

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your El Oro Stock Units, please send this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred part of your registered holding of El Oro Stock Units, please retain this document and the accompanying Form of Proxy and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. **However such documents should not be distributed, forwarded or transmitted in, or into, the United States, Canada, Australia or Japan or into any jurisdiction if to do so would constitute a violation of the relevant laws of such other jurisdiction.**

Your attention is drawn to the letter from the Chairman of El Oro which is set out in Part 1 of this document which contains the background to and reasons for the Proposals and which recommends you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting referred to below. You should read this document in its entirety and consider whether to vote in favour of the Resolution in light of the information contained in this document.

The directors of El Oro, whose names appear on page 2 accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors of El Oro (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

El Oro and Exploration Company p.l.c.

*(Incorporated and registered in England and Wales under the Companies Acts 1862-1900
under registered number 80408)*

Proposed Cancellation of Listing on the Official List and Admission to trading on AIM and Notice of Extraordinary General Meeting

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Notice of an Extraordinary General Meeting of El Oro to be held at 41 Cheval Place, London SW7 1EW at 11.15 a.m. on 28 June 2006 is set out at the end of this document. A Form of Proxy is enclosed with this document and El Oro Stockholders are asked to complete and sign it in accordance with the instructions printed thereon and return it either by post or by hand to the Company's registrars, Lloyds TSB Registrars at The Causeway, Worthing, West Sussex BN99 6AP as soon as possible but in any event by no later than 11.15 a.m. on 26 June 2006. Completion and return of a Form of Proxy will not preclude El Oro Stockholders from attending and voting at the meeting convened by the above mentioned notice, should they so wish. Further details on the action you should take is set out in paragraph 4 of Part 1 of this document.

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Expected Timetable of Key Events

All references to time in this document are to UK time.

Latest time and date for receipt of Forms of Proxy for the

Extraordinary General Meeting	11.15 a.m. on 26 June 2006
Extraordinary General Meeting	11.15 a.m. on 28 June 2006
De-listing of the Stock Units from the Official List ¹	8.00 a.m. on 27 July 2006
Anticipated admission to trading on AIM	8.00 a.m. on 27 July 2006

Notes:

1. Assuming the Resolution is passed

PART 1

Letter from the Chairman of El Oro

El Oro and Exploration Company p.l.c.

(Incorporated and registered in England and Wales under the Companies Acts 1862-1900 with registered number 80408)

Directors:

CRW Parish *(Chairman and Managing Director)*

The Hon. Mrs. EC Parish *(Executive Director)*

EW Houston *(Non-Executive Director)*

DRL Hunting *(Non-Executive Director)*

RE Wade *(Non-Executive Director)*

JA Wild *(Non-Executive Director)*

Registered and Head Office:

41 Cheval Place

London

SW7 1EW

8 June 2006

To El Oro Stockholders

Dear Stockholder

Proposed Cancellation of Listing on the Official List and Admission to trading on AIM and Notice of Extraordinary General Meeting

1. Introduction

As announced on 28 April 2006 in my letter at the time of publication of the second interim results, the Directors have reviewed the Company's strategic options in consultation with the Company's advisers as a company whose Stock Units are listed on the Official List of the UK Listing Authority. After careful consideration in the light of recent legislation and the regulatory burden facing listed companies, your Board has decided that the future of your company would be enhanced by transferring to the Alternative Investment Market. This market, operated and regulated by the London Stock Exchange plc, has an established reputation with investors and analysts. We believe your company will be better served being admitted to trading alongside others of a similar stature and sharing characteristics in common than continuing beside the Behemoths of the quoted arena.

Accordingly, the Company intends to apply formally to the UKLA to cancel the listing of its Stock Units on the Official List, and in accordance with the Listing Rules, an Extraordinary General Meeting is being convened at which a resolution will be proposed to cancel the listing of the Company's Stock Units on the Official List and to authorise the Directors to apply for the Company's issued Stock Units to be admitted to trading on AIM.

The purpose of this document is to give you details of the business to be conducted at the Extraordinary General Meeting of the Company to be held at 41 Cheval Place, London SW7 1EW at 11.15 a.m. on 28 June 2006 and to explain why the Directors believe that the Proposals are in the best interests of the Company and its Stockholders as a whole.

The Company has appointed Grant Thornton Corporate Finance to act as its nominated adviser in relation to the Company's proposed admission to AIM.

