

LONDON MINING PLC

London Mining Plc

3 October 2008

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

UPDATE ON PROPOSED RETURN OF CAPITAL STRUCTURE

London, 3rd October 2008. London Mining is pleased to announce the proposed structure (via a B and C share scheme) for the return of 200 pence per ordinary share to shareholders as a result of the recent sale of its Brazilian operations to Arcelor Mittal for USD809.9 million. This capital return equates to GBP212.6 million based on the currently issued 106,283,795 ordinary shares and GBP219 million if all 3,250,000 outstanding warrants that have vested are exercised as well.

Under the B and C share capital return scheme, shareholders will receive either one B share or one C share for each ordinary share held. Shareholders who elect for B shares will receive a dividend of 200 pence per B share. Following this, the B shares will automatically convert into deferred shares which will have negligible value. Shareholders who elect for C shares will have their C shares redeemed by London Mining and on redemption there shall be paid to holders of the C shares the sum of 200 pence per C share. The Board proposes to use this structure as it allows London Mining to return cash to shareholders, whilst at the same time providing shareholders with flexibility as to how they wish to receive the proceeds.

For legal reasons relating to the amount of share premium available, the total number of C shares that may be issued will be limited to approximately 32.5 million (representing approximately 30% of the total number of B and C shares to be issued under the B and C scheme). If applications for C shares exceed this limit, applications will be scaled back on a pro rata basis and shareholders will receive a corresponding number of B shares instead.

Shareholder approval at a general meeting and warrant holder approval will be sought to implement the capital return. A circular explaining the scheme in more detail (including a notice convening the general meeting) is expected to be sent to shareholders before the end of October 2008.

Christopher Brown, Managing Director of London Mining, said "The GBP219 million return of capital to shareholders represents more than three times the equity capital raised by London Mining since its inception in April 2005. London Mining is focussed on building a major diversified mining house for the steel industry. We have substantial cash to apply to the continued progress of our expanding iron ore and coal divisions and expect to continue providing significant returns for our shareholders."

For further information, please contact:

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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 investments in iron ore projects and mines located in China, Mexico, Saudi Arabia, Greenland and Sierra Leone, and investments in coal projects and mines located in South Africa and Colombia. London Mining is trading under the Reuters symbol LOND.OL and Bloomberg symbol LOND:NO.

Please also visit our website www.londonmining.co.uk for more information about London Mining and its operations.

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