND ALTERNATIVE**

- 1.1 Pursuant to the articles of incorporation of Raven Russia Limited (the "Company"), the directors are offering to holders ("Preference Shareholders") of preference shares of 1p each in the Company ("Preference Shares") the opportunity to elect to receive new Preference Shares instead of cash in respect of the dividend for the period from 31 March 2011 to (but excluding) 30 June 2011. The scrip dividend alternative will enable Preference Shareholders to increase their total preference shareholding in the Company without incurring dealing costs or stamp duty. To the extent that Preference Shareholders elect for the scrip dividend alternative, there is also a benefit to the Company from the retention of cash that will otherwise be paid out as a Preference Share dividend.
- 1.2 Preference Shareholders who elect for the scrip dividend alternative, instead of the cash dividend in respect of the period from 31 March 2011 to (but excluding) 30 June 2011, will receive 1 new Preference Share for every 44.6667 Preference Shares registered in their name at the close of business on 27 May 2011. This entitlement has been determined on the basis of the cash dividend of 3p per Preference Share and a value of 134p for each new Preference Share. The value of each new Preference Share has been determined by the directors of the Company using the discretion afforded to them under the articles of incorporation of the Company.
- 1.3 Fractions of Preference Shares cannot be issued. In accordance with the articles of incorporation of the Company, any residual entitlement will be retained by the Company. No residual entitlements will be carried forward to future scrip dividend nor will they be paid or payable to the relevant Preference Shareholders.

## **2 SCRIP DIVIDEND MANDATE SCHEME**

- 2.1 In order to simplify arrangements for those Preference Shareholders who wish to elect in full for the scrip dividend alternative rather than the full cash dividend, not only on this occasion but for all future occasions, a scrip dividend mandate scheme is in place, details of which are set out in Appendix 3.
- 2.2 You should read Appendix 3 carefully before deciding whether or not you wish to take advantage of this scheme.
- 2.3 If you have already elected to participate in the scrip dividend mandate scheme and have not revoked your election to participate in such scheme, to receive your maximum entitlement to new Preference Shares in respect of the Preference Share

dividend for the period from 31 March 2011 to (but excluding) 30 June 2011, you need take no further action. An Entitlement Advice setting out your entitlement to new Preference Shares was posted to you on 2 June 2011.

### **3 ACTION TO BE TAKEN**

If you have not already elected to participate in the scrip dividend mandate scheme or if you have revoked your election to participate in such scheme, a Form of Election showing your scrip dividend entitlement and enabling you to elect for the scrip dividend mandate scheme was posted to you on 2 June 2011. The options available to you are as follows.

- 3.1 To receive the Preference Share dividend from 31 March 2011 to (but excluding) 30 June 2011 entirely in cash:
  - (a) take no action on the Form of Election; and
  - (b) if you wish to set up a bank mandate to receive the cash dividend by bank transfer rather than cheque, please refer to the enclosed bank mandate request form and guidance notes.
  
- 3.2 To receive your maximum entitlement to new Preference Shares in respect of the Preference Share dividend for the period from 31 March 2011 to (but excluding) 30 June 2011 (but not to elect for the scrip dividend mandate scheme in respect of all future Preference Share dividends):
  - (a) sign and date the Form of Election and return it to the Company's Registrars.
  
- 3.3 To receive your maximum entitlement to new Preference Shares in respect of the Preference Share dividend for the period from 31 March 2011 to (but excluding) 30 June 2011 and for all future Preference Share dividends (the scrip dividend mandate scheme):
  - (a) read the notes in Appendix 3 carefully (which explain the effect of the scrip dividend mandate scheme);
  - (b) mark Box 5 on the Form of Election with an "X"; and
  - (c) sign and date the Form of Election and return it to the Company's Registrars.
  
- 3.4 To receive the Preference Share dividend for the period from 31 March 2011 to (but excluding) 30 June 2011 in a combination of new Preference Shares and cash:
  - (a) insert in Box 4 on the Form of Election the number of Preference Shares on which you wish to receive new Preference Shares instead of the cash dividend. The number inserted must be a multiple of 44.6667.
  - (b) sign and date the Form of Election and return it to the Company's Registrars; and
  - (c) if you wish to set up a bank mandate to receive the cash dividend by bank transfer rather than cheque, please refer to the enclosed bank mandate request form and guidance notes.
  
- 3.5 If you have already elected to participate in the scrip dividend mandate scheme and have not revoked your election to participate in such scheme, to receive your maximum entitlement to new Preference Shares in respect of the Preference Share dividend for the period from 31 March 2011 to (but excluding) 30 June 2011, you need take no further action.

