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If you sell or have sold or otherwise transferred all your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer is or was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold only part of your holding of Ordinary Shares, you should retain these documents and consult the stockholder, bank or other agent through whom the sale was effected.

Strand Hanson, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting for the Company and no one else in connection with the Proposed Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Strand Hanson or for providing advice in relation to the Proposed Transaction or any other arrangements referred to in this document.

The Directors, whose names appear on page 2 of this document, accept responsibility for all the information contained herein. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.



AVOCET MINING PLC

(Incorporated and registered in England and Wales under Companies Act 1985 with registered number 03036214)

APPROVAL OF RELATED PARTY TRANSACTION, PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION AND NOTICE OF GENERAL MEETING

This document should be read in conjunction with the enclosed Form of Proxy and the definitions set out in Part IV of this document. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document which contains the unanimous recommendation from the Board to Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of the Company to be held at the offices of Field Fisher Waterhouse LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT on 19 June 2015 at 4.00 p.m. or, if later, immediately following the Company's Annual General Meeting on the same day, is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed. Whether or not you intend to be present at the General Meeting in person, you are asked to complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 17 June 2015 at 4.00 p.m.. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 17 June 2015 at 4.00 p.m.

A summary of the action to be taken by Shareholders is set out on page 10 of this document and in the accompanying Notice of General Meeting. The completion and return of a Form of Proxy or submission of your proxy electronically or completing and transmitting a CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person (in substitution for your proxy vote) if you wish (and are so entitled).

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

This document contains forward-looking statements which are subject to assumptions, risk and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations will prove to have been correct. As these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by those forward-looking statements. Each forward-looking statement is correct only at the date of the particular statement. The Company does not undertake any obligation publicly to update or revise any forward-looking statement as a result of new information, future events or other information, although such forward-looking statements will be publicly updated if required by the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules, the rules of the London Stock Exchange or by law.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|---|
| Latest time and date for receipt of a Form of Proxy..... | 4.00 p.m. on 17 June 2015 |
| Latest time and date for receipt of a CREST Proxy Instruction | 4.00 p.m. on 17 June 2015 |
| General Meeting | 4.00 p.m. on 19 June 2015 or if later immediately following the Company's Annual General Meeting on the same day |

Notes:

- (1) References to time in this document are to London time unless otherwise stated.
- (2) The dates and times given in this document are based on the Company's current expectations and may be subject to change.
- (3) If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

| | |
|--------------------------------------|---|
| Directors | Russell Edey (<i>Chairman</i>) David Cather (<i>Chief Executive Officer</i>) Mike Norris (<i>Finance Director</i>) Barry Rourke (<i>Senior Independent, Non-Executive Director</i>) Mike Donoghue (<i>Non-Executive Director</i>) Gordon Wylie (<i>Non-Executive Director</i>) |
| Company Secretary | Jim Wynn |
| Registered Office | 5th Floor 15 Old Bailey London EC4M 7EF |
| Sponsor | Strand Hanson Limited 26 Mount Row London W1K 3SQ |
| Legal advisers to the Company | Field Fisher Waterhouse LLP Riverbank House 2 Swan Lane London EC4R 3TT |
| Registrars | Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY |

PART I

LETTER FROM THE CHAIRMAN OF AVOCET MINING PLC

(Incorporated and registered in England and Wales under company number 03036214)

Registered Office:

5th Floor, 15 Old Bailey, London EC4M 7EF

Directors:

Russell Edey (*Chairman*)

David Cather (*Chief Executive Officer*)

Mike Norris (*Finance Director*)

Barry Rourke (*Senior Independent, Non-Executive Director*)

Mike Donoghue (*Non-Executive Director*)

Gordon Wylie (*Non-Executive Director*)

22 May 2015

To Shareholders and for information only, to holders of options over Ordinary Shares

Dear Shareholder,

Approval of a proposed loan facility from an associate of Elliott as a Related Party transaction and approval of a proposed amendment to Articles of Association

1. Introduction

The principal purpose of this circular is:

1. to set out further details of the Proposed Transaction which the Directors believe is of significant importance to the Company, to explain why the Board considers it to be in the best interests of the Company and the Shareholders as a whole and to seek the approval of the Independent Shareholders at the General Meeting for the Proposed Transaction; and
2. to explain why the Proposed Amendment to the Company's Articles is required, to explain why the Board considers it to be in the best interests of the Company and the Shareholders as a whole and to seek the approval of the Shareholders at the General Meeting for the Proposed Amendment.

Proposed Transaction

The Company has previously entered into two loan arrangements with its largest Shareholder, Elliott (through its associate, Manchester Securities Corp.) in respect of a US\$15.0 million loan that was drawn down in March 2013 (the First Elliott Loan Facility) and a US\$1.5 million loan that was drawn down in January 2015 (the Second Elliott Loan Facility), both of which are repayable on demand. In addition, Elliott participated in the Company's £0.7 million placing in August 2014.

As announced on 24 April 2015, the Company entered into a further loan with Elliott (the Third Elliott Loan Facility) for up to, in aggregate, US\$2.1 million. As announced today, the Company and the Elliott Lender have agreed, conditional upon the passing of the Resolutions, that the Third Elliott Loan Facility will be amended such that the amount available pursuant to the Third Elliott Loan Facility will be increased up to, in aggregate, US\$2.4 million, with the amount available pursuant to the Second Facility to be increased from US\$1.5 million to up to US\$1.8 million. The increase to the Third Elliott Loan Facility is to provide additional working capital to the Company in respect of finalising the Elliott Security in respect of any notary, registration or other costs and associated expenses to be incurred following the passing of the Resolutions.

The Third Elliott Loan Facility for up to, in aggregate, US\$2.4 million, comprises three separate facilities, being:

- an Initial Facility of US\$1.5 million;

- a Second Facility, subject to passing of the Resolutions and finalisation of the Elliott Security, of up to US\$1.8 million to provide additional working capital of up to US\$0.3 million to the Company in respect of finalising the Elliott Security and used to replace the Initial Facility. In the event that the additional costs of finalising the Elliott Security are less than US\$0.3 million, the amount to be drawn down pursuant to the Second Facility will be reduced by such amount; and
- a Third Facility of, in aggregate, US\$0.6 million comprising three tranches of US\$0.2 million each which, following approval of the Resolutions and finalisation of the Elliott Security may be drawn down on or about the first business day of each of July, August and September 2015, at the sole discretion of the Elliott Lender at the time of each respective draw down request.

Accordingly, the Third Elliott Loan Facility, on the basis the Company is able to draw it down in full, is expected to provide funding for the Company's corporate activities through to the end of September 2015 and is intended to allow the Company to continue its business review, while exploring longer term funding options, including enabling the Company to complete its plans for financing and developing the Tri-K project.

The Initial Facility, which was drawn down on 24 April 2015, is unsecured while the Second Facility and Third Facility will, subject to Independent Shareholder approval at the General Meeting, be secured in the manner described under the heading "Elliott Security" of Part II of this document. All amounts drawn under the Third Elliott Loan Facility are repayable on demand and will incur interest at a rate of 12 per cent.

Following the draw down of the Initial Facility, the Company now has loans with a principal value outstanding to the Elliott Lender amounting to, in aggregate, US\$18.0 million, all of which are repayable on demand.

