



## News Release

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### Q4 GOLD PRODUCTION AND FULL YEAR TRADING UPDATE

- **Q4 gold production of 27,374 ounces (Q3 - 26,766 ounces);**
- **Full year gold production of 109,919 ounces (FY2008 - 157,907 ounces);**
- **Average realised gold price for the year up 13 per cent to US\$870/oz (FY2008 - US\$767/oz);**
- **Average cash cost of US\$551/oz (FY2008 - US\$316/oz);**
- **Year end cash balance of US\$72.4 million and no debt;**
- **Strong pipeline of advanced exploration and development projects:**
  - one million ounce resource announced in February 2009 at Doup, Indonesia, representing a 32 per cent increase in Avocet's total attributable resources;
  - drilling results awaited from a number of exploration prospects; and
  - expansion into the Philippines through potential acquisition of the Kay Tanda project which the Company believes has the potential for at least a one million ounce resource;
- **Announcement in April 2009 of intention to acquire Oslo listed Wega Mining ASA ("Wega"), owner of:**
  - a Measured and Indicated Resources of 1,397,000 ounces of gold (1,257,000 attributable ounces) and an Inferred Resource of 298,000 ounces of gold (268,000 attributable ounces) at the Inata Gold Project in Burkina Faso, with at least 120,000 ounces production per annum scheduled to commence from Q3 2009;
  - more than 25 exploration licences in West Africa.

Avocet Mining PLC (“Avocet” or “the Company”) today provides a trading update in advance of its audited preliminary results for the financial year ended 31 March 2009 (FY2009), which will be released on 24 June 2009.

## **Trading overview**

For the fourth quarter of FY2009 total gold production was 27,374 ounces at a cash cost of US\$624/oz compared with 26,766 ounces at US\$554/oz in the previous quarter. However, before deferred stripping adjustment cash costs of US\$608/oz were slightly below the US\$611/oz in Q3. The average realised gold price was US\$916/oz in Q4 compared with US\$798/oz in Q3.

Full year gold production from Penjom, Malaysia, and North Lanut, Indonesia, decreased to 109,919 ounces with cash costs increasing to US\$551/oz, compared with the previous year when production from both mines was 157,907 ounces at a cash cost of US\$316/oz. The average realised gold price in the full year was US\$870/oz compared with US\$767/oz in the previous year.

At Penjom, gold production was 16,077 ounces for Q4, in line with the previous quarter of 16,303 ounces, and 68,902 ounces for the full year compared with 83,724 ounces in the previous year. Ore mined remained highly carbonaceous as mining concentrated on key areas of the Penjom shear zone in order to access higher grade material located below this zone. The grade mined was lower than forecast on a number of benches and various improvements have since been enacted to address this. Higher tonnes mined and a lower stripping ratio meant that Penjom’s Q4 cash costs increased to US\$718/oz compared with US\$513/oz in Q3. Costs for the full year of US\$528/oz were higher than the previous year of US\$334/oz due to higher fuel prices and higher reagent costs. Before deferred stripping adjustment, Q4 costs were US\$691/oz compared with US\$607/oz in Q3.

At North Lanut operational improvements allowed the mine to report its best quarter of the financial year, with Q4 production of 11,297 ounces up 8 per cent compared to 10,463 ounces in Q3, and cash costs of US\$488/oz, 21 per cent lower than the US\$617/oz in Q3. For the full year, production was 41,017 ounces at a cash cost of US\$588/oz compared with the previous year’s record figures of 74,183 ounces at US\$296/oz, when nearly all ore treated was oxide material which generates a greater recovery than the material treated during FY2009, which was mainly sulphidic in nature.

Appendix 1 sets out key operating statistics including production and cash costs by quarter for this year and the prior year for both Penjom and North Lanut. Appendix 2 sets out Penjom’s waste and ore volumes and mining cost per tonne for each year, as well as the calculation of stripping costs deferred in Q4 FY2009.

