



Avocet Mining

News Release

For Immediate Release

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Avocet Mining PLC

3rd Floor 30 Haymarket

London SW1Y 4EX

Tel +44 20 7766 7676

Fax +44 20 7766 7699

Email avocet@avocet.co.uk

www.avocet.co.uk

SUBSTANTIAL COMPLETION OF THE SALE OF THE SOUTH EAST ASIAN ASSETS

CASH PROCEEDS OF US\$170 MILLION

Avocet Mining PLC ("Avocet" or "the Company") announces that it has completed the sale of the majority of its South East Asian assets, as part of the US\$200 million sale agreement announced on 24 December 2010. The Company has completed the sale of its 100 per cent interest in the Penjom Gold Mine ("Penjom") in Malaysia and its 80 per cent interest in PT Avocet Bolaang Mongondow ("PT ABM"), which owns the North Lanut mine and Bakan project in North Sulawesi, Indonesia for proceeds of US\$170 million.

The completion of the sale of Avocet's other South East Asian assets pursuant to the same sale agreement is expected to occur during Q3 2011, following receipt of necessary government approvals.

These remaining assets are as follows:

- 51 per cent interest in the Seruyung exploration property;
- 60 per cent interest in the Doup exploration property;
- 75 per cent interest in PT Gorontalo Sejahtera Mining, including the Pani prospect;
- 100 per cent interest in PT Avocet Mining Services;
- 100 per cent interest in Avocet Mining (Malaysia) OHQ Sdn. Bhd.;

Following an assignment agreement dated 20 June 2011, the counterparty for the completed sale announced today, and for the sale of the remaining assets, is PT Bara Kutai Energi, an affiliate of J&Partners, L.P., which was the original buyer announced on 24 December 2010.

As announced, the total proceeds for the sale of all assets are US\$200 million on a cash free, debt free basis, subject to working capital adjustments. For the sale of Penjom and PT ABM announced today, the Company has received proceeds into the escrow account of US\$170 million, and the escrow agent has received irrevocable instructions to discharge the entire escrow amount to the Company on Monday 27 June 2011 (less the amount repayable to Standard Chartered Bank, as illustrated below).

In addition to the US\$170 million of proceeds, the Company has received a further US\$9.7 million from the buyer with respect to the estimated cash held at completion by Penjom and PT ABM. The Company continued to be entitled to the cash flows of Penjom and North Lanut until sale completion on 24 June 2011, and received a US\$8.0 million dividend from PT ABM in April 2011. Had this dividend not been received in April 2011, the Company would have received greater proceeds upon completion to reflect the additional US\$8 million cash that would have been held by PT ABM on completion.

The proceeds for Penjom and PT ABM, and the remaining US\$30 million expected to be received during Q3 2011 upon completion of the sale of the remaining exploration assets, will be subject to final working capital adjustments following the audit of completion accounts for each asset sold.

As the first use of the sales proceeds, US\$25.6 million has been used to repay the loan balance and accrued interest under the Company's corporate revolving facility with Standard Chartered Bank, which was previously secured on the Penjom assets.

The Company maintains that it will receive approximately US\$170 million net proceeds for the entire sale of its South East Asian assets after deducting associated costs.

The sales announced today are expected to result in an estimated pre-tax gain of approximately US\$70 million for the Penjom and PT ABM assets and will be included in the Company's Q2 results to be announced on 27 July 2011. The gains in respect of the remaining assets are expected to be included in the Company's Q3 results to be announced on 28 October 2011, and are estimated to be approximately US\$15 million. The Company anticipates that no UK tax will be payable on the disposal of its operations in South East Asia on the basis that the sale will qualify for the UK substantial shareholding exemption.

Standard Chartered Bank acted as the Company's financial advisor on the transaction.

Commenting on the sale of the South East Asian assets, Brett Richards, Chief Executive Officer for Avocet, stated:

"I am very pleased that the process we embarked on in mid-2010 to review the strategic options for our South East Asian assets has delivered strong value to our shareholders through the substantial completion of the sale of these assets to PT Bara Kutai Energi and I look forward to the sales completion of the remainder of the assets in the near future. This transaction emphasizes the Company's strategy of focussing on building a larger business from its West African assets. I commend all of the employees involved in the review process and their roles in realising this value, as it is a testament to their commitment and dedication in transitioning Avocet Mining to become a leading West African gold mining and exploration company."

For further information please contact:

Avocet Mining PLC	Buchanan	Ambrian Partners Limited	J.P. Morgan Cazenove	Arctic Securities	SEB Enskilda
	Financial PR Consultants	NOMAD & Joint Broker	Lead Broker	Financial Adviser & Market Maker	Market Maker
Brett Richards, CEO Mike Norris, FD Hans-Arne L'orange, EVP Business Development & Investor Relations	Bobby Morse Katharine Sutton	Samantha Harrison Jen Boorer	Michael Wentworth-Stanley Neil Passmore	Arne Wenger Petter Bakken	Fredrik Cappelen Andreas Røde
+44 20 7766 7676	+44 20 7466 5000 +44 7872 604783	+44 20 7634 4700	+44 20 7588 2828	+47 2101 3100	+47 21008500
www.avocet.co.uk	www.buchanan.uk.com	www.ambrian.com	www.jporgancazenove.com	www.arcticsec.no	www.sebenskilda.no

Notes to Editors:

Avocet Mining PLC (“Avocet” or “the Company”) is a gold mining company listed on the AIM market of the London Stock Exchange (Ticker: AVM.L) and the Oslo Børs (Ticker: AVM.OL). The Company’s principal activities are gold mining and exploration in Burkina Faso (as 90 per cent owner of the Inata gold mine), and exploration activities in Guinea and Mali.

In December 2010 Avocet announced that it had signed a binding agreement for the conditional sale of its South East Asian assets to J&Partners L.P, a private company, for US\$200 million. The transaction with J&Partners will leave Avocet as a West African gold producer with a clear strategy for growth in that region. Further details can be found in the press release dated 24 December 2010 and in the Company’s preliminary results statement for 2010, dated 22 February 2011.

Background to operations:

The Inata deposit presently comprises a Mineral Resource of 2.12 million ounces and a Mineral Reserve of 1.08 million ounces. Inata poured its first gold in December 2009 and has now reached a production rate in excess of 13,500 ounces per month. Other assets in West Africa include exploration permits in Burkina Faso (the most advanced being the Souma trend at Bélahouro, some 20 kilometres from Inata, with a Mineral Resource of 561,100 ounces), Guinea and Mali (the most advanced being the Tri-K gold exploration project in Guinea with a Mineral Resource of 1.10 million ounces).