Following approval of the Resolutions at the General Meeting and finalisation of the Elliott Security (as explained below), the unsecured Initial Facility will immediately be repaid and replaced by the secured Second Facility. The Third Facility is an uncommitted facility providing for three draw downs, each of US\$0.2 million, on or about the first business day of each of July, August and September 2015, at the sole discretion of the Elliott Lender at the time of each respective draw down request. In the event the Resolutions are not approved, the Company will not be able to draw down the Second Facility or Third Facility and the Initial Facility will remain in place. Further details of the Third Elliott Loan Facility are set out in Part II of this document.

Subject to the above, assuming the Third Elliott Loan Facility is drawn down in full, the Company would at that time have loans with a principal value outstanding to the Elliott Lender amounting to, in aggregate, US\$18.9 million, all of which would be repayable on demand.

The Elliott Lender is a related party, as defined in Chapter 11 of the Listing Rules relating to related party transactions, by virtue of Elliott's interest in approximately 27.69 per cent. of the Ordinary Share capital of the Company (comprising a direct interest in Ordinary Shares amounting to approximately 13.51 per cent of the total voting rights in the Company and a purely economic interest, without voting rights, in 14.18 per cent of the total number of Ordinary Shares with voting rights). As the Initial Facility was granted on normal commercial terms and on an unsecured basis, it fell within the exemptions set out in Chapter 11 of the Listing Rules, and accordingly, Independent Shareholder approval was not required prior to the entry into and the draw down of the Initial Facility. However, as the Second Facility and Third Facility are being offered on a secured basis, they do not fall within the exemptions of Chapter 11 of the Listing Rules. Therefore the availability and draw down of the Second Facility and the Third Facility, and the grant of security in respect thereof, in accordance with the terms and subject to the conditions set out in the Third Elliott Loan Facility, are conditional upon the approval of Independent Shareholders of the Company in accordance with Chapter 11 of the Listing Rules. The Notice of the General Meeting to be held at the offices of Field Fisher Waterhouse LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT on 19 June 2015 at 4.00 p.m. or, if later, immediately following the Company's Annual General Meeting on the same day, at which approval of the Independent Shareholders will be sought for the Proposed Transaction, is set out at the end of this document.

Under the Listing Rules, only those Shareholders who are Independent Shareholders may vote in relation to the Proposed Transaction. Accordingly, Elliott has undertaken to abstain, and to ensure that its associates will abstain, from voting on the Proposed Transaction Resolution.

The Company currently anticipates that the US\$1.5 million drawn down under the Initial Facility on 24 April 2015 will provide the Company with sufficient funds for its corporate activities through to the end of June 2015. Accordingly, Shareholders should note that in the event the Resolutions are not approved at the General Meeting on 19 June 2015 or in the event that the Elliott Security is not finalised, while the

Initial Facility, which is repayable on demand, will remain in place, the Second Facility and the further US\$0.6 million available pursuant to the Third Facility will not be capable of being drawn down. In addition, should the Elliott Lender not agree to the draw down of one or more of the tranches available pursuant to the Third Facility, the Company would not receive the required funds.

Accordingly, if any of the events described in the preceding paragraph were to occur, the Company would need immediately to seek to secure alternative sources of funds to enable it to fund its corporate activities in the period immediately following the General Meeting. The Directors are unable to provide any assurance that any alternative financing or re-financing could immediately be secured or, that if it were secured, it would be on terms as favourable to the Company or would not result in a substantial dilution of Shareholders' interests. If no funds were immediately available, it is highly likely that the Company would cease to be able to trade, in which circumstances it is unlikely that there would be any value attributable to Shareholders. Even if financing were immediately available and the Company were able to continue trading, the Directors believe that the circumstances of such financing could result in a material adverse effect on the share price of the Company.

Proposed Amendment

The Proposed Amendment relates to restrictions in the Company's Articles on the amount of borrowing the Group may have at any time. Article 16 of the Company's Articles contains wording that requires the Directors to restrict borrowing to no more than a sum equal to five times the Company's share capital and consolidated reserves, calculated by reference to the latest audited consolidated balance sheet, with certain adjustments as specified in Article 16.

A change is needed now because, as set out in the Chairman's statement of the Company's 2014 Annual Report and Accounts, the Group's audited consolidated financial statements for the year ended 31 December 2014, which were finalised on 28 April 2015, show a negative amount for share capital and consolidated reserves. The reason for this is that Inata's disappointing operating performance has resulted in significant operating losses and asset impairments which have adversely affected retained earnings within the Group's consolidated reserves. Under International Financial Reporting Standards, assets are subject to an impairment test when there is an indication that an asset may be impaired. As a result, a significant impairment to the value of Inata has resulted from a reduction in the Inata Ore Reserve caused by lower gold prices and reduced recoveries.

Under the existing Article 16, a negative amount for share capital and consolidated reserves means that no borrowing is permitted, despite the fact that the Company already has borrowings in place under facilities with the Elliott Lender and with Ecobank. Since its audited consolidated financial statements were finalised on 28 April 2015, the Company's borrowings have exceeded the borrowing limits set out in its Articles since that date, although Article 16 specifies that such a breach does not invalidate or make ineffectual the existing debt. Accordingly, the Company was not in breach of its Articles at the time of entering into the existing facilities with the Elliott Lender and Ecobank, including in respect of the Second Elliott Loan Facility and the Third Elliott Loan Facility, but following the finalisation of the audited financial statements for the year ended 31 December 2014, the Company is now not able to obtain future debt funding without Article 16 being amended.

The Proposed Amendment to Article 16 would restrict consolidated borrowings to the higher of US\$250 million and five times the Company's share capital and consolidated reserves. In proposing the amount of US\$250 million, the Company has taken into account not only the Group's existing borrowings, but also additional borrowings that might be required in the future. This reflects the fact that Avocet is currently in discussions with a number of parties for the development of its Tri-K project in Guinea and anticipates the possibility of funding in the future for development of its Souma exploration project in Burkina Faso. These discussions are part of the Company's ongoing business review, with Avocet continuing to consider options for maximising the value of its assets for the benefit of Shareholders. The Board believes that future development of a mine at Tri-K and/or Souma might involve borrowing and therefore considers it to be in the best interests of the Company and its Shareholders that significant borrowing capacity be permitted in order to allow the Company to take advantage of its development opportunities, especially in circumstances where debt financing may be more readily available than equity financing.

Approval of the Proposed Amendment at the General Meeting would avoid the current breach of Article 16 continuing and would ensure a sufficient level of permitted borrowings going forward to satisfy the Group's current and future requirements. Should the Proposed Amendment not be approved by Shareholders, the existing borrowings of the Group would continue to exceed the permitted borrowings. Such a breach would not invalidate or make ineffectual the existing debt but, were the Proposed

Amendment not approved by Shareholders, the Company would be prevented from obtaining future debt funding that might be critical to the Company. Furthermore, if Shareholders did not approve the Proposed Amendment, then the Directors would regard that as an indication that Shareholders were unwilling to support a further increase in the Company's debt and, as a consequence, they would not proceed to draw down the Second Facility or Third Facility. In those circumstances, the Directors would be obliged to seek alternative sources of funding for the Company as described above, but without recourse to further debt.

