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If you have sold or transferred, or sell or transfer prior to 5.00 pm on 14 November 2008, your entire holding of Ordinary Shares, please send this document and any accompanying documents as soon as possible to the purchaser or transferee of those shares or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such an act would constitute a violation of the relevant laws of such jurisdiction.

The distribution of this document and any accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by local law and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the relevant laws of any such jurisdiction.

Nothing in this document should be taken as constituting an offer of shares in London Mining. None of the B Shares or C Shares to be issued in connection with the Return of Cash or the Deferred Shares arising on the conversion of the B Shares following payment of the B Share Dividend will be listed on Oslo Axess or the Official List or admitted to trading on the London Stock Exchange or any other securities exchange.

LONDON MINING PLC

(Incorporated and registered in England and Wales with Company Number 5424040)

Proposed Return of Cash to Shareholders of 200 pence per Ordinary Share

and

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of London Mining which is set out on pages 5 to 10 of this document and which recommends that you vote in favour of the Resolution to be proposed at the General Meeting referred to below. You should note that the Return of Cash is conditional upon the approval by Shareholders of the Resolution.

A notice of the General Meeting, to be held at the offices of Travers Smith LLP, 10 Snow Hill London EC1A 2AL at 10.00 am on 10 November 2008, is set out at the end of this document.

If you are a Registered Shareholder, a Form of Proxy for use at the General Meeting is enclosed with this document. To be valid, a Form of Proxy must be received by the Company Secretary at London Mining, 39 Sloane Street, London SW1X 9LP as soon as possible and, in any event, to arrive by no later than 10.00 am on 8 November 2008. The return of a completed Form of Proxy will not prevent you from attending the General Meeting and voting in person if you wish to do so.

If you are a VPS Shareholder, a DnB Voting Instruction Form is enclosed which allows you to either instruct DnB NOR to appoint the Chairman of the General Meeting as its proxy to vote your Ordinary Shares at the General Meeting or alternatively to appoint you (or a third party nominated by you) to attend, speak and vote at the General Meeting. To be valid, a DnB Voting Instruction Form must be received by DnB NOR Bank ASA, Verdipapirservice/K.G. Berg, Stranden 21, 0021 Oslo, Norway as soon as possible and, in any event, to arrive by no later than 10.00 am on 6 November 2008. Alternatively, you may send the completed DnB NOR Voting Instruction Form to DnB NOR by fax to 00 47 22 94 90 20.

None of the B Shares, the C Shares, the Deferred Shares or the Ordinary Shares have been or will be registered under the Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States unless pursuant to a transaction that has been registered under the Securities Act and the relevant state securities laws or that

is not subject to the registration requirements of the Securities Act or such laws, either due to an exemption therefrom or otherwise.

None of the B Shares, the C Shares, the Deferred Shares, the Ordinary Shares or this document has been approved, disapproved or otherwise recommended by any US federal or state securities commission or any non-US securities commission or regulatory authority nor have such authorities confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document does not constitute a prospectus or other disclosure document under the Australian Corporations Act and does not purport to include the information required of a disclosure document under the Australian Corporations Act. The offers of B Shares and C Shares to Shareholders receiving the offer in Australia are being made without prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act pursuant to one or more exemptions in section 708 of the Australian Corporations Act.

This document does not contain any securities recommendation or investment advice. The Company is not licensed in Australia to provide financial product advice in relation to the offered shares. This document has been prepared without taking account of any Shareholder's objections, financial situation or needs. No cooling off period applies to an acquisition of offered shares.

TABLE OF CONTENTS

| | <i>Page</i> | |
|----------|---|----|
| PART I | EXPECTED TIMETABLE OF EVENTS | 4 |
| PART II | LETTER FROM THE CHAIRMAN OF LONDON MINING PLC | 5 |
| PART III | COMPLETING YOUR ELECTION FORM | 11 |
| PART IV | DETAILS OF THE RETURN OF CASH | 14 |
| PART V | UNITED KINGDOM, NORWEGIAN AND AUSTRALIAN TAXATION IN RELATION TO THE RETURN OF CASH | 20 |
| PART VI | DEFINITIONS | 28 |
| PART VII | NOTICE OF GENERAL MEETING | 31 |

PART I

EXPECTED TIMETABLE OF EVENTS

2008

| | |
|---|-------------------------|
| Latest time and date for receipt by DnB NOR of the DnB NOR Voting Instruction Form for the General Meeting | 10.00 am on 6 November |
| Latest time and date for receipt by the Company of the Form of Proxy for the General Meeting | 10.00 am on 8 November |
| General Meeting | 10.00 am on 10 November |
| Ex-entitlement date for the Return of Cash | 11 November |
| Latest time for receipt of VPS Election Forms by DnB NOR in relation to the Share Alternatives | 5.00 pm on 13 November |
| Record Date for the Share Issue and latest time for receipt of Registered Shareholder Election Forms by the Company in relation to the Share Alternatives | 5.00 pm on 14 November |
| B Shares and C Shares issued | 17 November |
| B Share Dividend declared, B Shares convert into Deferred Shares and C Share Redemption | 19 November |
| Despatch of cheques in respect of the B Share Dividend and C Share Redemption | By 26 November |

Notes:

References to time in this document are to London time.

If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on the Oslo Axess Information Centre's website (www.newsweb.no) and London Mining's website (www.londonmining.co.uk).

All events in the above timetable following the General Meeting are conditional upon approval by Shareholders of the Resolution to be proposed at the General Meeting.

PART II

LETTER FROM THE CHAIRMAN OF LONDON MINING PLC

LONDON MINING PLC

(Incorporated and registered in England and Wales with Company Number 5424040)

Directors:

Dr Colin Knight *(Non-executive Chairman)*
Christopher Brown *(Managing Director)*
Graeme Hossie *(Corporate Development and Deputy Managing Director)*
Rachel Rhodes *(Finance Director)*
Sir Nicholas Bonsor *(Non-executive Director)*
Malcolm Groat *(Non-executive Director)*
Dr Hans Kristan Shønwandt *(Non-executive Director)*

Registered Office:

39 Sloane Street
London
SW1X 9LP

17 October 2008

To Shareholders and, for information only, to Warrantholders and participants in the London Mining Share Schemes

Dear Shareholder,

Proposed Return of Cash to Shareholders of 200 pence per Ordinary Share

1 Introduction

On 20 August 2008, in connection with the sale of London Mining's Brazilian operations, we announced that we proposed to return 200 pence per Ordinary Share to Shareholders. This was after we had undertaken a detailed assessment of the appropriate cash requirements of London Mining for investment in its current businesses and for investment in future opportunities. On 3 October 2008, we announced the outline structure of the Return of Cash.

Based on the closing middle market price of 27.00 NOK per Ordinary Share on 16 October 2008 (the latest practicable date prior to the publication of this document) and based on current exchange rates on that date, the proposed Return of Cash of approximately £212.8 million (assuming no Ordinary Shares are issued pursuant to the exercise of warrants or the exercise of options under the London Mining Share Schemes prior to the Record Date for the Share Issue) represents approximately 84.3 per cent of London Mining's market capitalisation at that date.

In this document we set out details of the proposed Return of Cash. The structure we have chosen allows us to effect the Return of Cash whilst at the same time providing Shareholders with some flexibility as to how they wish to receive the proceeds.

The Return of Cash will not have any impact on the number of Ordinary Shares held by Shareholders or on the rights (including voting rights) attaching to such Ordinary Shares.

Shareholder approval is required for the Return of Cash and accordingly a General Meeting is being

convened at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 10.00 am on 10 November 2008. The notice of the General Meeting is set out in Part VII of this document.

