

Deal Summary

December 2002

£25 million
Initial Public Offering
of



HIGHLAND GOLD MINING Ltd.

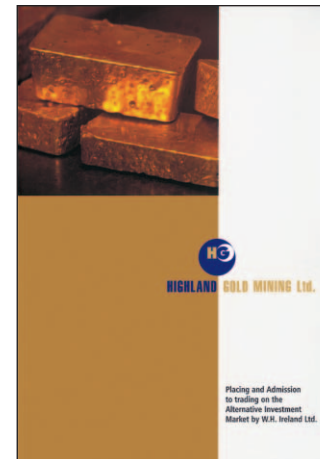
on
the AIM market of the LSE

Capital Markets Advisor

Highlights:

- Advised Highland Gold independently of the Lead Manager
- First AiM stock to utilise a Greenshoe
- Largest listed Russian gold pure play at the time
- Largest mining stock, second largest company on AiM, at the time

Transaction Documents



IPO Placing Memorandum



IPO Research

Press Clippings

Highland Gold to raise £20m and list on Aim

By Matthew Jones
Highland Gold, the Russian precious metals miner that has links to the Fleming family, confirmed yesterday that it plans to raise £20m before Christmas through a placing on Aim.
The firm, which is owned by Highland at 80 to £200m, will make its second public company list on Aim, alongside its parent, Harmony Gold, which has links to the Fleming investment bank family. A further 24.5 per cent of the group is held by the Fleming family, Jersey-based.
Harmony Gold, a company owned by a Russian mining firm, has acquired Lead, chairman of the De Vere hotel group, as executive chairman.

Financial Times, December 2002

Highland Gold makes debuts on AIM

SHARES IN Highland Gold began trading on the Alternative Investment Market yesterday after the company completed a placing of 11.6 million shares that raised £20m of new money. The shares, which were placed at 190p each, ended the day at 200p, giving the company a market value of £221m. The group, which owns the Mnogovershinnoe gold mine in Russia, is one-third owned by Harmony Gold, a South African miner connected to the Fleming family.

Independent, December 2002

Highland looks good prospect for Aim

If Russian mining specialist Highland Gold Mining (HGM) gets its way, it will become the second-largest listed stock on Aim when it floats later this month. It's planning to raise £21m and will have a market capitalisation of around £200m, making it one of the more visible stocks on the junior market.

The company currently owns Mnogovershinnoe (MNV), which was Russia's fourth-largest producing gold mine in 2001, as well as two other development projects. These are expected to produce gold from 2004 onwards and will almost double annual production targets – these currently stand at 175,000 ounces of gold for MNV this year. The new monies will be used for the further development of the group's gold mining assets and to repay borrowings, in addition to helping the group fund its capex programme – this is expected to be approximately \$35m during 2003. While the plan is to focus on existing holdings in the near term, further down the line acquisitions can be expected.

Investors Chronicle, December 2002

Gold Firm Unveils a \$300M IPO

Reuters

LONDON – Highland Gold Mining Ltd., owner of Russia's fourth-biggest gold mine, unveiled plans for a \$300 million flotation Monday, which would make it the second-biggest company on London's Alternative Investment Market, on AIM.

The British-based firm said it planned to raise up to £22.5 million (\$35 million) by placing shares with investors in order to fund efficiency improvements at its main Mnogovershinnoe mine in eastern Russia, as well as reduce debt.

Chairman Peter Daresbury said Highland had chosen AIM over the main London Stock Exchange because of its strong mining community.

The Moscow Times, December 2002