2. Background to and reasons for the Proposed Transaction

The Proposed Transaction is required to provide funding for Avocet's corporate activities through to September 2015 in the absence of alternative sources of financing. As Shareholders are aware, the Company's Inata mine in Burkina Faso has, as a result of the weak gold market and Inata's disappointing operational performance in the last three years, been unable to generate material additional cash flows for the Company over and above its obligations pursuant to the Ecobank Loan Facility. As a result, the Company initiated a business review in December 2013 to consider options for maximising the value of its assets for the benefit of shareholders, including its Inata mine and the adjacent Souma deposit in Burkina Faso, and its Tri-K development project in Guinea and with a view to repaying the First Elliott Loan Facility, which is now repayable on demand. During this period the Company has, other than the £0.7 million placing in August 2014, not been able to raise sufficient equity to provide funding for its corporate purposes.

In the absence of funding from Inata or the capital markets, loans from the Elliott Lender have therefore been an appropriate source of funding for the Company while it has been seeking to conclude its business review and to progress its Tri-K project towards development. The Board is of the view that the development of a heap leach mine at Tri-K should add value for shareholders. It also believes that positive announcements on financing for Tri-K will be a trigger event in making financing more readily available for the Company, both for construction of a mine and for corporate purposes.

The Company announced on 21 January 2015 that the Second Elliott Loan Facility, which is repayable on demand, was expected to meet the Company's corporate requirements for approximately three months. As those funds have now been fully utilised, the Company entered into the Third Elliott Loan Facility and drew down the Initial Facility of US\$1.5 million on 24 April 2015. Following the draw down of the Initial Facility, the Company now has loans with a principal value outstanding to the Elliott Lender amounting to, in aggregate, US\$18.0 million, all of which are repayable on demand.

The Elliott Lender has requested certain security against performance of the Company's obligations pursuant to the Third Elliott Loan Facility. Under the terms of the Third Elliott Loan Facility, therefore, the passing of the Resolutions at the General Meeting and the finalisation of the Elliott Security are condition precedents for the availability of each of the Second Facility and the Third Facility.

Accordingly, in the event the Resolutions are not passed at the General Meeting or in the event that the Elliott Security is not finalised, the Initial Facility, which is repayable on demand and will provide the Company with sufficient funds for its corporate activities through to the end of June 2015, will remain in place but the Second Facility and the further US\$0.6 million available pursuant to the Third Facility will not be capable of being drawn down. In addition, should the Elliott Lender not agree to the draw down of one or more of the tranches available pursuant to the Third Facility, the Company would not receive the required funds.

Therefore, if any of the events described in the preceding paragraph were to occur, the Company would need immediately to seek to secure alternative sources of funds to enable it to fund its corporate activities in the period immediately following the General Meeting. The Directors are unable to provide any assurance that any alternative financing or re-financing could immediately be secured or, that if it were secured, it would be on terms as favourable to the Company or would not result in a substantial dilution of Shareholders' interests. If no funds were immediately available, it is highly likely that the Company would cease to be able to trade, in which circumstances it is unlikely that there would be any value attributable to Shareholders. Even if financing were immediately available and the Company were able to continue trading, the Directors believe that the circumstances of such financing could result in a material adverse effect on the share price of the Company.

Financing for the remainder of 2015

Assuming Independent Shareholders approve the Proposed Transaction at the General Meeting and that the Third Elliott Loan Facility is drawn in full as it becomes available, the Directors believe that the Company will have sufficient funds available to it for its corporate activities until the end of September 2015. During this time the Company expects to complete its plans for financing and developing the Tri-K project in Guinea and that the programme of exploration drilling and metallurgical test work at Souma in Burkina Faso, which commenced in April 2015, will be completed.

The Board believes that the activities at Tri-K and Souma should generate value for the Group during the period up to the end of September 2015 that will help underline the significant value to be realised from the Group's portfolio of assets. It also believes that undertaking the value-generative initiatives at Tri-K and Souma should assist the Group in its discussions regarding future financing, both for development of its projects and for corporate purposes including repaying the Elliott Loans, which are repayable on demand. With this in mind, the Company will continue to explore the options available to secure longer-term funding for the remainder of 2015 and beyond. However, as with any company, the ability of the Group to secure new financing in the future is dependent on a number of factors, including general economic, political and capital market conditions, and credit availability and accordingly there can be no certainty that the Company will be able to raise the necessary funds for its corporate activities or for the development of its projects.

Conclusion

The Directors believe that approval of the Resolutions at the General Meeting and draw down of the Third Elliott Loan Facility in full will provide adequate funding for the Group until the end of September 2015, allowing the Group to seek to undertake the value-generative initiatives at the Tri-K project in Guinea and continue its corporate activities. The Directors believe that this period will allow the Group more time to demonstrate the potential value to be realised from its portfolio of assets, which ought to assist the Group in raising additional longer-term financing.

3. Principal terms and conditions of the Proposed Transaction

The Company as borrower has entered into the Third Elliott Loan Facility with the Elliott Lender dated 23 April 2015. As announced today, the Company and the Elliott Lender have agreed, conditional upon the passing of the Resolutions, that the Third Elliott Loan Facility will be amended such that the amount available pursuant to the Third Elliott Loan Facility will be increased up to, in aggregate, US\$2.4 million, with the amount available pursuant to the Second Facility to be increased from US\$1.5 million to up to US\$1.8 million.

The following are the principal terms of the Third Elliott Loan Facility, which the Directors believe, having taken advice, are fair and reasonable.

Under the terms of the Third Elliott Loan Facility, three separate facilities have been/are being made available to the Company:

- (a) the Initial Facility of US\$1.5 million which was drawn down on 24 April 2015;
- (b) the Second Facility, subject to passing of the Resolutions and finalisation of the Elliott Security, of up to US\$1.8 million to provide additional working capital of up to US\$0.3 million to the Company in respect of finalising the Elliott Security and used to replace the Initial Facility. In the event that the additional costs of finalising the Elliott Security are less than US\$0.3 million, the amount to be drawn down pursuant to the Second Facility will be reduced by such amount; and
- (c) the Third Facility of, in aggregate, US\$0.6 million comprising three equal tranches of US\$0.2 million each which, following approval of the Resolutions and finalisation of the Elliott Security may be drawn down on or about the first business day of each of July, August and September 2015, at the sole discretion of the Elliott Lender at the time of each respective draw down request.

The Initial Facility, which was drawn down on 24 April 2015, is unsecured while the Second Facility and Third Facility will, subject to Independent Shareholder approval at the General Meeting, be secured in the manner described under the heading "Elliott Security" of Part II of this document.

Following finalisation of the Elliott Security and approval of the Resolutions at the General Meeting (as explained below), the unsecured Initial Facility will immediately be repaid and replaced by the secured Second Facility. The Third Facility is an uncommitted facility providing for three draw downs, each of US\$0.2 million,

on or about the first business day of each of July, August and September 2015, at the sole discretion of the Elliott Lender at the time of each respective draw down request. In the event the Resolutions are not approved, the Company will not be able to draw down the Second Facility or Third Facility and the Initial Facility, which is repayable on demand, will remain in place. Further details of the Third Elliott Loan Facility are set out in Part II of this document.

The Initial Facility is unsecured. The Second Facility and Third Facility are conditional on passing of the Resolutions at the General Meeting and will be secured in the manner described under the heading “Elliott Security” of Part II of this document. All amounts drawn under the Third Elliott Loan Facility are repayable on demand and will incur interest at a rate of 12 per cent.