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter.

2 Principal features of the Return of Cash

Under the proposed structure, Shareholders will be entitled to receive either one B Share or, subject to scaling back, one C Share for each Ordinary Share held on the Record Date for the Share Issue. Shareholders who elect for B Shares will be issued with B Shares on which they will receive the B Share Dividend of 200 pence per B Share on or about 19 November 2008 following which the B Shares will become Deferred Shares having very limited rights (further details of which are set out in paragraph 7 of Part IV of this document). Shareholders who elect for C Shares will, subject to scaling back, be issued with C Shares which will be redeemed by London Mining on or about 19 November 2008 for a redemption price of 200 pence per C Share.

For technical reasons relating to the amount of share premium available, the number of C Shares that may be issued under the Return of Cash is limited to 33,794,785 C Shares representing approximately 31.76% of the total number of Shares to be issued under the Return of Cash (assuming no Ordinary Shares are issued pursuant to the exercise of warrants or the exercise of options under the London Mining Share Schemes prior to the Record Date for the Share Issue). If applications for C Shares exceed 33,794,785 C Shares, applications for C Shares will be scaled back on a *pro rata* basis and Shareholders will receive a corresponding number of B Shares instead.

None of the B Shares or C Shares to be issued in connection with the Return of Cash or the Deferred Shares arising on the conversion of the B Shares following payment of the B Share Dividend will be listed on Oslo Axess or the Official List or admitted to trading on the London Stock Exchange or any other securities exchange. The Ordinary Shares will continue to be listed on Oslo Axess.

For regulatory reasons Shareholders resident in any of the Prohibited Territories will only be entitled to receive B Shares and the B Share Dividend in Pounds Sterling and any election for the C Share Redemption will be void.

Shareholders in non-Prohibited Territories may elect to receive the proceeds of the Return of Cash in either Norwegian Kroner or Euros rather than Pounds Sterling. The conversion of the proceeds from Pounds Sterling to either Norwegian Kroner or Euros will take place following the Record Date for the Share Issue at the prevailing exchange rate offered by DnB NOR at the relevant time and the fees, commission and expenses of conversion will be deducted from an electing Shareholder's proceeds of the Return of Cash.

Shareholders who are subject to tax in the United Kingdom, Norway or Australia should read Part V 'United Kingdom, Norwegian and Australian taxation in relation to the Return of Cash'. **Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom, Norway or Australia should consult an**

appropriate professional adviser.

The Company has been advised that for the majority of Shareholders there will be no advantage for them to elect for C Shares. Shareholders in the United Kingdom and Australia should, however refer to Part V of this document. To elect for B Shares and receive the B Share Dividend in Pounds Sterling you need take no further action and you do not need to return your Election Form.

3 London Mining Share Schemes

Participants in the Option Plans and the LTIP are not entitled to participate in the Return of Cash since they are currently not the beneficial owners of the existing Ordinary Shares subject to their options and awards.

3.1 Option Plans

No adjustment is proposed to be made to the number of Ordinary Shares over which participants of the Option Plans hold options, nor to the amount payable on the exercise of such options (i.e. the exercise price). Existing options over the Ordinary Shares should continue to subsist as originally granted.

However, in order to compensate participants of the Option Plans for the Return of Cash, it is intended that awards will be made under the London Mining Return Bonus Plan (the "**RBP**") (further details of which are set out in paragraph 3.3 below) which will give participants an entitlement to receive a bonus equal to all special dividends and returns of capital (including the Return of Cash) paid in respect of the number of Ordinary Shares subject to their options. The timing of the payment of the bonus amount payable under RBP will depend on whether the participant's option has vested. If the option has vested, the bonus amount will be paid to the participant within five days from (and including) the record date of the Return of Cash. If the option has not vested, the bonus amount will be paid to the participant within five days from (and including) the date of vesting of the option. The awards under the RBP will only relate to special dividends or returns of capital declared on or after the date of the award under the RBP.

3.2 LTIP

Following the Return of Cash an adjustment will (unless an election is made as described below) be required to be made to the number of Ordinary Shares over which participants in the LTIP have awards. This is to ensure that the participants' entitlements under the LTIP remain comparable pre-and post Return of Cash. Such an adjustment must be confirmed in writing by the Company's registered auditors or other independent advisers as the Board may appoint from time to time to be in their opinion fair and reasonable. Participants in the LTIP will be notified at the appropriate time.

The participants in the LTIP will be given the opportunity to be granted awards under the RBP instead of their LTIP awards being adjusted. This will give participants an entitlement to receive a bonus equal to all special dividends and returns of capital (including the Return of Cash) paid in respect of the number of Ordinary Shares subject to their awards. The timing of the payment of the bonus amount payable under the RBP will depend on whether the participant's award has vested. If the

award has vested, the bonus amount will be paid to the participant within five days from (and including) the Record Date for the Share Issue. If the award has not vested, the bonus amount will be paid to the participant within five days from (and including) the date of vesting of the award.

3.3 *The London Mining Return Bonus Plan*

The Company adopted the RBP on 4 September 2008 and it was amended on 17 October 2008. It is intended that bonus awards will be granted by the Company pursuant to the RBP to certain employees of the Company (and its subsidiaries) who hold options under the Option Plans and/or awards under the LTIP (together the "**Related Share Award**" for the purposes of this paragraph). The Board will determine which of the eligible employees of the Company (and its subsidiaries) are to be granted awards under the RBP.

Broadly, under the terms of the RBP, the participant is entitled to receive a cash amount equal to the number of shares subject to a Related Share Award (from time to time) multiplied by the aggregate amount of special dividends (or equivalent value due under a Return of Share Capital (as defined in the RBP)) paid (or to be paid) in respect of one share in the capital of the Company. The cash amount shall accrue in respect of special dividends or Returns of Share Capital and becomes payable in accordance with the rules of the RBP on the date on which the Related Share Award vests.

Participants will not receive benefits under the RBP to the extent that they are compensated for special dividends and Returns of Share Capital under the terms of the Option Plans or the LTIP. If the Related Share Award lapses under the terms of the Option Plans and/or the LTIP, the corresponding bonus award granted under the RBP will also lapse.

3.4 *Further Details*

Letters providing further details of the proposals will be sent to participants in the Option Plans and LTIP at the appropriate time.

3.5 *The London Mining Long Term Incentive Trust*

The London Mining Long Term Incentive Trust currently holds 1,248,600 existing Ordinary Shares as part of the trust fund and so will participate in the Return of Cash.

4 Warrants

Holders of Ordinary Shares issued pursuant to the exercise of warrants prior to the Record Date for the Share Issue will be entitled to participate in the Return of Cash in respect of such Ordinary Shares. The Return of Cash will not extend to holders of Ordinary Shares issued, including pursuant to the exercise of warrants, after the Record Date for the Share Issue. In accordance with the terms of the Warrant Instrument, the Warrantholders have consented to the Return of Cash.

5 Action to be taken

5.1 *General Meeting*

Shareholder approval is required for the Return of Cash and accordingly a General Meeting is being convened at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 10.00 am on 10

November 2008 to approve the Resolution. The notice of General Meeting is set out in Part VII of this document.

Registered Shareholders

If you are a Registered Shareholder you will find enclosed with this document a Form of Proxy for use in respect of the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and sign the Form of Proxy and return it, in accordance with the instructions printed on it to the Company Secretary, London Mining, 39 Sloane Street, London SW1X 9LP as soon as possible and, in any event, to arrive by no later than 10.00 am on 8 November 2008. Completion and return of the Form of Proxy will not prevent you from attending the General Meeting and voting in person should you wish to do so.