## **Penjom, Malaysia**

Mining continued in the new areas to the south of, and in the north east of, the main Kalampong pit. Access to the new Janik area in the south allowed total tonnes mined to increase by 12 per cent compared with the previous quarter and a higher proportion of ore to be mined relative to waste movement. However, grades on the benches mined continued to be lower than forecast, and the average mill feed grade in the quarter was 3.27 g/t compared with 3.66 g/t in Q3. In both areas ore mining continued through the Penjom shear zone with the result that ore remained highly carbonaceous. Mining through

this zone is expected to continue for a further period of 3-6 months. During Q4 the mill feed had to rely largely on run of mine carbonaceous material due to the depletion of non-carbonaceous stockpiles that were previously available for blending. Despite the higher carbon content and lower grades, gold recoveries in the quarter were above those in Q3, while mill throughput increased by 7 per cent over the previous quarter. Some power failures occurred during the quarter due to continued disruption to the power cable outside of the mine site boundary as previously reported, but at a lower rate than in Q3. Efforts to resolve this power supply problem continued during the quarter and no further power disruptions have been experienced during the last month.

A drilling programme of up to 80,000 metres has commenced at Penjom to improve the interpretation of the orebody and allow a more predictable production profile for the mine.

Penjom's Q4 cash costs increased to US\$718/oz compared with US\$513/oz in Q3. Higher mining levels and costs accounted for approximately US\$60/oz of the increase while US\$122/oz of the increase was due to changes in deferred stripping adjustment, with a lower strip ratio in Q4 resulting in a US\$28/oz reversal of deferred stripping compared with a deferral of US\$94/oz in Q3. Higher gold prices also caused an increase of US\$23/oz in royalty costs. Before deferred stripping adjustment, costs were US\$691/oz compared with US\$607/oz in Q3. Costs for the full year of US\$528/oz were higher than the previous year of US\$334/oz due to significantly higher fuel and reagent prices.

### **North Lanut, Indonesia**

During Q4 ore mining continued to focus on the Riska pit while development commenced at the new pits of Effendi and Rasik. Higher gold production reflected operational improvements, particularly more targeted leach pad management, with oxide, transitional and sulphidic ores segregated on the leach pads to improve their respective recoveries and optimise their differing leach times, as well as enabling more efficient usage of lime and other reagents. Recovery rates in Q4 rose to 72 per cent, compared with 56 per cent in Q3.

Cash costs in Q4 fell to US\$488/oz, 21 per cent below the Q3 cost of US\$617/oz. This included the benefit of increased gold production, but also reflected greater efficiency in the usage of reagents, notably lime, as well as reductions in input prices. The full year cash cost of US\$588/oz was higher than the previous year, principally due to lower production but also reflecting higher prices for fuel and reagents, as well as higher cyanide and lime usage associated with the change to more sulphidic ore.

Mining operations are now focusing on development of, and ore mining from, the new Effendi and Rasik pits, which are expected to yield predominantly oxide ore to supplement ore from the more sulphidic Riska pit. Construction of the new leach pad, HLP3A, was completed in March and irrigation was commenced in April. The new leach pad will further facilitate separate treatment of different ore types.

## Exploration

In February 2009 the Company announced a maiden Inferred Mineral Resource for the Doup project located 25 kilometres northeast of North Lanut in North Sulawesi. The Inferred Mineral Resource of 966,300 ounces of gold (579,800 ounces attributable to Avocet) is based on over 11,000 metres of diamond core and reverse circulation drilling, and increased Avocet's total Mineral Resources by 48 per cent (32 per cent on an attributable basis). Doup is located in an area that is free of restricted forest status, a factor which should facilitate faster permitting. Infill drilling is planned to deliver a Measured and Indicated Resource to support a feasibility study in 2010.

At the Seruyung project in East Kalimantan, a scout drilling programme of 14 holes (1,970 metres) has been completed and assays are pending. Seruyung is potentially a heap leachable gold resource in a favourable location for development of a mine, where the Company believes there is the potential for a resource of at least 500,000 ounces.