The Initial Facility of US\$1.5 million was drawn down on 24 April 2015 and, following approval of the Resolutions at the General Meeting and finalisation of the Elliott Security, will be repaid and replaced by the Second Facility of US\$1.5 million. In the event the Resolutions are not passed at the General Meeting or the Elliott Security is not finalised, neither the Second Facility nor the Third Facility would be available for draw down, and the Initial Facility will remain in place.

Assuming passing of the Resolutions, finalisation of the Elliott Security and satisfaction of certain customary condition precedents to draw down, the Company may submit a utilisation request under the Third Facility for draw down of US\$0.2 million on or about each of the first business days of July, August and September 2015. Availability and draw down for each tranche of the Third Facility will be at the sole discretion of the Elliott Lender at the time of each respective utilisation request.

An arrangement fee of US\$15,000 has been paid by the Company to the Elliott Lender in respect of the Third Elliott Loan Facility.

The Company expects to draw down the Second Facility and each tranche of the Third Facility as they become available. Under the terms of the Third Elliott Loan Facility, the Group will grant security to the Elliott Lender in respect of the Second Facility and the Third Facility in the manner described under the heading “Elliott Security” of Part II of this document.

Shareholders should note that if the Resolutions are approved at the General Meeting, the Elliott Security is finalised and the Second Facility is drawn down, the Elliott Lender will then have, pursuant to the Elliott Security granted in respect of the Third Elliott Loan Facility and the security granted pursuant to the First Elliott Loan Facility, security over substantively all of the Group's assets. The Elliott Lender will not have security over assets of Inata as detailed in paragraph 3(b) of Part III of this document, over which Ecobank has the right to secure the balance of its loan, or over assets in respect of which Ecobank's consent is required for the grant of security.

Further details regarding the terms of the Third Elliott Loan Facility are contained in the summary of the Third Elliott Loan Facility which is set out in Part II of this document.

4. Background to and reasons for the Proposed Amendment

Article 16 of the Company's Articles states that the Directors shall restrict the borrowings of the Company, and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries, so as to secure that the aggregate amount of all moneys borrowed by the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company in general meeting, exceed a sum equal to five times its share capital and consolidated reserves. In this Article, the share capital and consolidated reserves of the Company means the amounts as shown in the latest audited consolidated balance sheet of the Company and its subsidiaries, after:

1. adjusting for any additional amounts on the share capital, share premium account or capital redemption reserve since the date of the latest audited consolidated balance sheet;
2. deducting, to the extent that this has not already been taken into account in the latest audited consolidated balance sheet of the Company:
 - a) any amounts distributed or proposed to be distributed other than distributions by any member of the Group to any other member of the Group;
 - b) any sums set aside for taxation;
 - c) any amount attributable to outside shareholders in subsidiaries of the Company;

- d) any amount attributable to intangible assets; and
 - e) any debit balance on profit and loss account;
3. making such other adjustments as the auditors may certify to be appropriate.

The table below shows the share capital and consolidated reserves at 31 December 2013 and 31 December 2014 calculated in accordance with Article 16:

| | 31 December 2014 US\$000 | 31 December 2013 US\$000 |
|---|-----------------------------|-----------------------------|
| Issued share capital | 17,072 | 16,247 |
| Share premium | 146,391 | 146,040 |
| Other reserves | 17,895 | 17,895 |
| Retained earnings | (169,614) | (34,350) |
| Total equity attributable to the parent | 11,744 | 145,832 |
| Deduct amount attributable to intangible assets | (17,206) | (23,249) |
| Adjusted share capital and consolidated reserves | (5,462) | 122,583 |
| Permitted borrowing - 5 times share capital and reserves | Nil | 612,915 |

Until the audited financial statements for the year ended 31 December 2014 were finalised on 28 April 2015, the level of permitted borrowings was US\$612.9 million, being the amount calculated based on the audited financial statements for the previous year ended 31 December 2013. The Second Elliott Loan Facility and the Third Elliott Loan Facility were put in place based on the US\$612.9 million permitted borrowings. Accordingly, the Company was not in breach of its Articles at the time of entering into the existing facilities with the Elliott Lender and Ecobank, including in respect of the Second Elliott Loan Facility and the Third Elliott Loan Facility. However, following the finalisation of the audited financial statements for the year ended 31 December 2014, the Company is now not able to obtain future debt funding without Article 16 being amended.

A change is needed now because, as set out in the Chairman's statement of the Company 2014 Annual Report and Accounts, the Company's audited consolidated financial statements for the year ended 31 December 2014 show a negative amount for share capital and consolidated reserves. The reason for this is that Inata's disappointing operating performance has resulted in significant operating losses and asset impairments which have adversely affected retained earnings within the consolidated reserves. Under International Financial Reporting Standards, assets are subject to an impairment test when there is an indication that an asset may be impaired. In its results for 2014, the Company concluded that the reduction in the market forecasted gold price and the decrease in the expected gold recovered from the change in Inata's life of mine plan were indicators of impairment. An assessment was carried out of the fair value of Inata, using the discounted cash flows of the mine's latest estimated life of mine plan. As a result of this review, a pre-tax impairment loss of US\$105.6 million was recorded for 2014, comprising impairments of mining property and plant of US\$83.9 million, spares parts inventory of US\$15.9 million, and recoverable VAT of US\$5.7 million.

Under the existing Article 16, a negative amount for share capital and consolidated reserves means that no borrowing is permitted, despite the fact that the Company already has borrowings in place under facilities with the Elliott Lender and with Ecobank, as shown in the table below (excluding accrued interest). Since its consolidated financial statements were finalised on 28 April 2015, the Company's borrowings have exceeded the borrowing limits set out in its Articles, although Article 16 specifies that such a breach does not invalidate or make ineffectual the existing debt.

| <i>US\$ million</i> | <i>At 31 December 2014</i> | <i>At 21 May 2015¹</i> |
|------------------------------|----------------------------|-----------------------------------|
| First Elliott Loan Facility | 15.0 | 15.0 |
| Second Elliott Loan Facility | - | 1.5 |
| Third Elliott Loan Facility | - | 1.5 |
| Ecobank Loan Facility | 45.4 | 38.8 |
| Total | 60.4 | 56.8 |

¹ being the latest practicable date before publication of this notice

5. General Meeting

The Proposed Transaction is conditional upon, *inter alia*, the passing of the Resolutions and the Proposed Amendment is conditional upon the passing of the Proposed Amendment Resolution at the General Meeting. Set out at the end of this document is a notice convening the General Meeting to be held at the offices of Field Fisher Waterhouse LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT on 19 June 2015 at 4.00 p.m. or if later immediately following the Company's Annual General Meeting on the same day, at which the Proposed Transaction Resolution and the Proposed Amendment Resolution will be proposed.

The Proposed Transaction Resolution must be approved by Independent Shareholders who in aggregate represent a simple majority of the Independent Shareholders present and voting, whether in person or by proxy, at the General Meeting.

The Proposed Amendment Resolution must be approved by Shareholders who in aggregate represent 75 per cent. or more of the Shareholders present and voting, whether in person or by proxy at the General Meeting.