VPS Shareholders

If you are a VPS Shareholder, voting at the General Meeting will have to be executed through DnB NOR and accordingly you will find enclosed with this document a DnB Voting Instruction Form setting out details of how to instruct DnB NOR to appoint the Chairman of the General Meeting as its proxy to vote your Ordinary Shares at the General Meeting or alternatively to appoint you (or a third party nominated by you) as a proxy to attend, speak and vote at the General Meeting.

To be valid, your completed DnB Voting Instruction Form must be received by DnB NOR Bank ASA, Verdipapirservice/K.G Berg, Stranden 21, 0021 Oslo, Norway, as soon as possible and, in any event to arrive by no later than 10.00 am on 6 November 2008. Alternatively, you can send the completed DnB NOR Voting Instruction Form by fax to 00 47 22 94 90 20. If you do not return a DnB NOR Voting Instruction Form in accordance with the instructions set out above, DnB NOR will not vote your Ordinary Shares which you hold through VPS at the General Meeting.

Given that a majority of Shareholders (both by number and the number of shares held) hold their shares through DnB NOR, the Board considers that poll voting is more appropriate than voting on a show of hands. Voting on the Resolution will therefore be by a poll and Shareholders and proxies at the meeting will be invited to participate in the poll. There will be no voting on the Resolution on a show of hands.

6.2 Election Forms

If you are a Registered Shareholder, you will find enclosed with this document an Election Form marked 'Register Shareholder Election Form'.

If you have a beneficial interest in Ordinary Shares and DnB NOR holds such shares as nominee in VPS, you will find enclosed with this document an Election Form marked 'VPS Election Form'.

Details of how to complete and return your Election Form (including how to elect for the Share Alternatives and how to receive the proceeds of the Return of Cash in Norwegian Kroner or Euros rather than Pounds Sterling) are set out in Part III of this document.

If you do not properly complete and return your Election Form accompanying this document

by 5.00 pm on 14 November 2008 if you are a Registered Shareholder or by 5.00 pm on 13 November 2008 if you are a VPS Shareholder, you will be deemed to have elected for B Shares in respect of all of your Ordinary Shares and you will receive the B Share Dividend in Pounds Sterling.

6 Recommendation

Your Board considers the Return of Cash and the Resolution to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolution, as the Directors intend to do in respect of their own beneficial holdings amounting in aggregate to 13,725,000 Ordinary Shares representing approximately 12.9 per cent of the issued share capital of London Mining as at 16 October 2008 (being the latest practicable date before the publication of this document).

Yours sincerely,

Dr Colin Knight

Chairman

PART III

COMPLETING YOUR ELECTION FORM

If you are a Registered Shareholder, you will find enclosed with this document an Election Form marked 'Register Shareholder Election Form'. If you have a beneficial interest in Ordinary Shares and DnB NOR holds such shares as nominee in VPS, you will find enclosed with this document an Election Form marked 'VPS Election Form'.

Shareholders resident in any of the Prohibited Territories are only entitled to receive Alternative 1: B Share Dividend and they will receive the B Share Dividend in Pounds Sterling. Further information for overseas Shareholders is set out in paragraph 5 of Part IV of this document.

Shareholders who are subject to tax in the United Kingdom, Norway or Australia should read Part V 'United Kingdom, Norwegian and Australian taxation in relation to the Return of Cash'. **Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom, Norway or Australia should consult an appropriate professional adviser.**

The Company has been advised that for the majority of Shareholders there will be no advantage for them to elect for C Shares. Shareholders in the United Kingdom and Australia should, however refer to Part V of this document. To elect for B Shares and receive the B Share Dividend in Pounds Sterling you need take no further action and you do not need to return your Election Form.

The following instructions set out what you should do when completing your Election Form. Any decisions you reach should be based on the information contained in this document.

References to Boxes refer to the boxes indicated on the Election Form.

Name and address of Shareholder and number of Ordinary Shares held

Registered Shareholders

If you are a Registered Shareholder please insert your name and address, or names and addresses of the joint Registered Shareholders in Box 1 of the Registered Shareholder Election Form.

If you have any queries regarding the number of Ordinary Shares which you hold, you should contact Carol Bishop at London Mining on + (44) (0)207 5012.

VPS Shareholders

If you are a VPS Shareholder please insert your name and address in Box 1 of the VPS Shareholder Election Form.

If you are a VPS Shareholder and have any queries regarding the number of Ordinary Shares which

are held on your behalf by DnB NOR as your nominee in VPS, you should telephone DnB NOR on + (47) 22 48 35 86.

SHARE ALTERNATIVES:

Under the proposed structure, Shareholders will be entitled to receive either one B Share or, subject to scaling back, one C Share for each Ordinary Share held on the Record Date for the Share Issue. If application for C Shares exceed 33,794,785 C Shares, applications for C Shares will be scaled back on a *pro rata* basis and Shareholders will receive a corresponding number of B Shares instead. To choose Alternative 1: the B Share Dividend in Pounds Sterling for all of your Ordinary Shares you need take no further action. Shareholders who do not return the Election Form will automatically elect for the B Share Dividend in Pounds Sterling in respect of all of their Ordinary Shares. Shareholders resident in any of the Prohibited Territories are only entitled to receive Alternative 1: B Share Dividend and they will receive the B Share Dividend in Pounds Sterling.

To choose Alternative 2: the **C Share Redemption** for all of your Ordinary Shares, subject to scaling back, you should write ALL in Box 2.

To split your Ordinary Shares between Alternative 1 (the B Share Dividend) and Alternative 2 (the C Share Redemption) enter, in numbers, the number of Ordinary Shares you wish to be subject to the C Share Redemption (subject to scaling back). The balance of your holding (together with any B Shares issued as a consequence of scaling back) will receive Alternative 1 (the B Share Dividend). If you enter a number in Box 2 that is greater than your holding at 5.00 pm on 14 November 2008 your election in respect of Alternative 2 (the C Share Redemption) will, subject to scaling back, be reduced to your actual holding.

SETTLEMENT

Shareholders wishing to receive the proceeds of the Return of Cash in either Norwegian Kroner or Euros rather than Pounds Sterling must place a tick in either Box 3 (Norwegian Kroner) or Box 4 (Euros). Shareholders are only entitled to receive the proceeds of the Return Cash in one currency only. If you do not tick Box 3 or Box 4 or if you tick both Box 3 and Box 4, you will receive the proceeds of the Return of Cash in Pounds Sterling.

By ticking either Box 3 or Box 4, Registered Shareholders authorise the Company and VPS Shareholders authorise DnB NOR to convert the proceeds of the Return of Cash received by them from Pounds Sterling (GBP) into Norwegian Kroner (NOK) or Euros (EUR) (as the case may be) and to deduct all fees, commissions and expenses arising on the conversion of the B Share Dividend and/or the proceeds of the C Share Redemption from Pounds Sterling to either Norwegian Kroner or Euros from the payment due under the Return of Cash. The conversion of proceeds from Pounds Sterling to either Norwegian Kroner or Euros will take place following the Record Date for the Share Issue at the prevailing exchange rate offered by DnB NOR at the relevant time. Neither the Company nor DnB NOR accepts any liability for the exchange rate that you receive.

Final instructions on completing your Election Form:

Registered Shareholders

If you are a Registered Shareholder, once completed, signed and witnessed your Registered Shareholder Election Form should be returned to the Company Secretary at London Mining, 39 Sloane Street, London SW1X 9LP as soon as possible and, in any event, to arrive by no later than 5.00 pm on 14 November 2008.