In the Philippines, due diligence drilling is ongoing at the Kay Tanda project having commenced in February 2009. The Company believes Kay Tanda has the potential for at least a one million ounce resource.

Avocet's Bakan project continues to await approval of a Pinjam Pakai licence by the Provincial Government; this requires a change to the forestry boundary north of the Osela deposit. The 2009 elections in Indonesia may delay the process further.

## Proposed acquisition of Oslo listed Wega Mining ASA

On 14 April 2009 the Company and Wega jointly announced that they had entered into a legally binding agreement pursuant to which Avocet intends to make a recommended share for share public exchange offer for the entire issued share capital of Wega and to provide interim financing for completion of Wega's 90 per cent owned Inata Gold Project in Burkina Faso. The transaction would result in a doubling of Avocet's gold production and attributable reserves and resources, and represents the proposed creation of a new mid-tier gold company with annual production approaching 300,000 ounces. It therefore delivers key elements of Avocet's acquisition growth strategy as adopted by management in 2007. In particular, it allows Avocet to increase its gold production at a time when the gold price remains strong, and in the Inata Gold Project, it provides a medium life asset with significant exploration upside in a highly prospective region.

The proposed acquisition is subject to a number of conditions precedent being satisfied or waived prior to a formal offer being made. A US\$5 million subscription for shares in Wega was made on 14 April 2009 and a further US\$25 million investment in the form of a convertible loan is subject, *inter alia*, to Wega shareholder approval, expected later this week. Further details are available on the websites of Avocet and Wega.

## Group Results

The Company will announce its full year preliminary financial results on 24 June 2009, including further details of production and cash costs.

Jonathan Henry, Chief Executive Officer, commented:

*“Good progress has been made at both operations in the face of some significant challenges, with measurable improvements being seen at North Lanut and positive steps being made at Penjom. We believe that further operational improvements during FY2010 will add further margin to our producing mines. These mines continue to be cash generative and are a very effective engine for our development projects in South East Asia as well as our additional region of focus in West Africa following completion of the Wega transaction.”*

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## Notes to Editors

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 development and exploration projects in South East Asia.

### *Background to operations*

The Penjom gold mine is Malaysia's largest gold producer and was developed by Avocet after applying modern technology to grass roots exploration in an area of historic mining. The mine was commissioned in December 1996 with Reserves of 223,000 ounces. Successful resource development, particularly over the last five years, means Penjom has produced over one million ounces of gold to date and still has nearly one million ounces of Resource. This Resource is expected to grow further following a major drilling programme in the coming year which includes deep drilling to help assess the potential for underground mining in the near future, where areas of high grade ore are known to exist. In November 2005, the Company announced a significant increase in Penjom's life of mine plan to over half a million ounces, which resulted in the design of a much larger pit to allow the additional ounces to be mined. Over the last two years Penjom has expanded its mining and plant capacity accordingly. Avocet was able to overcome initial problems of highly carbonaceous ore at Penjom by developing unique processing systems including complex gravity circuits and resin-in-leach (RIL) technology. These processes have potential applications at other carbonaceous orebodies.

The North Lanut gold mine in North Sulawesi, Indonesia, was developed by Avocet from the exploration stage and has produced over 200,000 ounces since it was commissioned in 2004. In 2002 Avocet purchased its 80 per cent interest in PT Avocet Bolaang Mongondow (PT ABM), an Indonesian company holding a 6th generation Contract of Work (CoW), from Newmont Mining Corporation. The North Lanut gold mine is located within the CoW, which includes exploration and mining rights over approximately 50,000 hectares in an area highly prospective for gold. An Indonesian company, PT Lebong Tandai, owns the remaining 20 per cent.

## Appendix 1 – Key operating statistics by quarter

	FY2008					FY2009				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
<b>Penjom</b>										
Ore mined (tonnes)	155,794	160,625	59,842	185,006	561,267	179,034	86,081	167,640	265,944	698,700
Waste mined (tonnes)	3,970,228	3,574,009	4,490,503	4,662,010	16,696,750	4,146,508	4,113,678	4,123,096	4,556,004	16,939,285
Ore and waste mined (tonnes)	4,126,022	3,734,634	4,550,345	4,847,016	17,258,017	4,325,542	4,199,759	4,290,736	4,821,948	17,637,985
Ore processed (tonnes)	140,185	150,974	151,386	153,600	596,145	190,516	179,059	168,884	180,480	718,939
Average ore head grade (g/t)	5.62	4.67	4.26	4.87	4.84	3.44	3.53	3.66	3.27	3.47
Process recovery rate	91%	92%	88%	89%	91%	89%	88%	82%	85%	86%
<b>Gold Produced (oz)</b>	<b>23,069</b>	<b>20,895</b>	<b>18,253</b>	<b>21,507</b>	<b>83,724</b>	<b>18,729</b>	<b>17,793</b>	<b>16,303</b>	<b>16,077</b>	<b>68,902</b>
<b>Cash costs (US\$/oz)</b>										
Mining	188	230	260	283	239	329	313	351	409	349
Processing	86	100	117	88	97	155	168	174	175	167
Royalties and overheads	77	71	86	81	78	92	95	82	107	94
	<b>351</b>	<b>401</b>	<b>463</b>	<b>452</b>	<b>414</b>	<b>576</b>	<b>576</b>	<b>607</b>	<b>691</b>	<b>610</b>
Deferred stripping adjustment	(58)	(49)	(188)	(42)	(80)	(95)	(156)	(94)	28	(82)
	<b>293</b>	<b>352</b>	<b>275</b>	<b>410</b>	<b>334</b>	<b>481</b>	<b>420</b>	<b>513</b>	<b>718</b>	<b>528</b>
Mining cost per tonne (US\$)	1.05	1.29	1.04	1.25	1.16	1.25	1.33	1.33	1.36	1.36
<b>North Lanut</b>										
Ore mined (tonnes)	550,052	590,024	515,230	313,705	1,969,011	383,787	357,627	257,940	310,628	1,309,982
Waste mined (tonnes)	337,962	238,830	283,722	283,982	1,144,496	220,408	305,008	371,166	698,570	1,595,152
Ore and waste mined (tonnes)	888,014	828,854	798,952	597,687	3,113,507	604,195	662,635	629,106	1,009,198	2,905,134
Ore processed (tonnes)	469,191	573,719	451,665	188,013	1,682,588	380,181	437,917	257,308	262,810	1,338,216
Average ore head grade (g/t)	2.05	3.23	2.47	1.79	2.54	1.96	2.30	2.24	1.86	2.10
Process recovery rate	51%	39%	58%	136%	54%	39%	31%	56%	72%	45%
<b>Gold Produced (oz)</b>	<b>15,733</b>	<b>23,133</b>	<b>20,995</b>	<b>14,322</b>	<b>74,183</b>	<b>9,293</b>	<b>9,963</b>	<b>10,463</b>	<b>11,297</b>	<b>41,017</b>
<b>Cash costs (US\$/oz)</b>										
Mining	161	116	126	174	140	251	295	279	263	272
Processing	70	54	67	86	67	198	229	173	112	175
Royalties and overheads	83	62	83	147	89	152	137	165	113	141
	<b>314</b>	<b>232</b>	<b>276</b>	<b>407</b>	<b>296</b>	<b>601</b>	<b>661</b>	<b>617</b>	<b>488</b>	<b>588</b>
<b>Total</b>										
<b>Gold Produced (oz)</b>	<b>38,802</b>	<b>44,028</b>	<b>39,248</b>	<b>35,829</b>	<b>157,907</b>	<b>28,022</b>	<b>27,756</b>	<b>26,766</b>	<b>27,374</b>	<b>109,919</b>
<b>Cash costs (US\$/oz)</b>										
Mining	177	170	189	239	192	303	307	323	349	320
Processing	80	76	90	87	83	169	190	174	149	170
Royalties and overheads	79	66	84	108	83	112	110	114	110	112
	<b>336</b>	<b>312</b>	<b>363</b>	<b>434</b>	<b>358</b>	<b>584</b>	<b>607</b>	<b>611</b>	<b>608</b>	<b>602</b>
Deferred stripping adjustment	(35)	(23)	(87)	(25)	(42)	(63)	(101)	(57)	16	(51)
	<b>301</b>	<b>289</b>	<b>276</b>	<b>409</b>	<b>316</b>	<b>521</b>	<b>506</b>	<b>554</b>	<b>624</b>	<b>551</b>

## Appendix 2 – Penjom ore and waste volumes

Full year	Tonnes mined			Bench Cubic Metres mined <sup>(1)</sup>			
	FY2009	FY2008	Variance	FY2009	FY2008	Variance	
Ore	698,700	561,267	24%	262,327	207,873	26%	
Waste	16,939,285	16,696,750	1%	7,088,140	7,274,136	-3%	
<b>Total</b>	<b>17,637,985</b>	<b>17,258,017</b>	<b>2%</b>	<b>7,350,467</b>	<b>7,482,009</b>	<b>-2%</b>	
Mining cost per tonne/BCM	US\$	1.36	1.16	18%	3.27	2.67	23%
Stripping ratio <sup>(1)(2)</sup>	x			27.0	35.0		
Life of mine stripping ratio	x			20.2	22.5		
Excess/(lower) stripping ratio	x			6.8	12.5		
Excess/(lower) waste stripping <sup>(3)</sup>	Million BCM			1.7	2.5		
Stripping cost (deferred)/reversed <sup>(4)</sup>	US\$m			(5.6)	(6.7)		
	US\$oz			(82)	(80)		

Fourth quarter	Tonnes mined			Bench Cubic Metres mined <sup>(1)</sup>			
	Q4 FY2009	Q4 FY2008	Variance	Q4 FY2009	Q4 FY2008	Variance	
Ore	265,944	185,006	44%	98,497	68,521	44%	
Waste	4,556,004	4,662,010	-2%	1,864,739	1,851,328	1%	
<b>Total</b>	<b>4,821,948</b>	<b>4,847,016</b>	<b>-1%</b>	<b>1,963,236</b>	<b>1,919,849</b>	<b>2%</b>	
Mining cost per tonne/BCM	US\$	1.36	1.25	9%	3.35	3.17	6%
Stripping ratio <sup>(1)(2)</sup>	x			18.9	27.0		
Life of mine stripping ratio	x			20.2	22.5		
Excess/(lower) stripping ratio	x			(1.3)	4.5		
Excess/(lower) waste stripping <sup>(3)</sup>	Million BCM			(0.1)	0.3		
Stripping cost (deferred)/reversed <sup>(4)</sup>	US\$m			0.4	(0.9)		
	US\$oz			28	(42)		

(1) Bench cubic metre (BCM) is a measure of volumes mined and is equal to the weight of rock (measured in tonnes) divided by its specific gravity. BCM is used in mine planning where volumes are the key driver and it is necessary to avoid distortion due to differing specific gravities.

(2) Ratio of waste to ore.

(3) Represents the amount of waste BCM mined in the period in excess of the life of mine stripping ratio. A negative figure indicates the extent to which stripping is below the life of mine average stripping ratio. Calculated as: excess/(lower) stripping ratio multiplied by ore BCM mined.

(4) Negative figure represents cost of waste mining carried out as part of the long term pit expansion, rather than associated with the ore mined in the period. A positive figure denotes reversal of deferred stripping costs as a result of a stripping ratio lower than the life of mine ratio.