At the EGM, Stockholders will be asked to approve the Cancellation in light of the proposed transfer of trading of the Stock Units to AIM. **In accordance with the Listing Rules, the Resolution must be carried by a majority of not less than 75 per cent. of the holders of the Stock Units (being entitled to do so) who vote in person or by proxy. Stockholders' approval is not required for Admission. Accordingly, the Resolution will be proposed as an extraordinary resolution.**

Also, in accordance with the Listing Rules, cancellation of the Listing will (if the Resolution is passed at the EGM) take effect not less than 20 business days after the date of the EGM and it is expected that such Cancellation and Admission will occur on or around 27 July 2006.

A notice convening the EGM, at which the Resolution is to be proposed, is set out at the end of this document.

2. Background to and reasons for the Proposals

The Board has felt for some time that the cost of administering the compliance burden that applies to listed companies is considerable and disproportionate to the size of the Company.

The obligations of an AIM company are similar to those of a company on the Official List with certain exceptions, of which the significant ones are referred to below:

- For AIM companies, prior shareholder approval is only required for reverse-takeovers and disposals that result in a fundamental change of business. Under the Listing Rules, a broader range of transactions requires shareholder approval.
- There is no requirement under the AIM Rules for listing particulars or admission documents for further issues of securities although there may be other legal reasons for a prospectus to be required.
- Under the AIM Rules, a Nominated Adviser is required at all times which has ongoing responsibilities to the London Stock Exchange. In addition, a broker is required at all times.
- The Combined Code does not apply directly to AIM companies although it is still considered good practice to comply with the provisions in so far as they are relevant to the size and type of the AIM company.

Further, the Directors believe that AIM provides a more flexible environment and a proven successful alternative in which the Company will better be able to:

- Achieve its business and strategic objectives;
- Reduce the formalities associated with maintaining a listing on a regulated market, whilst continuing to provide a platform for trading in its Stock Units; and
- Reduce costs and formalities associated with future potential transactions and other actions by the Company.

Liquidity on AIM is currently provided by market makers who are member firms of the London Stock Exchange and are obliged to quote a price in shares between 8.00 a.m. and 4.30 p.m. on business days.

As part of the AIM admission process, the Company will publish before the EGM, on its website, special purpose audited consolidated accounts prepared in accordance with IFRS in respect of the period to 31 December 2005. Following Admission, the Company will continue to prepare its consolidated accounts in accordance with IFRS. The Company and the other members of its group will also, going forward, prepare statutory individual company accounts under UK GAAP, which, as the Company will no longer be listed on the main market of the London Stock Exchange, do not need to be prepared in accordance with FRS 26.

It is anticipated that following Admission to AIM stockholders, depending upon their personal circumstances, may be able to take advantage of the following tax benefits:

- An individual tax payer may for new investment (either by subscription for new stock units or for a purchase of stock units in the market) after Admission be entitled to CGT business asset taper relief which means that capital gains tax would be at the effective rate of 10% if the Stock Units have been held for two years or more. For existing Stockholders at the time of Admission their holding would be regarded as a “mixed asset” and the amount of the gain apportioned between the time acquired (or if later since 6 April 1998), the Admission date and subsequent time sold to determine the amount of business asset taper relief applicable.

- Investors may be able to take advantage of CGT Gift Relief for transactions not at arms length made after Admission so that the transferee assumes the base cost of the investment by the transferor.

No assurance is provided that the reliefs will be so available or if they are will continue to so be. However, investors are strongly recommended to consult their own professional advisers on matters relating to taxation. Investors should also note that the Directors cannot guarantee to manage the business on a basis that permanently safeguards taxation benefits.

Stockholders should be aware that following the Cancellation and Admission becoming effective, the issued Stock Units will not be appropriate for use in relation to investments made as part of a personal equity plan (PEP) or in an individual savings account (ISA). If you are in any doubt as to the implications for you of these Proposals, you are advised to review your position in this respect immediately and seek independent professional advice (for example from your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under FSMA).

The comments on the tax implications described in this document are based on the Directors' current understanding of tax law and practice. They are not tailored to any individual circumstances in the interests of simplicity. Information on taxation is primarily directed at individuals who are UK resident and domiciled. Tax rules can change and the precise tax implications for you will depend on your particular circumstances. The Directors cannot accept responsibility for any actions taken on the basis of this document alone. If you are in any doubt as to your tax position, you should consult your professional adviser.

3. Extraordinary General Meeting

At the end of this document, you will find a notice convening an extraordinary general meeting of the Company to be held at 41 Cheval Place, London SW7 1EW at 11.15 a.m. on 28 June 2006. At the EGM, the Resolution will be proposed as an extraordinary resolution to approve the Cancellation.

