



## News Release

For Immediate Release

Date: 7<sup>th</sup> May 2009

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### **CONVERTIBLE LOAN DRAWDOWN BY WEGA MINING**

Avocet Mining PLC (AIM: AVM) ('Avocet' or the 'Company') announces that all conditions have now been satisfied for the advancement of funds pursuant to the US\$25 million convertible loan agreement entered into between Avocet and Wega Mining ASA ('Wega') as announced on 14 April 2009 (the 'Convertible Loan Agreement'). Accordingly, these funds have been transferred to Wega.

The satisfaction of all conditions precedent follows the announcement made on 29 April 2009 confirming that the general meeting of Wega shareholders held on that day had approved the terms of the Convertible Loan Agreement. Since that time, the formal consent of Macquarie Bank Limited ("MBL") to the issue of the Convertible Loan and the proposed change of control of Wega has been obtained and the provision of security arrangements has also been completed. MBL's formal consent was required as it has provided a US\$65 million debt facility to a subsidiary of Wega for development of the Inata Gold Project in Burkina Faso, of which US\$56 million is currently drawn down, and which is governed by a Project Finance Agreement ("PFA").

#### ***Terms of the Convertible Loan***

The convertible loan is to bear interest at a rate of 12.5 per cent per annum which is to be paid in arrears on 29 October 2009, the maturity date, subject to satisfaction of the terms of agreements with Macquarie Bank. The principal may be converted, at the sole option of Avocet, in whole or in part, into new Wega ordinary shares at a conversion price of NOK 0.55 per ordinary share. Were the loan to be converted in full, Avocet would hold 368,454,546 Wega Shares representing approximately 52.8 per cent of the Wega issued share capital as enlarged by the equity subscription by Avocet on 14 April 2009 and the conversion of the loan. The loan may only be converted in the following circumstances:

- (i) if Avocet launches a Voluntary Offer ("Offer") for Wega;
- (ii) in the event of a material breach by Wega of the agreements in place between Avocet and Wega; or
- (iii) upon the occurrence of any event of default under the Convertible Loan Agreement which is continuing.

The loan is secured by a second priority charge (ranking after MBL's primary charge in respect of the PFA) over intercompany loans in the amount of approximately US\$70 million provided by Wega and a second priority pledge (ranking after MBL's primary pledge in respect of the PFA) over the entire issued share capital of Resolute (West Africa) Limited, the Jersey registered holding company for Wega's 90% interest in the Inata Gold Project.

## **Macquarie Bank Consent**

The PFA is currently in default as a result of, inter alia, project delays and shortfalls in funding prior to Avocet's involvement. As required under the PFA, Avocet, Wega and certain subsidiaries of Wega (the "Parties") have entered into certain agreements with MBL in order to gain MBL's formal consent to the issue of the Convertible Loan and for Avocet's acquisition of Wega. These agreements include giving certain undertakings to MBL aimed at ensuring future compliance with the terms of the PFA. Upon satisfaction of and compliance with all agreements and undertakings by the Parties, and based on facts and information currently available to MBL and Avocet, both MBL and Avocet expect that the Borrower will be in full compliance with the PFA. The PFA will have no recourse to Avocet at any time.

Notwithstanding the above, the PFA currently remains in default. In conjunction with the above consent, MBL has confirmed that prior to July 31, 2009, or such later date which MBL agrees, but not later than August 31, 2009, it will not demand repayment of the debt or enforce any other remedies set out in the PFA as a result of any existing events of default known to MBL which have occurred up to the date of the consent.

## **Proposed Offer**

The making of the Offer as announced on 14 April 2009 remains subject to the satisfaction of certain conditions precedent which include:

- the compliance by Wega in all material respects with the provisions of the transaction agreements to implement the Offer; and
- no event of default under the Convertible Loan Agreement has occurred and is continuing

Once the pre-conditions to the Offer are either satisfied or waived, Avocet intends to dispatch a voluntary exchange offer document in accordance with the Norwegian Securities Trading Act and other relevant legislation (the "Voluntary Offer Document"). Currently Avocet expects the Voluntary Offer Document to be approved by Oslo Børs and to commence the Offer period on or around 15 May 2009, with an initial offer period of two weeks.

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For further information please contact:

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## **Notes to Editors**

On 14 April 2009, Avocet and Wega jointly announced that they had entered into a legally binding transaction agreement pursuant to which Avocet intends to make a pre-conditional, recommended share for share public exchange offer for the entire issued share capital of Wega. In order to provide interim funding for the continued development of Wega's flagship Inata Gold Project in Burkina Faso, and in addition to entering into the Convertible Loan Agreement, Avocet subscribed for 61,409,091 Wega shares on 14 April for consideration of approximately US\$5 million.

Avocet is a mining company listed on the AIM market of the London Stock Exchange (Ticker: AVM). The Company's principal activities are gold mining and exploration in Malaysia (as 100 per cent owner of the Penjom mine, the country's largest gold producer), and Indonesia (as 80 per cent owner of the North Lanut gold mine and Bakan project in North Sulawesi). The Company has a number of other advanced evaluation stage projects in South East Asia.

Wega is an Oslo based international mining company focused on exploring, developing and operating gold deposits. The company currently operates in Guinea, Burkina Faso, and Mali. Wega trades on Oslo Axess (Ticker: WEMI).

Wega's main asset is the Inata Gold Project in northern Burkina Faso, West Africa, of which Wega became the owner as a result of the acquisition of Goldbelt Resources in 2007. The Inata Gold Project is currently under construction, with first gold production expected in Q3 2009, and full steady state production in FY2011. Inata will produce greater than 120,000 ounces of gold over an initial 7 year mine life. Wega's other assets include 27 exploration licences in Burkina Faso, Guinea and Mali, including the Koulekoun gold exploration project in Guinea, a 58.1 per cent interest in TSX Venture Exchange listed Merit Mining Corp and a 36.2 per cent interest in base metals company, Metallica Mining AS.

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