6. Section 656 of the Act

Under section 656 Companies Act 2006, where the net assets of a public company are half or less of its called up share capital the directors must call a general meeting of the company to consider whether any, and if so what, steps should be taken to deal with the situation. It is proposed that this will be discussed at the General Meeting. The Board believes that the situation would be dealt with by the following steps, which are already part of its stated business strategy:

- a) To seek to improve gold recoveries at Inata in order to increase gold production and generate profits. Should such improvements be achieved, there is potential for an extension in Inata's life of mine and possibly a reversal of previous impairments. Any impairment reversal would have a positive impact on the Group's consolidated reserves;
- b) To progress its Tri-K and Souma projects towards development as mines and commercial production; and/or
- c) To sell, or otherwise dispose of, Inata, Tri-K, Souma or any of its other exploration assets at a value higher than their carrying value, thus generating positive reserves.

7. Financial results in the period to 31 December 2014

In the financial statements of the Group for the year ended 31 December 2014, the Directors stated that although they had a reasonable expectation that the outcome of its financing process would be successful, they could not guarantee that the required funding would be secured, thereby representing a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. It is likely that such a material uncertainty will need to be re-iterated in subsequent results until such time as longer term financing is obtained, which may not happen until later in 2015 or beyond.

8. Further information

Your attention is drawn to the further information set out in Parts II and III of this document relating to the Third Elliott Loan Facility and the Group. You are advised to read the whole of this document and not merely rely on the key summarised information set out in this letter.

9. Importance of vote

Proposed Transaction

The Board believes that the activities at Tri-K and Souma should generate value for the Group and help underline the significant value to be realised from the Group's portfolio of assets. It also believes that undertaking the value-generative initiatives at Tri-K and Souma should assist the Group in its discussions regarding future financing. The Directors believe that the Proposed Transaction and draw down of the Third Elliott Loan Facility in full will allow the Company more time to develop Tri-K and Souma, during which time it is expected that the Company will complete its plans for financing and developing Tri-K, and that the exploration drilling and metallurgical test work at Souma will have been completed.

However, Shareholders should note that in the event the Resolutions are not approved at the General Meeting or the Elliott Security is not finalised, the Initial Facility of US\$1.5 million, which will provide the Company with sufficient funds for its corporate activities through to the end of June 2015, will remain in place but the Second Facility and the further US\$0.6 million available pursuant to the Third Facility will not be capable of being drawn down.

Accordingly, the Company would need immediately to seek alternative sources of funds to enable it to fund its corporate activities in the period immediately following the General Meeting. The Directors are unable to provide any assurance that any alternative financing or re-financing could immediately be secured or, that if it were secured, it would be on terms as favourable to the Company or would not result in a substantial dilution of Shareholders' interests. If no funds were immediately available, it is highly likely that the Company would cease to be able to trade, in which circumstances it is unlikely that there would be any value attributable to Shareholders. Even if financing were immediately available and the Company were able to continue trading, the Directors believe that the circumstances of such financing could result in a material adverse effect on the share price of the Company.

Proposed Amendment

Approval of the Proposed Amendment at the General Meeting would avoid the current breach of Article 16 continuing and would ensure a sufficient level of permitted borrowings to satisfy the Group's future requirements. Should the Proposed Amendment not be approved by Shareholders, the existing borrowings of the Group would continue to exceed the permitted borrowings. Such a breach would not invalidate or make ineffectual the existing debt but, were the Proposed Amendment not approved by Shareholders, the Company would be prevented from obtaining future debt funding that might be critical to the Company and, the Directors would regard that as an indication that Shareholders were unwilling to support a further increase in the Company's debt and, as a consequence, they would not proceed to draw down the Second Facility or Third Facility. In those circumstances, the Directors would be obliged to seek alternative sources of funding for the Company as described above, but without recourse to further debt.

10. Action to be taken

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are asked to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by no later than 4.00 p.m. on 17 June 2015. Completion and return of a Form of Proxy will not preclude you from attending and voting at the General Meeting in person if you wish.

11. Recommendation

The Board, which has been so advised by Strand Hanson as sponsor in respect of the Proposed Transaction, considers the Proposed Transaction to be fair and reasonable so far as the Shareholders as a whole are concerned. In providing its advice to the Board, Strand Hanson has taken into account the Board's commercial assessment of the Proposed Transaction.

The Board considers the Proposed Transaction and the Proposed Amendment to be in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that the Independent Shareholders vote in favour of the Proposed Transaction Resolution and that Shareholders vote in favour of the Proposed Amendment Resolution to be proposed at the General Meeting as set out in the Notice at the end of this document. The Directors and the senior management intend to vote in favour of both Resolutions in respect of their own beneficial holdings which amount to, in aggregate, 795,943 Ordinary Shares, representing approximately 0.4 per cent. of the current issued Ordinary Share capital of the Company as 21 May 2015, (being the last practicable day prior to the date of publication of this document).

Yours sincerely

Russell Edey
Chairman

22 May 2015

PART II

SUMMARY OF THE THIRD ELLIOTT LOAN FACILITY

Principal terms of the Third Elliott Loan Facility

The Company as borrower has entered into the Third Elliott Loan Facility with the Elliott Lender dated 23 April 2015. As announced today, the Company and the Elliott Lender have agreed, conditional upon the passing of the Resolutions, that the Third Elliott Loan Facility will be amended such that the amount available pursuant to the Third Elliott Loan Facility will be increased up to, in aggregate, US\$2.4 million, with the amount available pursuant to the Second Facility to be increased from US\$1.5 million to up to US\$1.8 million. The increase to the Third Elliott Loan Facility is to provide additional working capital to the Company in respect of finalising the Elliott Security in respect of any notary, registration or other costs and associated expenses to be incurred following the passing of the Resolutions.

In addition, the Company and the Elliott Lender have since agreed the form and substance of the security documents that they propose shall be granted by the borrower and/or any of its subsidiaries to the Elliott Lender following passing of the Resolutions as security for all liabilities arising under or in connection with the Third Elliott Loan Facility, together with any associated amendments to the Third Elliott Loan Facility agreement entered into on 23 April 2015.

The Elliott Lender is wholly owned by the Company's largest Shareholder Elliott, which, as at the latest practicable date prior to the publication of this document, was interested in approximately 27.69 per cent of the Company's share capital (comprising a direct interest in Ordinary Shares amounting to approximately 13.51 per cent of the total voting rights in the Company and a purely economic interest, without voting rights, in 14.18 per cent of the total number of Ordinary Shares with voting rights). The Third Elliott Loan Facility provides the Company with up to three facilities, comprising up to US\$2.4 million, for general corporate purposes.

The Third Elliott Loan Facility comprises:

- the Initial Facility of US\$1.5 million, which was drawn down in full by the Company on 24 April 2015;
- the Second Facility, subject to passing of the Resolutions, finalisation of the Elliott Security and satisfaction of certain customary condition precedents to draw down, of up to US\$1.8 million to provide additional working capital of up to US\$0.3 million to the Company in respect of finalising the Elliott Security and used to replace the Initial Facility. In the event that the costs of finalising the Elliott Security are less than US\$0.3 million, the amount to be drawn down pursuant to the Second Facility will be reduced by such amount; and
- the Third Facility of, in aggregate, US\$0.6 million. The Third Facility is an uncommitted facility providing for three tranches, each of US\$0.2 million, to be drawn down on or about the first business day of each of July, August and September 2015, at the sole discretion of the Elliott Lender at the time of each respective draw down request.

