



20 April 2009

AIM: VGM

Vatukoula Gold Mines plc
("VGM" or "the Company")

Completion of Placing and Order of Capital Equipment

The Board of the Company announces that the Company has completed the placing as announced on 16 April 2009. The Company has raised gross proceeds of £3,804,000 through the issue of 634,000,000 new ordinary shares at a placing price of 0.6 pence per share, representing approximately 25% of the enlarged share capital. Application has been made for the new shares to be admitted to trading on AIM and it is expected that admission will take place on or around 24 April 2009. The price to placees was at a discount to the closing mid-market price for ordinary shares on 30 March 2009 of 0.65 pence per share, the date on which the placing letters were dispatched.

The funds raised will be used or have been allocated to fund the capital expenditure programmes outlined in the announcement dated 26 March 2009. In particular the management of VGM has identified various pieces of equipment which will greatly enhance the production profile and safety at the Vatukoula gold mine.

The Company has placed orders for the acquisition of four refurbished underground mine haulage trucks. Two trucks are being shipped immediately, with the additional two requiring some upgrading to the specific requirements of the mine. These trucks are vital in increasing underground production, as transportation of the high grade underground gold ore from the mining faces to the shafts and surface facilities is one of the main operational bottlenecks currently being experienced.

The Company has also committed funds to refurbish the currently shut down 45 tonne per hour Smith Mill, the second milling circuit, as an oxide process. This will allow for the treatment of some immediately available surface oxide material, which management believes will generate additional gold production at a relatively low operating cost. VGM will also commence the expansion of the tailings facilities studies as part of the Company's long term strategic planning.

In addition to the underground equipment requirements, VGM has committed a portion of the funds to increase and improve the reliability of the surface power generating capacity. The Company expects to contract power generating consultants for a complete overhaul of a number of generators in the Vatukoula Power Station. The mine will also be placing orders for three new underground pumps to increase pumping capacity, reduce operational pumping costs and protect against unseasonal rainfall events in the future.

Mine management is also aware of additional underground mining equipment that is currently available internationally, which it intends to pursue immediately.

In accordance with Rule 2.10 of the City Code the total number of shares in issue following this placing is 2,536,371,027 ordinary shares of 0.1p each under UK ISIN code GB00B00SV774.

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