The Resolution requires approval by not less than 75 per cent. of the votes cast at the meeting, whether in person or by proxy.

4. Action to be taken

Stockholders will find enclosed with this document a Form of Proxy to be used in connection with the Extraordinary General Meeting. Whether or not you intend to attend the EGM in person, please complete the Form of Proxy and return it in accordance with the instructions printed thereon to the Company's registrars, Lloyds TSB Registrars at The Causeway, Worthing, West Sussex BN99 6AP so as to arrive as soon as possible in any event by no later than 11.15 a.m. on 26 June 2006.

The completion of a Form of Proxy will not preclude you from attending the Extraordinary General Meeting and, if you are entitled, voting in person, if you so wish.

5. Recommendation

Your Board considers the Proposals to be in the best interests of the Company and its Stockholders as a whole. Accordingly, your Board unanimously recommend that Stockholders vote in favour of the Resolution as they intend to do in respect of their own beneficial and non-beneficial holdings which amount in aggregate to 3,969,495 El Oro Stock Units (representing approximately 36 per cent. of the existing issued share capital of El Oro).

Yours sincerely

CRW Parish
Chairman

PART 2

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

"Admission"	admission of the Stock Units to trading on AIM
"AIM"	AIM, a market operated by the London Stock Exchange
"Board" or "Directors"	the board of directors of the Company
"Cancellation"	the proposed cancellation of the listing of the issued Stock Units from the Official List by the UKLA
"EGM" or "Extraordinary General Meeting"	the extraordinary general meeting of the Company convened for 11.15 a.m. on 28 June 2006 in order to approve the Cancellation, notice of which is set out at the end of this document
"El Oro" or the "Company"	El Oro and Exploration Company p.l.c, registered in England and Wales with number 80408
"El Oro Stockholders" or "Stockholders"	holders of El Oro Stock Units
"El Oro Stock Units" or "Stock Units"	stock units of 5p each in the capital of El Oro
"Form of Proxy"	the form of proxy for use at the EGM which accompanies this document
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000
"Grant Thornton Corporate Finance"	the corporate finance division of Grant Thornton UK LLP which is authorised in the UK by the FSA to carry on investment business
"Listing"	the listing of the Stock Units on the Official List
"Listing Rules"	the listing rules made by the UK Listing Authority under section 73A of the Financial Services and Markets Act 2000
"London Stock Exchange"	London Stock Exchange plc
"Official List"	the list maintained by the UKLA pursuant to Part VI of the FSMA
"Proposals"	the Cancellation and Admission
"Resolution"	the resolution to be put to Stockholders at the EGM as set out in the notice convening the EGM
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UKLA" or "UK Listing Authority"	the FSA as the competent authority for listing in the United Kingdom under Part VI of the FSMA

NOTICE OF EXTRAORDINARY GENERAL MEETING

El Oro and Exploration Company p.l.c. (the "Company")

*(Incorporated and registered in England and Wales under the Companies Acts 1862-1900
under registered number 80408)*

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at 11.15 a.m. on 28 June 2006 at 41 Cheval Place, London SW7 1EW for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as an extraordinary resolution:

Extraordinary Resolution

THAT the cancellation of the admission of the issued stock units of 5p each in the capital of the Company to the Official List of the Financial Services Authority (acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) (the "UKLA")) be and is hereby approved and that the Directors of the Company be and are hereby authorised to apply to the UKLA and to do all acts and things which they consider necessary or expedient to effect such cancellation and to apply for all the Company's issued share capital to be admitted to trading on AIM, a market operated by the London Stock Exchange plc.

Dated 8 June 2006

Registered Office:
41 Cheval Place
London
SW7 1EW

By order of the Board
C E J Burman
Secretary

Notes:

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy and any authority under which it is executed, or a copy of the authority certified notarially or in some other way approved by the directors, must be lodged at the offices of the Registrars to the Company, at Lloyds TSB Registrars, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those El Oro Stockholders registered on the register of members of the Company as at 6.00 p.m. on 26 June 2006 or, if the Extraordinary General Meeting is adjourned, on the register of members not less than 48 hours before the time of any adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of El Oro Stock Units registered in their name at that relevant time. Changes to entries on the register of members after 6.00 p.m. on 26 June 2006 or, if the Extraordinary General Meeting is adjourned, on the register of members not less than 48 hours before the time of any adjourned meeting, will be disregarded in determining the right of any person to attend and vote at the meeting.