The Second Facility and Third Facility will only become available for draw down by the Company (and the related security will only be granted) if the Proposed Transaction Resolution is passed by the Independent Shareholders and the Proposed Amendment Resolution is passed by Shareholders at the General Meeting and the Elliott Security is finalised. Availability and draw down of each tranche of the Third Facility is at the sole discretion of the Elliott Lender at the time of each respective draw down request. In the event that the Resolutions are not approved or the Elliott Security is not finalised, then the Initial Facility of US\$1.5 million, which will provide the Company with sufficient funds for its corporate activities through to the end of June 2015, will remain in place but the Second Facility and the further US\$0.6 million available pursuant to the Third Facility will not be capable of being drawn down.

Repayment

The Third Elliott Loan Facility is an on demand facility. All amounts are repayable within five days after receiving a written demand from the Elliott Lender.

Interest rate and fee

All loans outstanding under the Third Elliott Loan Facility incur interest at a rate of 12 per cent. per annum. An arrangement fee of US\$15,000 has been paid by the Company to the Elliott Lender in respect of the Third Elliott Loan Facility. Interest is payable on the date of repayment of the Third Elliott Loan Facility in full.

Elliott Security

In addition to the guarantees described below, the Second Facility and Third Facility will be secured, following passing of the Resolutions, by:

- a share charge in favour of the Elliott Lender granted by the Company over shares held by the Company in the share capital of Wega Norway;
- a share charge in favour of the Elliott Lender granted by Wega Norway over shares held by Wega Norway in the share capital of Resolute;
- a share charge in favour of the Elliott Lender granted by Resolute over shares held by Resolute in GRWA;
- a share charge in favour of the Elliott Lender granted by Resolute over shares held by Resolute in SMB;
- security in favour of the Elliott Lender over intercompany receivables owed by SMB to the Company;
- security in favour of the Elliott Lender over intercompany receivables owed by SMB to Wega Norway;
- security in favour of the Elliott Lender over intercompany receivables owed by SMB to GRWA;
- security in favour of the Elliott Lender over the exploration licences of GRWA; and
- security in favour of the Elliott Lender over certain assets of SMB not currently encumbered in favour of Ecobank or subject to the restrictions on the grant of security contained in the Ecobank Loan Facility.

Following passing of the Resolutions, the Company, Wega Norway, Resolute, SMB and GRWA will be obliged to grant the above security and the guarantees described below.

The security arrangements will be subject to board approval by each of the relevant entities. In the case of SMB, the SMB board includes representatives of the Government of Burkina Faso. The Elliott Lender has the right, in its absolute discretion, to waive any of the security required.

Conditions to draw down

The Initial Facility was drawn down on 24 April 2015.

Draw down under the Second Facility and the Third Facility is subject to customary conditions precedent for a loan facility of this nature, including:

- (a) approval of the Resolutions; and
- (b) the finalisation of the Elliott Security including:
 - (i) the provision of authorising board resolutions and legal opinions regarding capacity and authority for each of the Company, Wega Norway, Resolute, SMB and GRWA;
 - (ii) the provision of enforceability opinions in respect of the Third Elliott Loan Facility; and
 - (iii) the grant of the security package described above and enforceability legal opinions in respect thereof.

Indemnities and Guarantees

All amounts outstanding under the Second Facility and/or the Third Facility will be supported by a guarantee and indemnity from Wega Norway, Resolute, SMB and GRWA. Any such indemnities granted by any member of the Group will be limited in the manner set out in Clause 13.4 of the Facility Agreement (which provides that indemnities shall be limited to the extent required to comply with paragraph 10.2.4 of the Listing Rules of the FCA). The guarantee and indemnity granted by Wega Norway will also be limited in a similar manner to that included in Clause 15.10 of the First Elliott Loan Facility (which provides that the guarantee and indemnity shall be limited if required by the provisions in Chapter 8 III of the Norwegian Companies Act 1997).

Representations and undertakings

The Third Elliott Loan Facility contains representations and undertakings, including restrictive undertakings, customary for an English law bilateral facility of this type, which, among other things, limits the ability of the Group to incur financial indebtedness, grant or permit security over assets, make disposals of assets, make loans or issue shares, without the consent of the Elliott Lender. The Company is explicitly allowed to lend the proceeds of the Third Elliott Loan Facility to its subsidiaries for the purposes of development of the Group's assets in Guinea, with written consent from the Elliott Lender. The Third Elliott Loan Facility also permits any restructuring of the Group that would involve transfer of Goldbelt Resources West Africa's assets to another Group company, subject to the granting of equivalent security over such entity.

PART III

ADDITIONAL INFORMATION

1. The Company

The Company was incorporated and registered in England and Wales on 16 March 1995 under the Companies Act 1985 as a public limited company. The Ordinary Shares have been traded on the OSE (ticker: AVM.OL) since 16 June 2010 and on the main market (ticker: AVM.L) of the London Stock Exchange since 8 December 2012.

The registered office and principal place of business of the Company is at 5th Floor, 15 Old Bailey, London, EC4M 7EF, United Kingdom. The telephone number of the Company's principal place of business is +44 (0)20 3709 2570. The Company's website is www.avocetmining.com.

The principal legislation under which the Company operates and under which the Ordinary Shares have been created is the Companies Act and regulations made thereunder.

2. Major Shareholdings

(c) As at 21 May 2015 (being the latest practicable date prior to the date of publication of this document), the Company has outstanding a total of 209,496,710 Ordinary Shares, with 209,054,701 Ordinary Shares carrying voting rights in the Company. This takes into account the 442,009 Ordinary Shares held in treasury by the Company.

(d) As at 21 May 2015 (being the latest practicable date prior to the date of publication of this document), in so far as is known to the Company, the following persons are interested, directly or indirectly, in three per cent or more of the voting rights or the existing issued Ordinary Share capital of the Company:

| <i>Holder</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of issued share capital</i> |
|--------------------------------------|----------------------------------|---|
| Elliott ⁽¹⁾ | 28,245,037 | 13.5 |
| UBS AG | 20,175,000 | 9.7 |
| Prelas AS | 14,318,027 | 6.8 |
| Bank of America Merrill Lynch | 9,926,839 | 4.8 |
| Halifax Share Dealing Limited | 8,026,872 | 3.8 |
| Hargreaves Lansdown Asset Management | 7,779,347 | 3.7 |
| TD Direct Investing (Europe) Limited | 7,159,810 | 3.4 |

Note: (1) Elliott is also interested in 29,648,233 Ordinary Shares held through contracts for difference (CFDs), representing a further 14.2 per cent. of the Company's issued share capital. Elliott is also interested in 4 million warrants with a strike price of 40 pence, which expire during the course of 2016.

Save as set out above, the Company is not aware of any person who is interested, whether directly or indirectly in three per cent or more of the existing issued Ordinary Share capital of the Company.

3. Material contracts

The following contracts are the only contracts (not being contracts entered into in the ordinary course of business) that (i) in the opinion of the Company may be relevant to Shareholders in making a properly formed assessment of how to vote on the Resolutions; and (ii) (A) have been entered into by the Company or any member of the Group within the two years immediately preceding the date of this document which are or may be material to the Group or (B) have been entered into by the Company or any member of the Group at any other time and which contain provisions under which the Company or any member of the Group has an obligation or entitlement that is material to the Group as at the date of this document:

(a) the First Elliott Loan Facility, the Second Elliott Loan Facility and the Third Elliott Loan Facility as explained in Parts I and II of this document;

- (b) the Ecobank Loan Facility entered into in October 2013 by SMB. Ecobank has the right to secure the balance of its loan against certain of the assets of SMB. Monthly debt service payments of 0.6 billion FCFA (currently equal to approximately US\$1.1 million), comprising interest and principal, will continue for the 60 month duration of the Ecobank Loan Facility. The Ecobank Loan Facility requires that an amount equal to two months' payments, 1.3 billion FCFA (approximately US\$2.3 million), be held as a debt service reserve account. Subject to the debt service reserve account requirement, there are no restrictions on SMB's use of loan proceeds. The Ecobank Loan Facility has no hedge requirement.