Shareholders should note that any election relating to the Share Alternatives is irrevocable unless the Company, in its sole and absolute discretion, provides otherwise.

VPS Shareholders

If you are a VPS Shareholder, once completed, signed and witnessed your VPS Election Form should be returned to DnB NOR as soon as possible and, in any event, to arrive by no later than 5.00 pm on 13 November 2008. DnB NOR will then inform the Company of your election.

PART IV

DETAILS OF THE RETURN OF CASH

1 Return of Cash

The Return of Cash consists of the Share Issue (see paragraph 2 below) and the Share Alternatives (see paragraphs 3 and 4 below). The Return of Cash is conditional on the approval by Shareholders of the Resolution to be proposed at the General Meeting.

If the Resolution is not passed at the General Meeting, no Shares will be issued and the Return of Cash will not take effect.

2 Share Issue

It is proposed to:

- (a) capitalise up to £120 being part of the amount standing to the credit of the Company's profits available for distribution and to apply such sum in paying up in full up to 120,000,000 B Shares, to be allotted to Shareholders electing for the B Share Dividend or who are deemed to have elected for B Shares; and
- (b) capitalise up to £67,589,570 standing to the credit of the Company's share premium account (using amounts identified for that purpose) and to apply such sum in paying up in full up to 33,794,785 C Shares, to be allotted, subject to scaling back, to Shareholders electing for C Shares.

For technical reasons, it is proposed that immediately following the issue of B and C Shares to DnB NOR (in its capacity as nominee for the VPS Shareholders), the legal title to such Shares will be transferred by DnB NOR to the VPS Shareholders who are beneficially interested in such Shares in accordance with their elections or deemed elections. Save for this transfer of legal title from DnB NOR to VPS Shareholders, the B Shares and C Shares will be non-transferable.

None of the B Shares or C Shares to be issued in connection with the Return of Cash or the Deferred Shares arising on the conversion of the B Shares following the payment of the B Share Dividend will be listed on Oslo Axess or the Official List or admitted to trading on the London Stock Exchange or any other securities exchange. The Ordinary Shares will continue to be listed on Oslo Axess.

3 B Share Dividend

Shareholders may elect to receive B Shares (on which the B Share Dividend of 200 pence per B Share will be paid) in respect of all or some of their Ordinary Shares.

To elect for the issue of a B Share and receipt of the B Share Dividend in Pounds Sterling in respect of all of your Ordinary Shares you need take no further action and do not need to return your Election Form. To elect for the issue of a B Share and receipt of the B Share Dividend in respect of some of your Ordinary Shares or to receive the B Share Dividend in Norwegian Kroner or Euros you should

follow the instructions in Part III of this document.

Shareholders resident in any of the Prohibited Territories are only entitled to receive B Shares and the B Share Dividend in Pounds Sterling (GBP). Further information for overseas Shareholders is set out in paragraph 5 of Part IV of this document.

Following payment of the B Share Dividend, the B Shares will be converted into Deferred Shares, with the Shareholder holding one Deferred Share for each such B Share. The Deferred Shares will not be listed and will carry extremely limited rights as more fully described in paragraph 7 of Part IV of this document.

The Company may (at its discretion) subsequently repurchase all Deferred Shares then in issue at any time for an aggregate consideration of one pence. If the Company repurchases the Deferred Shares, this will be treated as a disposal of the Deferred Shares by Shareholders. The Company has no current intention of repurchasing the Deferred Shares.

It is expected that cheques will be despatched to Shareholders electing for B Shares and receiving the B Share Dividend in respect of such B Share Dividend by 26 November 2008 (or such later date as the Directors may determine). No share certificates will be issued in respect of the B Shares on which the B Share Dividend is paid nor in respect of the Deferred Shares.

4 C Share Redemption

Shareholders may elect to receive C Shares in respect of all or some of their Ordinary Shares. Shareholders who elect for C Shares will have their C Shares redeemed by London Mining on or about 19 November 2008 and on redemption there shall be paid to holders of the C Shares the sum of 200 pence per C Share. Shareholders resident in any of the Prohibited Territories are not entitled to elect for C Shares.

For technical reasons relating to the amount of share premium available, the number of C Shares that may be issued under the Share Alternatives is limited to 33,794,785 C Shares (representing approximately 31.76% of the number of Shares to be issued under the Return of Cash (assuming no Ordinary Shares are issued pursuant to the exercise of warrants or the exercise of options under the London Mining Share Schemes prior to the Record Date for the Share Issue)). If applications for C Shares exceed 33,794,785, applications for C Shares will be scaled back on a *pro rata* basis and Shareholders will receive a corresponding number of B Shares instead.

It is expected that cheques will be despatched to Shareholders electing for C Shares and whose C Shares are redeemed in respect of such C Share Redemption by 26 November 2008 (or such later date as the Directors may determine). No share certificates will be issued in respect of C Shares that are redeemed.

5 Overseas Shareholders

Shareholders who are not resident in the United Kingdom, Norway or Australia or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether

the Return of Cash will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder not resident in the United Kingdom, Norway or Australia or a citizen, resident or national of another country to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection with the Return of Cash, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the Return of Cash constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

The C Shares are not being offered to any Shareholders in any of the Prohibited Territories and Shareholders in any of the Prohibited Territories may not elect for C Shares. Any purported election by a Shareholder in any of the Prohibited Territories for C Shares will be deemed by the Company to be an election for B Shares in respect of the entirety of that Shareholder's Ordinary Shares and accordingly that Shareholder will receive the B Shares in respect of all of his Ordinary Shares.

Each Shareholder who is not resident in the United Kingdom, Norway or Australia or who is a citizen, resident or national of other countries by whom, or on whose behalf, an Election Form is executed, shall be deemed irrevocably to represent, warrant, undertake and agree to and with the Company that such Shareholder is not resident in any Prohibited Territory, has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any receipt or transfer of Shares in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Return of Cash or such Shareholder's acceptance of any of the Share Alternatives.

The above provisions of this paragraph relating to overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.

6 Summary explanation of the Resolution to be proposed at the General Meeting

The Resolution to be proposed at the General Meeting is a special resolution and accordingly will be passed if at least 75 per cent. of the votes are cast in favour.

This Resolution sets out the formal mechanics for the implementation of the Return of Cash:

Paragraph (A) proposes to increase the authorised share capital of the Company from £400,000 to £67,989,690 by the creation of:

- (i) 120,000,000 non-voting shares of 0.0001 pence each having the rights and being subject to the conditions set out in the Articles of Association of the Company as proposed to be adopted pursuant to (c) below (the "**B Shares**"); and
- (ii) 33,794,785 non-voting redeemable shares of 200 pence each having the rights and being subject to the conditions set out in the Articles of Association of the Company as proposed to be adopted pursuant to (c) below (the "**C Shares**");

Paragraph (B) proposes to authorise the Directors to:

- (i) capitalise up to £120 standing to the credit of the Company's profits available for distribution to pay up in full the B Shares;
- (ii) capitalise up to £67,589,570 standing to the credit of the Company's share premium account (using specific amounts identified for that purpose) to pay up in full the C Shares; and
- (iii) allot and issue the B Shares up to an aggregate nominal amount of £120 to Shareholders on the basis of one B Share for each Ordinary Share held on the Record Date for the Share Issue for which a valid election is made or deemed to be made and to allot and issue C Shares up to an aggregate nominal amount of £67,589,570 to Shareholders on the basis of one C Share for each Ordinary Share held on the Record Date for the Share Issue for which a valid election is made. The authority granted to the Directors will expire on 31 December 2008.

