

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all your Ordinary Shares in Eredene Capital PLC, you should pass this document and the accompanying form of proxy to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

EREDENE CAPITAL PLC

(Registered in England No. 5330839)

Directors:

C.D. Crosthwaite (Non-Executive Chairman)

A.J.N. King (Chief Executive)

G.D. Varley (Executive Director)

Sir Christopher Benson (Non-Executive Director)

The Hon. C.W. Cayzer (Non-Executive Director)

Registered Office:

7 Pilgrim Street

London EC4V 6LB

25 June 2007

To the holders of Ordinary Shares

Dear Shareholder

2007 Annual General Meeting

The 2007 Annual General Meeting of the Company ("AGM") is to be held on Wednesday the 18th day of July 2007 at 3 p.m. at 7 Pilgrim Street, London EC4V 6LB. The notice convening the AGM is set out at the end of this letter and I am writing to give you more information about the Resolutions to be considered at the AGM.

A copy of the 2006 Annual Report and Accounts is enclosed. This contains the financial statements for the year ended 31 December 2006. A Resolution relating to the financial statements is included in the ordinary business of the AGM.

Resolutions 1 to 5 deal with the ordinary business that normally takes place at the AGM, and require no explanation.

The information set out below explains the reasons for Resolutions 6 to 10.

Resolution 6 - Investment policy

In my Chairman's Statement in the 2006 Report and Accounts accompanying this document, I summarise the strategic reorganisation and planned expansion of the Company's business activities. As I explain in my Statement, this involves a move to our becoming a self-managed investment company. We also plan to broaden our existing strategy to include potential investment in logistics, distribution warehouses and port services projects in India.

Under the AIM Rules for Companies, companies such as Eredene which are classified as "investing companies" are required to seek the approval of their shareholders for their investment strategies on an annual basis.

Accordingly, Resolution 6 seeks your approval and consent to the Company's investment strategy as redefined and enlarged in the summary provided in my Statement to Shareholders in the 2006 Report and Accounts.

Resolutions 7 and 8 - Authority to allot shares and disapplication of pre-emption rights

Resolutions 7 and 8 provide for the grant of authorities to the Directors pursuant to sections 80 and 95 of the Companies Act 1985 to allot shares. Resolution 7 will permit the issue of shares pro rata to existing shareholders and the issue of shares otherwise than to existing shareholders for a non-cash consideration. The number of Ordinary Shares that may be issued pursuant to the authority is limited to 81,576,000 Ordinary Shares being approximately equal to one third of the Company's existing issued share capital.

Resolution 8 will permit the issue of up to 24,472,800 Ordinary Shares for cash other than pro rata to existing shareholders, being equal to approximately 10 per cent. of the Company's existing issued share capital.

Both the authorities sought in Resolutions 7 and 8 will lapse 15 months after the AGM or at the conclusion of the Annual General Meeting of the Company to be held in 2008, whichever occurs first.

The authorities sought will replace those granted at the last Annual General Meeting in May 2006.

Resolutions 9 and 10 – Cancellation of share premium account and authority to purchase own shares

The Directors believe that it would be appropriate for the Company to have the flexibility to purchase its own Ordinary Shares.

Accordingly Resolution 9 will be proposed at the AGM to cancel the Company's share premium account, thereby creating a special reserve which may be treated as distributable profits for making purchases of Ordinary Shares. No purchases of Ordinary Shares can be made by the Company until the cancellation of the share premium account has been approved by the Court. The process normally takes at least four months.

In order to confirm the cancellation, the Court must be satisfied that the creditors of the Company, whose debts are outstanding on the date the cancellation becomes effective, are protected. The Company will therefore undertake to the Court not to use the special reserve, including for the purpose of making market purchases of Ordinary Shares, arising on the cancellation until such time as any such creditors have either been paid in full or have consented to the cancellation.

Resolution 10 provides for the grant to the Company of an authority to make market purchases of up to 36,709,200 Ordinary Shares, representing approximately 15 per cent. of the issued share capital of the Company.

The maximum price that may be paid by the Company on the repurchase of any Ordinary Share is not more than the higher of 5 per cent. above the average of the middle market quotations of an Ordinary Share for the five business days immediately preceding the date of repurchase and the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

The authority to purchase Ordinary Shares will lapse on the date falling 15 months after the passing of the resolution or at the next AGM, whichever first occurs.

Action to be taken

A form of proxy for use by shareholders at the AGM is enclosed. Shareholders are requested to complete and return the form of proxy in accordance with the instructions printed thereon so as to arrive at Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands BS63 3DA as soon as possible, but in any event no later than 3 p.m. on 16 July 2007. The return of a form of proxy will not preclude a shareholder from attending and voting at the AGM if he/she so wishes.

Recommendation

Your Directors believe that the Resolutions numbered 6 to 10 inclusive to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole and recommend you vote in favour of such Resolutions as the Directors intend to do in respect of their own beneficial shareholdings.

Yours sincerely

Christopher Crosthwaite
Chairman