4. **Significant change**

Other than as set out in Part I of the document in respect of the Second Elliott Loan Facility and the Third Elliott Loan Facility entered into by the Company since 31 December 2014, there has been no significant change in the financial or trading position of the Group since 31 December 2014, being the date to which the Group's most recently published audited consolidated financial statements have been prepared.

5. **Consent**

Strand Hanson has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it is included.

6. **Documents available for inspection**

Copies of the following documents may be inspected at the offices of Field Fisher Waterhouse LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- (a) the Company's existing and proposed Articles;
- (b) the audited consolidated accounts for the Group for the years ended 31 December 2014 and 31 December 2013;
- (c) the consent letter referred to in paragraph 5 above; and
- (d) this document.

22 May 2015

PART IV
DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy, unless the context requires otherwise:

| | |
|--|---|
| Annual General Meeting | the annual general meeting of the Company convened for 3.30 p.m. on 19 June 2015 at the offices of Field Fisher Waterhouse LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT, notice of which has been given separately, or any reconvened meeting following any adjournment thereof |
| Articles | articles of association of the Company (as amended from time to time) |
| Board | the directors of the Company whose names are set out on page 2 of this document |
| Companies Act | the Companies Act 2006 |
| CREST | the system of paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) |
| CREST Manual | the manual, as amended from time to time, produced by Euroclear UK & Ireland Limited describing the CREST system and supplied by Euroclear UK & Ireland Limited to users and participants thereof |
| CREST Proxy Instruction | an appropriate and valid CREST message appointing a proxy by means of CREST |
| Directors | the directors of the Company whose names are set out on page 2 of this document |
| Disclosure and Transparency Rules | the disclosure rules and transparency rules made by the FCA under Part VI of FSMA |
| dollars, USD or US\$ | the lawful currency of the United States of America |
| Ecobank | Ecobank Transnational Corporation, a leading pan-African bank |
| Ecobank Loan Facility | the facility announced on 31 October 2013 between Ecobank and Soci t  des Mines de B lahouro SA, the company that holds the Inata mining permit |
| Elliott | Elliott Management Corporation, a New York incorporated corporation with registered and business addresses of 40 West 57th Street, 4th Floor, New York, NY 10019 |
| Elliott Lender | Manchester Securities Corp, a NY incorporated corporation wholly owned by Elliott and with registered and business addresses of 40 West 57th Street, 4th Floor, New York, NY 10019 |
| Elliott Loans | the First Elliott Loan Facility, the Second Elliott Loan Facility and the Third Elliott Loan Facility |
| Elliott Security | the security to be granted to the Elliott Lender in respect of the Second Facility and Third Facility pursuant to the Third Elliott Loan Facility as detailed in Part II of this document |
| FCA | the Financial Conduct Authority |

| | |
|---|--|
| First Elliott Loan Facility | the secured facility dated 24 March 2013 between the Elliott Lender, the Company and certain other companies in the Group |
| Form of Proxy | the form of proxy accompanying this document for use by the Shareholders in connection with the General Meeting |
| FSMA | the Financial Services and Markets Act 2000 (as amended) |
| General Meeting | the general meeting of the Company convened for 4.00 p.m. on 19 June 2015 or if later immediately following the Company's Annual General Meeting on the same day, at the offices of Field Fisher Waterhouse LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT, notice of which is set out at Part V of this document, or any reconvened meeting following any adjournment thereof |
| Goldbelt Resources West Africa or GRWA | Goldbelt Resources West Africa SARL, the Group's wholly owned Burkina Faso subsidiary that currently holds eight exploration licences in the Bèlahouro district surrounding the Inata mining licence area, of which three will shortly be dropped |
| Group | Avocet Mining PLC, its subsidiaries and its subsidiary undertakings |
| Inata | the Group's gold mine in Burkina Faso |
| Independent Shareholder(s) | the Shareholders, excluding Elliott and any of Elliott's associates, as defined in the Listing Rules |
| Initial Facility | the first, unsecured, tranche of the Third Elliott Loan Facility in the sum of US\$1.5 million which, subject to passing of the Resolutions, will be replaced by the Second Facility |
| Listing Rules | the listing rules of the UK Listing Authority |
| London Stock Exchange | London Stock Exchange plc |
| Notice of General Meeting | the notice of the General Meeting which is set out at Part V of this document |
| ordinary resolution | a resolution passed by a simple majority of the votes of the Shareholders entitled to vote and voting in person or by proxy at a general meeting |
| Ordinary Shares | the ordinary shares of £0.05 each in the capital of the Company |
| OSE | Oslo Stock Exchange |
| Proposed Amendment | the amendment to the Company's Articles of Association set out in the Notice of General Meeting |
| Proposed Amendment Resolution | the special resolution relating to the Proposed Amendment to be considered by Shareholders at the General Meeting |
| Proposed Transaction | the availability of the Second Facility and the Third Facility, and the grant of the Elliott Security in respect thereof, on the terms and subject to the conditions set out in the Third Elliott Loan Facility, as more fully described in Part II of this document |
| Proposed Transaction Resolution | the ordinary resolution relating to the Proposed Transaction to be considered by Independent Shareholders at the General Meeting |
| Prospectus Rules | the prospectus rules made by the FCA under Part VI of FSMA |
| Registrar | Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY |

| | |
|-------------------------------------|---|
| Resolute | Resolute (West Africa) Ltd., the Group's wholly owned Jersey subsidiary that holds Avocet's interests in SMB and GRWA |
| Resolution Date | the date of the Proposed Transaction Resolution to be considered by Independent Shareholders at the General Meeting, and of the Proposed Amendment Resolution to be considered by the Shareholders at the General Meeting |
| Resolutions | the Proposed Transaction Resolution and the Proposed Amendment Resolution |
| Second Elliott Loan Facility | the unsecured facility dated 20 January 2015 between the Elliott Lender and the Company |
| Second Facility | the second, secured, tranche of the Third Elliott Loan Facility, subject to passing of the Resolutions and finalisation of the Elliott Security, of up to US\$1.8 million to provide additional working capital of up to US\$0.3 million to the Company in respect of finalising the Elliott Security and used to replace the Initial Facility. In the event that the additional costs of finalising the Elliott Security are less than US\$0.3 million, the amount to be drawn down pursuant to the Second Facility will be reduced by such amount |
| Shareholder | a holder of Ordinary Shares from time to time |
| SMB | Société des Mines de Bélahouro SA, the company that holds the Inata mining licence in Burkina Faso and in which the Company has a 90 per cent. interest |
| Souma | the Group's gold exploration project at Souma in the Bélahouro district of Burkina Faso |
| special resolution | a resolution passed by a 75 per cent. or greater majority of the votes of the Shareholders entitled to vote and voting in person or by proxy at a general meeting |
| Third Elliott Loan Facility | the facility announced on 24 April 2015 between the Elliott Lender and the Company which, conditional upon, <i>inter alia</i> , the passing of the Resolutions, will be amended such that the amount available pursuant to the Third Elliott Loan Facility will be increased up to, in aggregate, US\$2.4 million, further details of which are set out in Part II of this document |
| Third Facility | the third, secured, tranche of the Third Elliott Loan Facility to be made available in three separate instalments in the sum of US\$0.2 million each |
| Tri-k | the Group's gold exploration project in Guinea |
| UK Listing Authority | the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 |
| United Kingdom or UK | the United Kingdom of Great Britain and Northern Ireland |
| Wega Mining | Wega Mining Guinée SA, the Group's wholly owned Guinea subsidiary that currently holds its exploration licences, including Tri-K, in Guinea |
| Wega Norway | Wega Mining AS, a wholly-owned subsidiary of the Company in Norway which holds the Group's interests in Resolute and Wega Mining |