Paragraph (C) proposes the adoption of new Articles of Association incorporating the terms of the B Shares, C Shares and Deferred Shares as set out in paragraph 7 below; and

Paragraph (D) allows for variations to be made to the Company's Articles of Association to reflect the terms of the Return of Cash. In particular, this paragraph will permit the bonus issue of the Shares on a non-pro rata basis allowing Shareholders to elect for B Shares or C Shares on the terms and conditions set out in this document.

7 Rights and restrictions attached to the B Shares, the C Shares and the Deferred Shares

The following sets out the rights of the B Shares, the C Shares and the Deferred Shares and the restrictions to which they are subject, which will be reflected in the Articles of Association to be adopted at the General Meeting.

7.1 B Shares

The Shareholders who have elected for B Shares and those Shareholders who are deemed to have elected for the B Shares shall receive a single dividend of 200 pence for each B Share issued. Each B Share shall on 19 November 2008 (or such other date at the Directors of London Mining shall determine) be reclassified as a Deferred Share of 0.0001 pence nominal value. The rights and restrictions attaching to the Deferred Shares are summarised below. Save for the transfer of the legal

title of B Shares held by DnB NOR (on behalf of VPS Shareholders) to VPS Shareholders, no transfers of the B Shares will be permitted.

7.2 C Shares

The Shareholders who have elected for the C Shares will have their C Shares redeemed by London Mining on 19 November 2008 (or such other date as the Directors of London Mining shall determine). There shall be paid to holders of the C Shares the sum of 200 pence in respect of each C Share which they have selected, subject to scaling back, to be subject to the C Share Redemption. Save for the transfer of the legal title of C Shares held by DnB NOR (on behalf of VPS Shareholders) to VPS Shareholders, no transfers of the C Shares will be permitted.

7.3 Deferred Shares

(a) Income

The Deferred Shares shall confer no right to participate in the profits of the Company.

(b) Capital

On a return of capital on a winding-up (excluding any intra-group re-organisation on a solvent basis) there shall be paid to the holders of the Deferred Shares the nominal capital paid up or credited as paid up on such Deferred Shares after paying to the holders of the Ordinary Shares the nominal capital paid up or credited as paid up on the Ordinary Shares held by them respectively, together with the sum of £1,000,000 on each Ordinary Share.

The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

(c) Attendance and voting at general meetings

The holders of the Deferred Shares shall not be entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

(d) Form

The Deferred Shares shall not be listed on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred Shares shall not be transferable except in accordance with (f) below or with the written consent of the Directors.

(e) Class rights

The Company may from time to time create, allot and issue further shares, whether ranking pari passu with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the Deferred Shares.

The reduction by the Company of the capital paid up on the Deferred Shares and the cancellation of such shares shall be in accordance with the rights attaching to the Deferred

Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital (subject to the confirmation of the Court in accordance with the Companies Acts) without obtaining the consent of the holders of the Deferred Shares.

(f) *Transfer and purchase*

The Company may at any time (and from time to time), (subject to the provisions of the Companies Acts) without obtaining the sanction of the holder or holders of the Deferred Shares:

- (i) appoint any person to execute on behalf of any holder of Deferred Shares a transfer of all of the Deferred Shares or any part thereof (and/or an agreement to transfer the same) to the Company or to such person as the Directors may determine (whether or not an officer of (or agent for) the Company), in any case for not more than 1 penny for all the Deferred Shares then being purchased from him, which payment can be made, if the Directors so determine, to charity; and
- (ii) if the Company so elects, cancel all or any of the Deferred Shares so purchased by the Company in accordance with the Companies Acts.

8 Dealings and despatch of documents

The Share Issue will be made by reference to holdings of Ordinary Shares on the register of members as at 5.00 pm on 14 November 2008 (or such other time or date as the Directors may determine).

Dealings and settlement within VPS of the Ordinary Shares and share certificates in respect of Ordinary Shares will not be affected by the Return of Cash or Share Issue.

Cheques are expected to be despatched in respect of the B Share Dividend and C Share Redemption by 26 November 2008.

No share certificates will be issued by the Company in respect of any of the B Shares, the C Shares or the Deferred Shares.

PART V

UNITED KINGDOM, NORWEGIAN AND AUSTRALIAN TAXATION IN RELATION TO THE RETURN OF CASH

UNITED KINGDOM TAXATION

1. General

The following is a general description of certain United Kingdom tax considerations relating to the return of value to shareholders under the Return of Cash. It is based on current United Kingdom tax law and the current practice of HM Revenue & Customs ("HMRC"), both of which are subject to change, possibly with retrospective effect. Therefore the future United Kingdom tax treatment of the acquisition, ownership and/ or disposal of Shareholder's holding of existing Ordinary Shares, B Shares, C Shares and Deferred Shares may potentially be subject to change, which could impact upon the United Kingdom tax position of the Shareholder. The summary is intended to apply only to Shareholders who are resident (and, in the case of individuals, ordinarily resident) in the United Kingdom for United Kingdom tax purposes, who hold their Ordinary Shares as investments and not on trading account, and who are the beneficial owners of their Ordinary Shares. The summary is not intended to apply to certain classes of Shareholders such as dealers in securities, insurance companies, those who acquired Ordinary Shares where the right or opportunity to acquire those shares was available by reason of their or another's employment or collective investment schemes.

Any Shareholders or prospective Shareholders who are subject to tax in a jurisdiction outside the United Kingdom or who are in any doubt as to their tax position regarding the acquisition, ownership and/or disposal of their existing Ordinary Shares, the B Shares, C Shares or Deferred Shares should consult their tax advisers.

2. Issue of B and C Shares

For the purposes of United Kingdom taxation of capital gains and corporation tax on chargeable gains ("CGT"), the issue of B Shares and C Shares should be treated as a reorganisation of share capital. Accordingly, Shareholders should not be treated as making a disposal of their existing Ordinary Shares or an acquisition of the B Shares and C Shares. The B Shares and C Shares should be treated as having been acquired at the same time as the Shareholder's holding of existing Ordinary Shares for the purposes of CGT. HMRC has confirmed to the Company that the Oslo Axess is a 'recognised stock exchange' for United Kingdom tax purposes. On this basis, the Shareholder's base cost in his existing Ordinary Shares should be apportioned between his existing Ordinary Shares and his B Shares and/or C Shares by reference to their market values on the first day on which market values or prices are quoted or published for the Ordinary Shares after the reorganisation.

On the basis that (i) the B Shares are not redeemable, and (ii) the C Shares will be treated as being paid up for "new consideration" received by the Company, neither the issue of the B Shares nor the C Shares should give rise to any liability to United Kingdom income tax (or corporation tax or income)

in a Shareholder's hands.

3. Treatment of B Shares

3.1 B Share Dividend payable on B Shares

The Company will not be required to withhold tax at source from the B Share Dividend.

3.2 Taxation of Income

An individual Shareholder who receives the B Share Dividend will generally be entitled to a tax credit which may be set off against his total income tax liability on the dividend. Such an individual Shareholder's liability to income tax is calculated on the aggregate of the net dividend and the related tax credit (the "**gross dividend**") which will be regarded as the top slice of the individual's income. The tax credit will be equal to one-ninth of the cash dividend paid, or ten per cent. of the gross dividend.

