



Chairman's letter

29 June 2009

To the holders of ordinary shares and, for information only, to the holders of options of Anglo Asian Mining PLC ("the Company").

Dear Shareholder

Accompanying this letter you will find the Company's annual report and accounts for 2008 together with the attached Notice of the Annual General Meeting to be held on 23 July 2009 (the "Meeting") and a Form of Proxy. This letter is to explain the background to some of the resolutions to be put to shareholders at the Meeting.

Resolution 3 – Election of the Director retiring by rotation:

Under the Company's Articles of Association, one third of the Directors on the Board must retire at each Annual General Meeting and may offer themselves for re-election to the Board. This year Mr Richard Round is retiring in accordance with the Company's Articles of Association ("Articles") and is seeking re-election at the Annual General Meeting. Dr Ross Bhappu is also retiring by rotation but has informed the Company that he does not intend to seek re-election.

Resolution 4 – Allotment of share capital:

This ordinary resolution deals with the renewal of the Directors' authority to allot new ordinary shares during the course of the year in order to facilitate the business of the Company and renews the equivalent authority granted at last year's Annual General Meeting which expires at the end of this Annual General Meeting.

The previous ABI guidelines, which the Company followed at last year's Annual General Meeting, stated that the Directors' general authority to allot shares should be limited to an amount equal to one-third of the Company's issued share capital. In December 2008, the ABI revised its guidelines. The new ABI guidelines state that ABI members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two-thirds of the Company's issued share capital and this is now becoming market practice. The guidelines provide that the extra routine authority (that is the authority to allot shares representing the additional one-third of the Company's issued share capital) can only be used to allot shares pursuant to a fully pre-emptive rights issue.

In line with these revised guidelines, Resolution 4 proposes that Directors be granted authority to allot shares in the capital of the Company up to a maximum amount representing the new guideline limit of two-thirds of the Company's issued ordinary share capital as at 24 June 2009 (the latest practicable date prior to publication of this letter). Of this amount, half can only be allotted pursuant to a rights issue. The authority will expire at the conclusion of the next Annual General Meeting or on 23 October 2010 whichever is sooner.

Resolution 5 – Disapplication of statutory pre-emption rights:

This resolution is a special resolution and renews the authority given at last year's Annual General Meeting which gave Directors authority to allot for cash up to a maximum of 10% of the issued share capital of the Company without being required to comply with statutory pre-emption rights. Resolution 5 continues this authority and gives the Directors continuing authority to allot for cash an amount of the new ordinary shares authorised under Resolution 4 up to a maximum of 10% of the issued share capital of the Company without being required to comply with statutory pre-emption rights. Before any exercise of the authority sought under this resolution, the Company would consult its Nominated Advisor, Numis Securities Limited, regarding the terms and conditions of any issue.

Resolution 6 – Notice of General Meetings

Resolution 6 is a resolution to allow the Company to hold General Meetings (other than Annual General Meetings) on 14 days' notice. The provisions of the Companies Act 2006 relating to minimum notice periods are due to be amended with effect from August 2009 as a result of the UK implementation of the EU Shareholder Rights Directive. One of the amendments which will be made as a result of this Directive is to increase the minimum notice period for listed Company General Meetings to 21 days but with an ability for companies to reduce this back to 14 days (other than for Annual General Meetings) provided that two conditions are met. The first is that a company should offer facilities for shareholders to vote electronically and further guidance is awaited on this. The second is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 to 14 days. The Board is therefore proposing Resolution 6 as a special resolution to approve 14 days as the minimum period of notice for all General Meetings of the Company other than Annual General Meetings, such authority to be effective until the Company's next Annual General Meeting when renewal of the approval will be sought.

Resolution 7 – Changes to Articles to comply with Companies Act 2006:

A new companies act ("the Companies Act 2006" or "the 2006 Act") has been passed which introduced a number of changes to UK company law which affect the Articles of existing UK registered companies. The Company proposes to adopt new Articles of Association to reflect the changes in company law brought about by the 2006 Act and which are already in force, as well as some minor technical or clarifying changes. Due to the phased nature of the implementation of the legislation, it is likely that further related changes to the Articles of Association will be proposed at the 2010 Annual General Meeting to incorporate the provisions scheduled to come into force at a later time as well as any other directives or legislation which may come into force.

The principal changes in the new Articles of Association proposed to be adopted at the 2009 Annual General Meeting relate to electronic communications with shareholders, shareholder meetings and resolutions and Directors' conflicts of interest.

A number of minor and technical amendments are also proposed to reflect the implementation of the Companies Act 2006.

- i Electronic communications – the provisions of the Companies Act 1985 which allowed companies to communicate with their shareholder electronically have been repealed and replaced by provisions in the Companies Act 2006 which operate differently and use different definitions. The new Articles will permit the Company to use electronic communications for all notices, documents and information to be sent to shareholders, in accordance with individual shareholder preference. In addition, the new Articles will reflect the ability of companies to use website communication with shareholders as the default position. The Company can ask individual shareholders to consent to receiving communications from the Company via the Company's website. If a shareholder does not respond to the request for consent within 28 days, the Company may treat that as deemed consent to receiving documents in this way. A shareholder who receives a document via the website can ask for a hard copy at any time and shareholders can also revoke their consent to receive documents via the website at any time. This new regime will enable the Company to take advantage of the efficiencies, cost-savings and environmental benefits of electronic communications.
- ii Shareholder meetings and resolutions – the provisions of the Companies Act 2006 regarding shareholder meetings and resolutions came into force in October 2007, replacing the corresponding provisions of the Companies Act 1985. The new Articles incorporate amendments in relation to meetings and resolutions to ensure consistency with the Companies Act 2006.
- iii Conflicts of interest – since 1 October 2008, under the Companies Act 2006 a Director has a statutory duty to avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Companies Act 2006 allows Directors of public companies to authorise conflict situations or potential conflict situations where the Articles of Association contain a provision permitting such authorisation. It is proposed that the Company's new Articles of Association should include such a provision.

For a more detailed explanation of these and other amendments please refer to the section following the formal Notice of Meeting.

A copy of the current Articles of Association and the proposed new Articles of Association that reflect these amendments will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of Hammonds, 7 Devonshire Square, Cutlers Gardens, London EC2M 4YH up until the close of the Meeting and will be available on the Company's website at www.aamining.com until the close of business at the Annual General Meeting. Copies will also be available at the Annual General Meeting on the morning of the Meeting from 9am until its conclusion.

Whether or not you intend to be present at the Meeting, you are requested to complete the reply-paid Form of Proxy in accordance with its instructions and return it to the address given on the Form of Proxy. We look forward to as many shareholders as possible attending the Meeting.

Yours faithfully,

Khosrow Zamani
Chairman