

# LONDON MINING PLC

London Mining Plc

7 September 2008

## **London Mining Plc (LOND.NO) ("London Mining" or the "Company")**

### **London Mining Plc – Writ issued in relation to Marampa iron ore project, Sierra Leone**

London Mining Plc announces that its Sierra Leonean subsidiary, London Mining Company Limited (“together the Company”), has served a writ in Sierra Leone on SLDC Exploration Limited, a wholly owned subsidiary of African Minerals Limited (together “African Minerals”).

The claim relates to the Company’s iron ore project at formerly producing Marampa mine in Sierra Leone. The Company has a 25 year Mining Lease from the Government of Sierra Leone over the old Marampa mines area previously mined by DELCO.

London Mining is seeking i) a declaration that its Mining Lease coordinates are valid and subsisting, ii) an injunction preventing African Minerals from entering its Mining Lease area and iii) damages for trespass on the Mining Lease area.

African Minerals is asserting that certain areas within London Mining’s Mining Lease area fall within its Exploration Licence. African Minerals has recently announced that it is intending to sell a stake in the company containing the Marampa Exploration Licence to Cape Lambert Iron Ore (“Cape Lambert”) with an option for Cape Lambert to purchase African Minerals’ entire Marampa interests. London Mining is vigorously defending the coordinates of its Mining Lease area in order to protect value to its shareholders.

The disputed area covers approximately 30% of the area of the Company’s Mining Lease and includes areas where the Company has been carrying out mining operations over the past year. It should be noted that, while the exclusion of this area would reduce the potential total mineable tonnage, it would not affect the planned production rate or the timing of start-up of mining operations at the Marampa mine.

*Graeme Hossie, Director of London Mining, said “London Mining invested in Sierra Leone three years ago as it was a country that had made a clear commitment to building long term economic growth with overseas companies. Its legislative structure has been set up to protect all companies under Sierra Leone law and we have every confidence that this dispute can be resolved to our satisfaction through the courts.*

*London Mining is one of the largest mining companies operating in Sierra Leone and is ready to re-establish a productive and profitable iron mining sector in the country. Every preparation has been made to begin production once the government clarifies final logistics arrangements for the use of the railway and port that served the previous mining operation. London Mining is ready to rehabilitate the infrastructure immediately and, once this issue is resolved, plans to restart mining operations with first iron exportation within 12-18 months.”*

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## **London Mining in Sierra Leone**

The Company has been involved in the Marampa project since December 2005 and is currently in the process of restarting mining operations at Marampa. Marampa was originally mined by DELCO from 1935-1975 and by another operator from 1982-1985.

In February 2005, Tecsbaco International Incorporated Company Limited (“Tecsbaco”) a local company run by Sierra Leoneans, was granted a 25 year Mining Lease over the Marampa mine site from the Government of Sierra Leone. Tecsbaco had previously held an exploration licence over a lesser area. On 22 September 2006, London Mining Company Limited purchased the Lease from Tecsbaco. The transfer was assigned and fully approved by the Sierra Leone Ministry of Mineral Resources, government committees and Cabinet ratification.

The Mining Lease grants the Company the exclusive right to mine iron ore over the Mining Lease area at Marampa which includes the old site previously mined by Delco and many of the tailings from previous mining operations.

The Company also has the benefit of a 25 year Lease with effect from 7 March 2007 from the Marampa Masimera Chiefdom Council of the land comprised in the Mining Lease area.

## **SLDC/African Minerals**

On 1<sup>st</sup> September 2006, an Exploration Licence was granted by the Government of Sierra Leone to African Minerals over the area surrounding the Company’s Mining Lease area.

The Exploration Licence stated that it excluded the area of the earlier exploration licence held by Tecsbaco over the lesser area. It should, however, have excluded the area of the Mining Lease. It therefore contained incorrect coordinates and did not properly exclude all the area within the Company’s Mining Lease area. It failed to exclude 2 significant strips of land of around 4.83 sq kms which contain tailings from the previous mining operations and prospective exploration areas. African Minerals are claiming such areas and have recently announced that they are intending to sell a stake in their Marampa investment with an option to purchase their entire interest to Cape Lambert.

The Company’s position, based on advice, is that African Minerals’ Exploration Licence is invalid under Sierra Leonean law to the extent that it seeks to include any area covered by the Company’s prior issued Mining Lease. The Company understands, based on advice, that under Sierra Leone law, an exploration licence cannot take precedence over a previously existing Mining Lease.

The Company has sought to resolve this matter with the Sierra Leone Ministry of Mineral Resources. The Ministry of Mineral Resources previously confirmed in a formal letter in May 2007 that the co-ordinates contained in London Mining’s Lease were the correct ones. The Sierra Leone Ministry of Mineral Resources has however recently stated to African Minerals by letter the validity of the coordinates in its Exploration Licence and has written to

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London Mining giving coordinates for the Company's Mining Lease which excludes the two disputed strips of land.

For this reason, the Company has issued proceedings in the Sierra Leonean Courts to have its position upheld under the laws of that country.

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## **Notes to the Editors:**

### **London Mining**

London Mining is incorporated and registered in the UK, and is developing mines to supply the global steel industry. In 2007, London Mining raised over US\$185m to advance iron ore production from its projects, and listed on the Oslo Axess, a marketplace regulated by the Oslo Stock Exchange on 9 October 2007. Following the sale of its Brazilian operations in August 2008 for over US\$800m, the Company has mining, exploration and development projects located in Sierra Leone, Saudi Arabia, Greenland, Mexico and South Africa, and total iron ore resources of 1.3 billion tonnes containing an estimated 459Mt of iron. London Mining is trading under the Reuters symbol LOND.OL and Bloomberg symbol LOND:NO.

Please also visit our website [www.londonmining.co.uk](http://www.londonmining.co.uk) for more information about London Mining and its operations.