An individual Shareholder who is not (taking into account the B Share Dividend) liable to income tax at the higher rate will be subject to income tax on dividends paid by the Company at the rate of ten per cent. of the gross dividend so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend. If and to the extent that an individual Shareholder is liable to pay income tax at the higher rate, he will be subject to income tax on the gross dividend at 32.5 per cent. After taking into account the tax credit, such a Shareholder will have to account for tax at an effective rate of 25 per cent. of the net cash dividend received.

Shareholders who are not liable to income tax in respect of the gross dividend will not be entitled to claim payment of any part of the tax credit.

Companies will not normally be subject to corporation tax on the B Share Dividend and will not be able to claim a tax credit attaching to the B Share Dividend.

3.3 Chargeable Gains

The B Share Dividend and the conversion of the B Shares into Deferred Shares should not be treated as giving rise to a disposal or part disposal of the B Shares for CGT purposes.

As discussed above, a proportion of the base cost for CGT purposes of a Shareholder's existing Ordinary Shares will be attributed to the B Shares on issue of the B Shares. This amount should then be attributed to the relevant Deferred Shares following conversion of the B Shares. Accordingly, only a proportion of the original base cost of the existing Ordinary Shares should be available on a disposal of the existing Ordinary Shares.

A disposal of the Deferred Shares (including a buy-back of the Deferred Shares) will be treated as a disposal of those shares for CGT purposes which could result in a Shareholder realising a capital loss. However, section 30 Taxation of Chargeable Gains Act 1992 ("**section 30**") may apply to a Shareholder which is subject to corporation tax and which elects to receive a B Share Dividend. If section 30 were applied, such a Shareholder may obtain a reduced (or no) capital loss or may suffer a chargeable gain, depending on the apportionment of the base cost of the Shareholder's holding of existing Ordinary Shares between the existing Ordinary Shares and the B Shares and the extent of the

'just and reasonable' adjustment pursuant to section 30. **Any such corporate Shareholder should take professional advice if making a disposal or part disposal of the Deferred Shares.**

Furthermore, corporate Shareholders holding 10% or more (alone or together with connected persons) of the Deferred Shares could be prevented from obtaining a loss on the disposal of the Deferred Shares.

4. Treatment of C Shares

4.1 Redemption of C Shares

The redemption of the C Shares by the Company should be treated as a disposal of those shares for United Kingdom tax purposes. No part of the proceeds received by a Shareholder on redemption of the C Shares should be treated as an income distribution in the Shareholder's hands.

Accordingly, on redemption of the C Shares, a Shareholder should be treated as having disposed of those shares for CGT purposes. This may, depending on the Shareholder's particular circumstances, give rise to a liability to CGT. Any gain or loss will generally be calculated comparing the redemption price and the Shareholder's base cost as apportioned to the C Shares, as described in paragraph 2 above.

4.1 Individuals

The amount of CGT, if any, payable by an individual Shareholder on the redemption of their C Shares will depend on his or her personal tax position. Any gains (after taking into any available reliefs or exemptions including any annual exemption) should be taxed at a rate of 18 per cent.

The treatment of an individual Shareholder on the redemption of the C Shares is subject to the possible application of anti-avoidance provisions described in paragraph 6 below.

4.2 Companies

A Shareholder that is subject to corporation tax is generally taxable on all of its chargeable gains, subject to certain reliefs and exemptions, and indexation allowance where applicable.

5. Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

Set out below is a general guide to the application of United Kingdom stamp duty and SDRT to the Return of Cash and to the B and C Shares. Special rules apply to certain categories of people (including certain market intermediaries, depositions and clearance services and their operators, nominees or agents).

No stamp duty or SDRT will be payable on the issue of B or C Shares pursuant to the Return of Cash.

The redemption of the C Shares will not give rise to a liability to stamp duty or SDRT.

An agreement to sell the B Shares or C Shares will normally give rise to liability on the purchaser to SDRT, at the rate of 0.5 per cent. of the actual consideration paid. If an instrument of transfer of the B Shares or C Shares (as the case may be) is subsequently produced it will generally be subject to stamp

duty at the rate of 0.5 per cent. of the actual consideration paid (rounded up, to the nearest £5). When such stamp duty is paid, the SDRT charge will be cancelled and any SDRT already paid will be refunded. Stamp Duty and SDRT is generally the liability of the purchaser.

6. Anti-Avoidance Provisions

Chapter 1, Part 13 of the Income Tax Act 2007 ("**ITA**") permits HMRC in certain circumstances to issue a Shareholder within the charge to income tax with a 'counteraction notice' adjusting the tax position of that Shareholders such that he is liable to tax on what would otherwise be a capital receipt as an income receipt. This could mean that a higher rate taxpayer who has elected for C Shares could be subject to income tax at an effective rate of 25 per cent. of the cash received instead of being subject to the tax treatment described in paragraph 4 above. No application has been made to HMRC seeking clearance that these provisions will not be applied. However, leading Tax Counsel has advised that Chapter 1 Part 13 ITA should not be applied to a Shareholder who elects to receive a C Share and then receives payment on redemption of that Share.

NORWEGIAN TAXATION

7. General

The following is a general description of certain Norwegian tax considerations relating to the return of value to shareholders under the Return of Cash. It is based on current Norwegian tax law, which is subject to change, possibly with retrospective effect. Therefore the future Norwegian tax treatment of the distribution, ownership and/ or disposal of a Shareholder's holding of existing Ordinary Shares, B Shares, C Shares and Deferred Shares may potentially be subject to change, which could impact upon the Norwegian tax position of the Shareholder. This summary is intended to apply only to Shareholders who are resident (and, in the case of individuals, ordinarily resident) in Norway for Norwegian tax purposes, and who are the beneficial owners of their Ordinary Shares.

The tax treatment of the Return of Cash for Norwegian Shareholders will be the same whether they choose to receive B Shares or C Shares.

8. Issue of B and C Shares

Although the issue by the Company of the B and C Shares to existing Shareholders is not itself a taxable event for Norwegian tax purposes, it is likely that such issue will be deemed to be a dividend attributable to the Shareholders' existing holding of Ordinary Shares. Therefore the Norwegian tax legislation relating to dividends will apply as set out below as if a cash dividend of an amount equal to the value of the B and C Shares on issue had been received.

8.1 Companies

The Norwegian exemption method is expected to apply to the payment of the deemed dividend represented by the issue of the B and C Shares. Under current law, a corporate Shareholder should

therefore have no liability to tax on the acquisition of B Shares and/or C Shares. However, the State Budget which was announced on 7 October 2008 contains a proposal which provides for previously exempt dividends paid after that date to be subject to income tax on 3 per cent. of their value. If the proposal is passed by Parliament, on the basis that the tax rate is currently 28 per cent, the dividend represented by the issue of B Shares or C Shares will be subject to an effective tax rate of 0.84 per cent.

8.2 Individuals

On acquisition of the B Shares and/or C Shares, an individual Shareholder will be subject to income tax on an amount equal to the value of the shares at a rate of 28%, to the extent that such value exceeds the Shareholder's annual tax-free allowance (the "**Annual Allowance**").

The Annual Allowance is calculated separately on each share by reference to the tax cost price of the share multiplied by a statutory interest rate to be published in January 2009. It is expected that the tax cost price of B and C Shares will be their value on their date of issue. To the extent that the Annual Allowance exceeds the dividend distributed on the share in the same year (the "**Unused Annual Allowance**"), the Unused Annual Allowance will be added to the tax cost price of the share and included in calculating the Annual Allowance for the following year, and may also be carried forward and set off against future dividends received on, and gains realised upon the disposal of, the same share.