**ALL FORMS MUST BE RECEIVED BY THE COMPANY'S REGISTRARS, CAPITA REGISTRARS, NEW ISSUES DEPARTMENT, THE REGISTRY, 34 BECKENHAM ROAD, BECKENHAM, KENT BR3 4TU, NO LATER THAN 5.00PM ON 17 JUNE 2011.** No acknowledgement of receipt of Forms of Election or bank mandate forms will be given. If your Form of Election is not received by the Company's Registrars by this time and date, the Preference Share dividend will be paid in cash in respect of all the Preference Shares registered in your name on 27 May 2011. As appropriate, if your bank mandate form is not received by the Company's Registrars by this time and date, any Preference Share dividend to be paid in cash will be settled by way of cheque.

Further details of the scrip dividend alternative are set out in Appendix 1 to this circular. A general guide to the taxation effect of scrip dividend election for residents of the United Kingdom is set out in Appendix 2. Appendix 3 contains details of the scrip dividend mandate scheme.

Yours faithfully

Benn Garnham  
Secretary

## **Appendix 1**

### **General Information**

#### **1 TERMS OF ELECTION**

- 1.1 Preference Shareholders who were on the register of members at the close of business on 27 May 2011 may elect to receive 1 new Preference Share, credited as fully paid, for every 44.6667 Preference Shares registered in their names on that date in place of the Preference Share dividend for the period from 31 March 2011 to (but excluding) 30 June 2011. The right to elect is not transferable.
- 1.2 The election may be made by Preference Shareholders in respect of all or part of their holding of Preference Shares, but not in respect of fewer than 45 Preference Shares. The election should be in respect of a multiple of 44.6667 Preference Shares. No fraction of a new Preference Share will be allotted. No residual entitlements will be carried forward to future scrip dividend nor will they be paid or payable to Preference Shareholders. Any residual entitlement will be retained by the Company in accordance with the articles of incorporation of the Company. Cash dividend will be paid on any holding of Preference Shares for which an election to receive new Preference Shares is not made.
- 1.3 Preference Shareholders with a registered holding of fewer than 45 Preference Shares at the close of business on 27 May 2011 are not entitled to make an election unless they purchased Preference Shares prior to 25 May 2011 which take their aggregate holding to 45 or more Preference Shares and which do not appear in the number shown in Box 1 on the Form of Election or the Entitlement Advice (see Clause 5 below).
- 1.4 The manner in which elections will be dealt with will be governed by the form in which holdings of Preference Shares are held at the record date (see Clause 7 below).

#### **2 TAXATION**

The taxation consequences of an election to receive new Preference Shares in lieu of a cash dividend depend on the individual circumstances of Preference Shareholders. A summary of the likely tax consequences for Preference Shareholders who are resident in the United Kingdom is set out in Appendix 2. The information is not exhaustive and if you are in any doubt as to your tax position, you should consult your professional adviser before taking any action. Tax laws and their interpretation can change and, in particular, the level and bases of, and reliefs from, taxation may change and such changes may alter the benefit of investments in the Company.

#### **3 OVERSEAS SHAREHOLDERS**

- 3.1 The opportunity to elect to receive new Preference Shares in place of a cash dividend is not being offered to, or for the account of, any citizen, national or resident of the United States, Canada or Australia, any corporation, partnership or other entity created or organised in, or under the laws of, the United States, Canada or Australia, or any political sub-division of these countries, or with a registered address in any of these countries or any estate or trust, the income of which is subject to United States federal or Canadian or Australian income taxation regardless of its source. "United States" means the United States of America (including the District of Columbia). Reference to the United States, Canada and Australia include their territories, possessions and all areas subject to their jurisdiction.
- 3.2 No person receiving a copy of this Circular and/or a Form of Election and/or an Entitlement Advice in any territory other than the United Kingdom may treat the same as constituting an invitation to him unless in such territory such an invitation could lawfully be made to him without compliance with any registration or other legal

requirements. It is the responsibility of any such person wishing to elect to receive new Preference Shares, either in respect of this invitation or by way of mandate under the scrip dividend mandate scheme, to satisfy himself as to the full observance of the laws of such territory, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory.

#### **4 IF YOU HAVE RECEIVED MORE THAN ONE FORM OF ELECTION/ ENTITLEMENT ADVICE**

If your Preference Shares are registered in more than one holding and as a result you have received more than one Form of Election/Entitlement Advice, they will be treated for all purposes as separate holdings and you should complete each form accordingly. If you have holdings of Preference Shares in certificated and uncertificated form, they will be treated for all purposes as separate holdings and, again, you should complete each form accordingly.

#### **5 IF YOU HAVE RECENTLY BOUGHT PREFERENCE SHARES**

If you bought Preference Shares in the Company before 25 May 2011 (the date on which the quotation for such Preference Shares became ex-dividend), but those Preference Shares are not included in the number shown in Box 1 on the Form of Election or the Entitlement Advice and you wish to elect to receive new Preference Shares instead of the cash dividend in respect of such Preference Shares, you should consult your stockbroker or other adviser without delay. If no Form of Election is received in respect of those Preference Shares, you will be entitled to receive the cash dividend only.

#### **6 IF YOU HAVE RECENTLY SOLD PREFERENCE SHARES**

If you have sold all of your holding of Preference Shares before 25 May 2011 (the date on which the quotation for such Preference Shares became ex-dividend), you should pass this Circular, the Form of Election and the Entitlement Advice to your stockbroker or other adviser without delay. If you have sold some of your holding of Preference Shares but those Preference Shares are nevertheless included in the number shown in Box 1 on the Form of Election or the Entitlement Advice, you should contact your stockbroker or other adviser without delay who will advise you how the Form of Election and the Entitlement Advice should be dealt with.

#### **7 SETTLEMENT OF PREFERENCE DIVIDEND**

- 7.1 Application will be made to the London Stock Exchange for admission to trading on AIM, a market operated by London Stock Exchange plc ("AIM") of the new Preference Shares to be allotted pursuant to valid elections for the scrip dividend alternative. The new Preference Shares will on issue rank pari passu in all respects with the existing issued Preference Shares (including the right to receive a dividend on such Preference Shares, on the basis that such new Preference Shares are issued on 30 June 2011).
- 7.2 Subject to satisfaction of the conditions set out in Clause 8 below, definitive share certificates for the new Preference Shares are expected to be posted, at the risk of the persons entitled thereto, on 29 June 2011 to Preference Shareholders who held their Preference Shares in certificated form on 29 June 2011. Preference Shareholders who held their Preference Shares in uncertificated form on that date will, at their risk, have the CREST member accounts credited with the new Preference Shares. The Company will request its Registrars to instruct Euroclear UK & Ireland Limited to credit CREST member accounts on 30 June 2011. Dividend cheques/bank transfer instructions (in respect of Preference Shareholders who have validly set up a bank mandate) for any cash dividend due are expected to be posted/given on or before the same day. Dealings in the new Preference Shares are expected to begin on 30 June 2011.

## 8 CONDITIONS

The scrip dividend alternative is subject to the new Preference Shares, to be allotted pursuant to elections for the scrip dividend alternative in lieu of the cash dividend, being admitted to trading on AIM and such admission becoming effective. The value of a Preference Share to be issued for the purposes of the scrip dividend will be determined by the relevant provisions of the articles of incorporation as in force from time to time. In this instance, the value of each new Preference Share has been determined by the directors of the Company using the discretion afforded to them under the articles of incorporation of the Company.

## 9 GENERAL

This Circular is available on the Investors page of the Company's website, [www.ravenrussia.com](http://www.ravenrussia.com). Further copies of this Circular and the Form of Election may be obtained from the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU up to 5.00pm on 17 June 2011.

## 10 SCRIP DIVIDEND TIMETABLE

Shares quoted ex-dividend	25 May 2011
Record date for dividend	27 May 2011
Posting of Forms of Election	2 June 2011
Final date for receipt by the Company's Registrars of Forms of Election	5.00pm on 17 June 2011
Posting of dividend warrants and new Preference Shares certificates	29 June 2011
CREST stock account credited with new Preference Shares	30 June 2011
Dividend payment date	30 June 2011
Dealings commence in new Preference Shares	30 June 2011

## Appendix 2

### Taxation of Scrip Dividends

The tax effect for a Preference Shareholder making an election to receive new Preference Shares instead of a cash dividend will depend upon the personal circumstances of that Preference Shareholder. Set out below is a summary of the likely tax consequences for United Kingdom resident Preference Shareholders making an election under current United Kingdom legislation.

**This summary is based on current United Kingdom legislation and HM Revenue & Customs practice. It is not exhaustive and does not deal with the position of any Preference Shareholder not resident in the United Kingdom for tax purposes. It does not apply to any Preference Shareholder who acquires or holds his Preference Shares as part of a trade. If you are in any doubt as to your position, you are strongly advised to consult your professional advisor before taking any action. Tax laws and their interpretation can change and, in particular, the level and bases of, and reliefs from, taxation may change and such changes may alter the benefit of investments in the Company.**

#### 1.1 Taxation of income

The issue of new Preference Shares by the Company to Preference Shareholders for no payment will not be treated as giving rise to income in the hands of the recipients of the new Preference Shares. Therefore, no liability to income tax or corporation tax will arise for any UK resident Preference Shareholders who elect to receive new Preference Shares.

#### 1.2 Taxation of chargeable gains

UK resident Preference Shareholders who elect to receive Preference Shares will not be treated as disposing of any asset on making that election or receiving their new Preference Shares. Accordingly, no charge to capital gains tax or corporation tax on chargeable gains will arise at that time.

The new Preference Shares issued and the original Preference Shares will be treated as a single holding acquired at the time when the original holding of Preference Shares was acquired. Where Preference Shares are held as a capital asset, consideration given for the acquisition of the original Preference Shares will be allocated proportionately across the combined holding for the purposes of determining the amount of any chargeable gain arising on a disposal of all or part of that holding.

#### 1.3 Stamp Duties

No stamp duty or stamp duty reserve tax will be payable on the issue of new Preference Shares.

#### 1.4 Pension and other gross funds

Gross funds will be unable to make any tax repayment claim as the receipt of new Preference Shares will not be treated as a qualifying distribution.

**If you are in any doubt as to your tax position or require more detailed information than the general advice above, you should consult your professional advisor before taking any action.**

## Appendix 3

### Scrip Dividend Mandate Scheme

The scrip dividend mandate scheme (the "Scheme") is in place for the convenience of those Preference Shareholders who would like to take Preference Shares instead of cash as a matter of routine and enables them to elect to receive new Preference Shares automatically in respect of all future dividends declared on the Preference Shares. The Scheme is entirely optional, but any scrip dividend mandate given will remain valid in respect of all dividends declared for which a scrip dividend alternative is offered until revoked by the Preference Shareholder in writing.

If you wish to enter into a scrip dividend mandate to authorise the Company to allot new Preference Shares in respect of all relevant dividends, you should complete the Form of Election by placing an "X" in Box 5 and return the Form of Election, signed and dated, to the Company's Registrars. To be valid for the proposed dividend for the period from 31 March 2011 to (but excluding) 30 June 2011, the Form of Election must be received by 5.00pm on 17 June 2011.

The Scheme is subject to the rules set out below.

#### RULES OF THE SCHEME

##### 1 TERMS OF THE SCHEME

- 1.1 Preference Shareholders on the register of members at the close of business on the record date for each dividend on the Preference Shares, may, subject to the rules set out below, by signing and returning a Form of Election with an election for the scrip dividend mandate duly completed, receive new Preference Shares, credited as fully paid instead of receiving dividends in cash. A Preference Shareholder who completes and returns a valid scrip dividend mandate is referred to as a "Participant". No acknowledgement of receipt of a scrip dividend mandate will be given.
- 1.2 A Preference Shareholder may only elect for the Scheme in respect of the whole of his/ her holding of Preference Shares. An election will apply to all Preference Shares in that Preference Shareholder's name at the record date for each Preference Share dividend. Accordingly, an election will also apply to any additional Preference Shares acquired by a Preference Shareholder, less any Preference Shares disposed of since the date on which the right of election was exercised. Separate registered holdings of a Participant will be regarded as separate holdings for the purposes of the Scheme. Participants can arrange for such holdings to be consolidated by contacting the Company's Registrars, except that where Participants' Preference Shares are registered partly in certificated and partly in un-certificated form, the Company will treat such holdings for all purposes as if they were separate holdings.

##### 2 FRACTIONS

###### **No Participant can receive a fraction of a new Preference Share.**

No residual entitlements will be carried forward to future scrip dividend nor will they be paid or payable to Preference Shareholders. Any residual entitlement will be retained by the Company in accordance with the articles of incorporation of the Company.

##### 3 EXERCISE AND CANCELLATION OF AN ELECTION

- 3.1 Preference Shareholders may elect to participate in the Scheme by returning a Form of Election to the Company's Registrars with the election for the Scheme duly completed prior to the date stated on the Form. Sufficient time should be allowed for postal delivery. If the Form of Election is not received by this date, the election will only be effective for all future dividends on the Preference Shares for which a right of election is offered.