PART V

NOTICE OF GENERAL MEETING

NOTICE IS GIVEN that a General Meeting of Avocet Mining PLC (the “**Company**”) will be held at the offices of Field Fisher Waterhouse LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT on 19 June 2015 at 4.00 p.m. or, if later, immediately following the Company’s Annual General Meeting on the same day, to consider and, if thought fit, pass the following resolutions which will be proposed, as to resolution 1, as an ordinary resolution and, as to resolution 2, as a special resolution:

- 1) THAT, the proposed related party transaction between Avocet Mining PLC (the “**Company**”) and Manchester Securities Corp., an affiliate of Elliott Management Corporation (“**Elliott**”), pursuant to and on the terms and conditions contained in the loan facility as entered into between the Company and Manchester Securities Corp. and as more particularly described in the circular to shareholders of the Company dated 22 May 2015 (the “**Proposed Transaction**”), be and is hereby approved and the directors of the Company (or a duly authorised committee thereof) are authorised to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purpose of giving effect to the Proposed Transaction and this resolution and to carry the same into effect with such modifications, variations, revisions, waivers or amendments as the directors of the Company (or any duly authorised committee thereof) may in their absolute discretion think fit, provided such variations, revisions, waivers or amendments are not of a material nature; and
- 2) THAT, Article 16.2 of the Company’s Articles of Association shall be amended by adding the words “the higher of US\$250 million (two hundred and fifty million United States dollars) and”, such that the amended Article 16.2 shall read as follows:

“The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (so far, as regards subsidiaries, as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group and for the time being owing to persons outside the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company in general meeting exceed a sum equal to the higher of US\$250 million (two hundred and fifty million United States dollars) and five times its share capital and consolidated reserves (as defined below).”

and the Articles of Association shall be altered so as to take the form set out in this resolution in substitution for, and to the exclusion of, any Articles of Association of the Company previously registered with the Registrar of Companies.

In addition, in accordance with section 656 Companies Act 2006, the General Meeting will consider the steps contained in section 6 of Part I of this document and whether any, and if so what, steps should be taken to deal with the situation where the net assets of the Company represent half or less of its called up share capital.

By order of the Board

Jim Wynn
Company Secretary
22 May 2015

NOTES TO NOTICE OF GENERAL MEETING

1. A Shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at the meeting convened by this notice. A Shareholder can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy enclosed with this document. A proxy need not be a Shareholder of the Company, but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy.
2. A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend, speak and vote in his place. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share. If you wish to do this, each proxy must be appointed on a separate Form of Proxy. Additional Forms of Proxy may be obtained from Computershare Investor Services PLC by telephoning +44 (0)870 707 1802. Alternatively, you may photocopy the enclosed Form of Proxy the required number of times before completing it. When appointing more than one proxy you must indicate the number of shares in respect of which the proxy is appointed. You may not appoint more than one proxy to exercise rights attached to any one share.
3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
4. The Form of Proxy is pre-paid and addressed. It should be sent, in accordance with its instructions, so as to be received by the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by no later than 4.00 p.m. on 17 June 2015. Alternatively members can appoint proxies electronically by logging on to the website www.investorcentre.co.uk. You will need your unique voting reference numbers (the Control Number, PIN and Shareholder Reference Number shown on your Form of Proxy). For an electronic proxy appointment to be valid, the appointment must be received by no later than 4.00 p.m. on 17 June 2015.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 19 June 2015 and any adjournment(s) of such meeting by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Manual can be viewed at www.euroclear.com/CREST. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal

member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. A Form of Proxy must be executed by or on behalf of the Shareholder making the appointment. A corporation may execute a Form of Proxy either under its common seal or under the hand of a duly authorised officer.
10. Shareholders who return a Form of Proxy will still be able to attend the meeting and vote in person if they so wish. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.
11. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that the time by which a person must be entered on the register of members in order to attend or vote at the meeting or adjourned meeting (and for calculating the number of votes such a person may cast) is 6.00 p.m. on the date which is two days before the meeting or adjourned meeting. Changes to entries on the register of securities after the relevant time will be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.
12. To change your proxy instructions, simply submit a new proxy appointment using the methods set out in notes 2 to 6 above. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. If you submit more than one valid proxy appointment, the appointment last received before the latest time for the receipt of proxies will take precedence.
13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. No other methods of communication will be accepted. In particular you may not use any electronic address provided either in this Notice of General Meeting or in any related documents (including the Chairman's letter and the form of proxy).
14. The revocation notice must be received by Computershare Investor Services PLC no later than 4.00 p.m. on 17 June 2015.
15. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the immediately following paragraph, your proxy appointment will remain valid.
16. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
17. Any person to whom this notice is sent who is a nominated person under section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may have a right under an agreement between him and the member by whom he was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such right or does not wish to

exercise it he may have a right under such an agreement, to give instructions to the member, as to the exercise of voting rights.

18. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
19. The quorum for the meeting will be two persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a Shareholder or a duly authorised representative of a corporation which is a shareholder.
20. On 21 May 2015 (being the latest practicable date before publication of this notice) the Company's issued share capital comprised 209,496,710 Ordinary Shares of £0.05 each. 209,054,701 Ordinary Shares carry the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 21 May 2015 is 209,054,701.
21. Except as provided above, members who wish to communicate with the Company in relation to the General Meeting should do so using the following means: (1) by writing to the Company Secretary at the Registered Office address; or (2) by writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. No other methods of communication will be accepted. In particular you may not use any electronic address provided either in this notice or in any related documents (including the Chairman's letter and the Proxy Form).
22. In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: (www.avocetmining.com).
23. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the General Meeting any question relating to the business being dealt with at the General Meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

SHAREHOLDER INFORMATION

Venue for General Meeting

Shareholders may obtain directions to the venue by logging on to www.fieldfisher.com.

Security

Persons who are not shareholders of the Company will not be admitted to the General Meeting unless prior arrangements have been made with the Company. Investors holding ordinary shares through nominees are welcome to attend provided that they bring proof of their holding with them to the General Meeting.

We ask all those present at the General Meeting to facilitate the orderly conduct of the meeting and reserve the right, if orderly conduct is threatened by a person's behaviour, to require that person to leave.

Shareholders should note that the doors to the General Meeting will open immediately following the Company's Annual General Meeting on the same day.

Shareholder Enquiries

The Company's ordinary share register is maintained by:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY

Telephone: +44 870 707 1802. Email: www.computershare.co.uk

Enquiries about the administration of holdings of ordinary shares, such as change of address, change of ownership or dividend payments, should be directed to Computershare Investor Services PLC at the address and telephone number above.