9. B Share Dividend/ C Share Redemption

There is a small technical risk that the cash payment received by Shareholders (whether in the form of a dividend on a B Share or redemption proceeds of a C Share) could be taxed as a second dividend receipt, in addition to the receipt represented by the issue of the B or C Shares.

However, the Company has been advised that it is in practice unlikely that the Norwegian tax authorities would seek to impose a double charge in this way. On this basis the sole tax charge arising would result from the issue of the B Shares or C Shares, and the cash payment received by way of dividend or redemption proceeds would not be subject to further tax.

AUSTRALIAN TAXATION

10. General

The following is a general description of certain Australian income tax considerations relating to the return of value to shareholders under the Return of Cash. It is based on current Australian tax law and the current practice of the Commissioner of Taxation (the Commissioner), both of which are subject to change, possibly with retrospective effect. Therefore the future Australian income tax treatment of the acquisition, ownership and/ or disposal of Shareholder's holding of existing Ordinary Shares, B Shares, C Shares and Deferred Shares may potentially be subject to change, which could impact upon the Australian income tax position of the Shareholder. The summary is intended to apply only to Shareholders who

are resident (and, in the case of individuals, ordinarily resident) in Australia for Australian income tax purposes, who hold their Ordinary Shares on capital account and not on revenue account or as trading stock, and who are the beneficial owners of their Ordinary Shares. The summary is not intended to apply to certain classes of shareholders such as dealers in securities, insurance companies, those who acquired Ordinary Shares where the right or opportunity to acquire those shares was available by reason of their or another's employment or collective investment schemes.

The taxable amount of the B Shares, the B Share Dividend, the redemption payment for the C Shares, and the calculation of any loss on the redemption of the C Shares will be affected to the extent the Shareholder has been previously attributed with foreign income under the Controlled Foreign Corporation (CFC) rules or the Foreign Investment Fund (FIF) rules. The application of these tax rules are outside the scope of this tax guide, and Shareholders should seek specific tax advice in relation to these matters.

Any Shareholders or prospective Shareholders who are subject to tax in a jurisdiction outside Australia or who are in any doubt as to their tax position regarding the acquisition, ownership and/or disposal of their existing Ordinary Shares, the B Shares, C Shares or Deferred Shares should consult their tax advisers.

11. Treatment of B Shares

11.1 Issue of B Shares

Generally, bonus shares can be treated as a dividend to the extent that the paid-up value of the shares represents capitalisation of profits (in this case 0.0001 pence per B Share). This rule is limited to shares which have a par value. We note that Australia has certain anti-avoidance provisions which could treat the 'value' of the B Shares as a dividend (which would include both the paid-up value and the expected B Share Dividend). However, the company has been advised that, although there is a risk that these anti-avoidance provisions could apply, they should not apply because there is no 'tax benefit' (as defined) derived by the shareholders. Accordingly, the amount included as a dividend to shareholders should be limited to the paid-up value of the B Shares.

An individual Shareholder who receives B Shares should be assessable to Australian income tax on the paid-up value of the B Shares. This amount should be included in the cost base of the B Shares for Australian capital gains tax purposes. The B Shares will be acquired for CGT purposes when they are issued.

A corporate Shareholder should also be assessable on the value of the B Shares, unless they have a voting interest of at least 10% of the Shares (such corporate Shareholders should seek specific tax advice).

11.2 B Share Dividend payable on B Shares

An individual Shareholder who receives the B Share Dividend will be assessable to Australian income tax on the amount of the B Share Dividend.

A corporate Shareholder will also be assessable, unless they have a voting interest of at least 10% of the Shares (such corporate Shareholders should seek specific tax advice).

11.3 Chargeable Gains

The B Share Dividend and the conversion of the B Shares into Deferred Shares should not be treated as giving rise to a disposal or part disposal of the B Shares for CGT purposes.

The cost base for CGT purposes of the Deferred Shares will equal the cost base of the B Shares.

A disposal of the Deferred Shares (including a buy-back of the Deferred Shares) will generally be treated as a disposal of those shares for CGT purposes which could result in a Shareholder realising a capital loss. Note that the Deferred Shares are in any event non-transferable save in extremely restricted circumstances. A 'buy back' of the Deferred Shares for greater than their paid-up value would be taxed as a dividend. Shareholders should seek specific tax advice in relation to a share 'buy back'.

12. Treatment of C Shares

12.1 Issue of C Shares

A Shareholder who receives C Shares should not be assessable to Australian income tax on the value of the C Shares.

The Shareholder's base cost in his existing Ordinary Shares should be apportioned between their existing Ordinary Shares and their C Shares by reference to their market values on the first day on which market values or prices are quoted or published for the Ordinary Shares after the reorganisation.

12.2 Redemption of C Shares

The Company has been advised that the Australian Commissioner of Taxation would be likely to apply certain anti-avoidance provisions to the redemption payments out of the retained earnings, and accordingly the C Share Redemption should be treated as the receipt of a dividend for Australian tax purposes.

An individual Shareholder will be assessable on the amount of the payment as a dividend, and should be treated as an income distribution in the Shareholder's hands. Further, on the C Share Redemption, a Shareholder should be treated as having disposed of those shares for CGT purposes. As the whole of the redemption payment is treated as a dividend, the Shareholder will realise a capital loss equal to the cost base of the C Shares, as described in paragraph 12.1 above. The capital loss cannot be offset against the dividend income, but can be used to reduce the taxable amount of any other capital gains in the current or future tax years.

A corporate Shareholder will also be assessable on the dividend, unless they have a voting interest of at least 10% of the Shares (such corporate Shareholders should seek specific tax advice). Further, on

the C Share Redemption, a corporate Shareholder should be treated as having disposed of those shares for CGT purposes. As the whole of the redemption payment is treated as a dividend, the Shareholder will realise a capital loss equal to the cost base of the C Shares, as described in paragraph 12.1 above. The capital loss cannot be offset against the dividend income, but can be used to reduce the taxable amount of any other capital gains in the current or future tax years.

13. Foreign Exchange

The taxable value of the dividends should be included in the Shareholder's income tax return in \$A using the prevailing exchange rate on the day the dividends are paid or credited to the Shareholder's account.

A foreign exchange gain or loss may also arise, when the foreign currency is actually converted into another currency. Shareholders should seek specific tax advice on the application of the foreign exchange tax rules to their particular circumstances.

PART VI

DEFINITIONS

In this document, the following definitions apply unless the context requires otherwise:

| | |
|--|---|
| "1985 Act" | the Companies Act 1985, as amended |
| "2006 Act" | the Companies Act 2006 |
| "Articles of Association" | the articles of association of London Mining from time to time |
| "Australian Corporations Act" | the Australian Corporations Act 2001 (Cth) |
| "Board" or "Directors" | the board of directors of London Mining |
| "B Share Dividend" | the dividend of 200 pence to be declared on each B Share on 19 November 2008 to Shareholders electing for B (or such other date as the Directors may determine) |
| "B Shares" | non-voting shares of 0.0001 pence each in the capital of the Company |
| "Companies Acts" | the 1985 Act or the 2006 Act, as the context may require |
| "Company" or "London Mining" | London Mining PLC, registered in England and Wales with company number 5424040 |
| "C Share Redemption" | the redemption of the C Shares for a redemption amount of 200 pence on 19 November 2008 (or such other date as the Directors may determine) |
| "C Shares" | non-voting redeemable shares of 200 pence each in the capital of the Company |
| "Deferred Shares" | the unlisted Deferred Shares, the rights and restrictions of which are set out in paragraph 7 of Part IV of this document |
| "DnB NOR" | DnB NOR Bank ASA |
| "DnB NOR Voting Instruction Form" | the voting instruction form for use by VPS Shareholders in connection with the General Meeting |
| "Election Form" | the Registered Shareholder Election Form and/or the VPS Election Form, as the context may require |