- 3.2 A Participant may at any time cancel the scrip dividend mandate by notification in writing to the Company's Registrars. If received by the Company's Registrars after the latest time for receipt of Forms of Election for a particular dividend on the Preference Shares, the cancellation will take effect for the following dividend.
- 3.3 Receipt of notice of the death of a Participant will cancel his or her scrip dividend mandate unless the deceased was one of joint Participants in which case the scrip dividend mandate will remain valid. The scrip dividend mandate relating to a holding of Preference Shares which is disposed of in its entirety will be cancelled upon registration of the transfer.

#### **4 BASIS OF ALLOTMENT**

- 4.1 The entitlement of a Participant to new Preference Shares in respect of a particular dividend will be calculated on the basis of the amount of the dividend per Preference Share. The value of a Preference Share to be issued for the purposes of the scrip dividend will be determined by the relevant provisions of the articles of incorporation as in force from time to time. In respect of future scrip dividend alternatives, the directors of the Company may continue to rely upon the discretion afforded under the articles of incorporation of the Company for the purpose of determining the value of the new Preference Shares to be issued pursuant to the scrip dividend alternative, where they consider it would be appropriate to do so.

#### **5 OVERSEAS SHAREHOLDERS**

- 5.1 The opportunity to elect for the Scheme is not being offered to, or for the account of, any citizen, national or resident of the United States, Canada or Australia, any corporation, partnership or other entity created or organised in, or under the laws of, the United States, Canada or Australia, or any political sub-division of these countries, or with a registered address in any of these countries or any estate or trust, the income of which is subject to the United States federal or Canadian or Australian income taxation regardless of its source. "United States" means the United States of America (including the District of Colombia). References to the United States, Canada and Australia include their territories, possessions and all areas are subject to their jurisdiction.
- 5.2 Preference Shareholders who are residents, citizens or nationals of any other country outside the United Kingdom or a nominee for such persons may only elect to receive new Preference Shares if the scrip dividend alternative can lawfully be offered to them or accepted by them under the laws of the relevant jurisdiction and in both cases without the Company being required to comply with any governmental or regulatory procedures of any similar formalities. Such Preference Shareholders should inform themselves about and observe any applicable legal requirements, including the obtaining of any governmental or other consents which may be required, and comply with any other necessary formalities.
- 5.3 Participation in the Scheme is subject to a Participant continuing to meet the above conditions. Participants who no longer meet such conditions are responsible for cancelling their participation in accordance with Clause 3 above immediately their eligibility to participate in the Scheme ceases.
- 5.4 The Company reserves the right to suspend or terminate the operation of the Scheme in respect of a Participant if it considers that the above conditions have not been satisfied in connection with the relevant Participant's election for or continuing participation in the Scheme.
- 5.5 The receipt of a Form of Election will not constitute an invitation to make such an election in those jurisdictions in which it would be illegal to extend such an invitation and, in such circumstances, a Form of Election is sent for information only.

## **6 ISSUING AND LISTING OF NEW PREFERENCE SHARES**

- 6.1 The Company will apply to the London Stock Exchange for all new Preference Shares allotted to be admitted to trading on AIM.
- 6.2 Subject to the admission of the new Preference Shares to trading on AIM becoming effective and the satisfaction of any other conditions, share certificates for the new Preference Shares will be issued and posted to Participants who hold their Preference Shares in certificated form at the relevant record date, at their risk, at or about the same time as the cheques in respect of cash dividends. Similarly, Participants who hold their Preference Shares in uncertificated form on the relevant record date will, at their risk, have their CREST member accounts credited with the new Preference Shares at that time. Dealings in the new Preference Shares will normally begin shortly after the due date for the payment dividends.
- 6.3 The new Preference Shares will, on issue, rank pari passu in all respects with the then existing issued Preference Shares (save that the right to receive a dividend shall accrue only from the date of issue of such Preference Shares).

## **7 ENTITLEMENT STATEMENTS**

All Preference Shareholders who have given the Company a scrip dividend mandate will receive a statement setting out their entitlement to new Preference Shares a few weeks before the relevant dividend payment date. Unless a mandate is revoked by the date specified in that statement, new Preference Shares will automatically be allotted in lieu of cash in respect of that Preference Share dividend.

## **8 AMENDMENT, SUSPENSION OF TERMINATION**

The Scheme described in these rules may be amended, suspended or terminated by the directors of the Company at any time without notice to Participants individually although advice of any such action will normally be sent to all Preference Shareholders. In the case of amendment, a Participant will be deemed to have elected to continue under the amended Scheme unless the Company's Registrars receive written notice of cancellation pursuant to Clause 3 above.

