

10 February 2015

To: The Board of Directors,
Vatukoula Gold Mines PLC ("VGM")

Re: Outstanding Shares

Dear Directors,

We refer to the cancellation of all of VGM's shares to trading on AIM in accordance with Rule 41 of the AIM Rules for Companies published by London Stock Exchange plc (the "Cancellation"). Among other things, the circular issued by VGM dated 30 May 2014 (the "Circular") described the intention of Zhongrun International Mining Co., Ltd ("Zhongrun International") to purchase shares ("Outstanding Shares") in VGM from other shareholders who wish to sell their shares following the Cancellation by way of matched bargains, and set out the pricing and other terms ("Outstanding Shares Proposals"). This letter is an update on the Outstanding Shares Proposals.

A letter issued by Zhongrun International and published by VGM on 3 December 2014 referred to the negotiations between Zhongrun Resources Investment Corporation ("Zhongrun Resources") and a potential buyer in relation to the acquisition of certain of Zhongrun International's mining assets. As a result of these negotiations, Zhongrun International stated that it intended to be in a position to purchase the Outstanding Shares from 1 February to 15 February 2015. On 5 February 2015 Zhongrun Resources announced that such negotiations had been terminated. The time spent on those negotiations however has caused further delay to the intended implementation of the Outstanding Shares Proposals.

Following the termination of negotiations, Zhongrun International, VGM and its financial advisor recommenced work in connection with the Outstanding Shares Proposals, including the opening of the special account to fund the purchases of the Outstanding Shares. This work may take some limited additional time which, together with the approaching Chinese New Year holidays (18 - 24 February 2015), means we currently expect any intended purchase process would not start until March 2015 in accordance with the terms and conditions set out in the Circular.

This letter and any non-contractual obligations connected with it shall be governed by and construed in accordance with English law.

Your sincerely,

Mr Li Mingji

(for and on behalf of Zhongrun Resources Investment Corporation and Zhongrun International Mining Co. Ltd)

cc – WH Ireland Limited