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|---|--|
| "Exchange Act" | United States Securities Exchange Act of 1934 (as amended) and the rules and regulations promulgated thereunder |
| "Form of Proxy" | the form of proxy enclosed with this document, for use by Shareholders in connection with the General Meeting |
| "General Meeting" | the General Meeting of the Company to be held at 10.00 am on 10 November 2008 notice of which is set out in Part VII of this document, to consider and, if thought fit, approve the Resolution |
| "London Mining Share Schemes" | the LTIP and the Option Plans |
| "LTIP" | the London Mining Long-Term Incentive Plan |
| "NOK" | means Norwegian Kroner, the lawful currency of the Kingdom of Norway |
| "Official List" | the official list maintained by the UK Listing Authority for the purposes of Part 6 of the Financial Services and Markets Act 2000, as amended |
| "Option Plans" | the "London Mining plc Share Option Plan" and the "London Mining plc No. 1 Share Option Plan (employees only)" |
| "Ordinary Shares" | issued ordinary shares of 0.2 pence each in the capital of London Mining |
| "Oslo Axess" | a regulated market of Oslo Børs (the Oslo Stock Exchange) |
| "Prohibited Territories" | the United States, Canada, Japan and South Africa |
| "Record Date for the Share Issue" | 5.00 pm on 14 November 2008 (or such other time or date as the Directors may determine) |
| "Registered Shareholder Election Form" | the form (marked Registered Shareholder Election Form) by which a Shareholder may elect for the Share Alternatives |
| "Registered Shareholders" | shareholders on the register of members maintained by the Company |
| "Resolution" | the special resolution to be proposed at the General Meeting to implement the Return of Cash |
| "Return of Cash" | the transaction comprising the Share Alternatives |

| | |
|--------------------------------|--|
| "SEC" | US Securities and Exchange Commission |
| "Securities Act" | United States Securities Act of 1933 (as amended) and the rules and regulations promulgated thereunder |
| "Share Alternatives" | the alternatives of the B Share Dividend or the C Share Redemption which are available to Shareholders in connection with the Return of Cash |
| "Share Issue" | the reorganisation of the Company's share capital comprising the issuance of the B Shares and the C Shares |
| "Shareholders" | holders of Ordinary Shares and/or B Shares and/or C Shares, and/or Deferred Shares, as the context may require |
| "Shares" | the B Shares and the C Shares |
| "US" or "United States" | the United States of America, its territories, possessions, any State of the United States of America and the District of Columbia |
| "VPS Election Form" | the form (marked VPS Election Form) by which a VPS Shareholder may elect for the Share Alternatives |
| "VPS Shareholders" | holders of beneficial interests in Ordinary Shares registered in the name of DnB NOR and held by DnB NOR as nominee in VPS |
| "Warrantholders" | holders of Warrants |
| "Warrant Instrument" | the warrant instrument executed by the Company and dated 15 March 2006 constituting the Warrants |
| "Warrants" | the warrants to subscribe for Ordinary Shares constituted by the Warrant Instrument |

PART VII

NOTICE OF GENERAL MEETING

LONDON MINING PLC

(the "Company")

(Incorporated and registered in England and Wales with Company Number 5424040)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 10.00 am on 10 November 2008, to consider and, if thought fit, pass the following Resolution which will be proposed as a special resolution:

THAT:

- (A) the authorised share capital of the Company be and is hereby increased from £400,000 to £67,989,690 by the creation of:
- (i) 120,000,000 non-voting shares of 0.0001 pence each having the rights and being subject to the conditions set out in the Articles of Association of the Company as proposed to be adopted pursuant to paragraph (C) below (the "**B Shares**"); and
 - (ii) 33,794,785 non-voting redeemable shares of 200 pence each having the rights and being subject to the conditions set out in the Articles of Association of the Company as proposed to be adopted pursuant to paragraph (C) below (the "**C Shares**");
- (B) the Directors be and are hereby authorised:
- (i) to appropriate up to £120 (being the nominal value of a B Share multiplied by the maximum number of B Shares to be issued) standing to the credit of the Company's profits available for distribution (as defined in the Companies Act 2006) and to apply such sum in paying up in full up to 120,000,000 B Shares and pursuant to Section 80 of the Companies Act 1985 (as amended) (the "**1985 Act**") to allot and issue such B Shares credited as fully paid up, up to an aggregate nominal amount of £120, to the holders of the ordinary shares in the Company (the "**Ordinary Shares**") on the basis of one B Share for each Ordinary Share held and recorded on the register of members of the Company at 5.00 pm on 14 November 2008 (or such other time and/or date as the Directors may determine) for which a valid election is made or deemed to be made in accordance with the Return of Cash (as defined and explained in the circular to Shareholder dated 17 October 2008 (the "**Circular**"), of which this notice forms part (the "**Return of Cash**")) provided that the authority hereby conferred shall expire on 31 December 2008; and
 - (ii) to capitalise up to £67,589,570 (being the nominal value of a C Share multiplied by

the maximum number of C Shares to be issued) standing to the credit of the Company's share premium account (using amounts identified by the Directors for that purpose) and to apply such sum in paying up in full up to 33,794,785 C Shares and pursuant to Section 80 of the Companies Act 1985 (as amended) (the "**1985 Act**") to allot and issue such C Shares credited as fully paid up, up to an aggregate nominal amount of £67,589,570 to the holders of the ordinary shares in the Company (the "**Ordinary Shares**") on the basis of one C Share for each Ordinary Share held and recorded on the register of members of the Company at 5.00 pm on 14 November 2008 (or such other time and/or date as the Directors may determine) for which a valid election is made or deemed to be made in accordance with the Return of Cash, provided that the authority hereby conferred shall expire on 31 December 2008; and

- (C) pursuant to Section 9 of the 1985 Act, the existing Articles of Association of the Company be deleted in their entirety and the new Articles of Association contained in the document submitted to the Meeting and for the purposes of identification signed by the Chairman, be approved and adopted as the Articles of Association of the Company; and
- (D) the Company's Articles of Association be varied *pro tanto* to the extent necessary to reflect the terms of the Return of Cash including, without limitation, to permit the bonus issue of the B Shares and C Shares on a non-pro rata basis allowing Shareholders to elect for B Shares and C Shares on the terms and conditions set out in the Circular.

By order of the Board,
Rachel Rhodes
Finance Director

Registered office:
39 Sloane Street
London
SW1X 9LP

17 October 2008

Notes:

- (i) A member entitled to attend and vote at the General Meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company.
- (ii) A Form of Proxy is enclosed. To be effective, it must be deposited at the Company's Registered Office so as to be received not later than 48 hours before the time appointed for holding the General Meeting. Completion of the proxy does not preclude a member from subsequently attending and voting at the General Meeting in person if he or she so wishes.
- (iii) Only shareholders registered in the register of members of the Company as at 10.00 am on 8 November 2008 shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the General Meeting is adjourned,

the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned General Meeting is 10.00 am on the day preceding the date fixed for the adjourned General Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

- (iv) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (v) Voting on the resolution to be proposed at the General Meeting will be by a poll.
- (vi) Copies of the existing Articles of Association of the Company, the proposed Articles of Association of the Company and a version of the Articles of Association showing the proposed changes are available for inspection at the registered office of the Company, 39 Sloane Street, London SW1X 9LP during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the General Meeting and will be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting.