

LONDON MINING PLC

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London Mining plc

Return of Cash to shareholders of 200 pence per Ordinary Share and grant of options

London Mining plc (the "**Company**" or "**London Mining**") announces that it has today posted a circular to its Shareholders (the "**Circular**") and is convening a General Meeting to be held on 10 November 2008 to obtain Shareholder approval for the proposed Return of Cash to Shareholders of 200 pence per Ordinary Share.

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

Under the proposed Return of Cash, 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. Shareholders will be given the opportunity to (i) elect to receive a 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, or (ii) elect for C Shares and those C Shares which will be redeemed by the Company for 200 pence per C Share on or about 19 November 2008. Shareholders will be given the opportunity to elect to receive the B Share Dividend or C Share Redemption (as appropriate) in either Pounds Sterling (GBP), Norwegian Kroner (NOK) or Euros (EUR).

Any Shareholders who fail to complete and return an Election Form will be deemed to have elected for the B Share Dividend in Pounds Sterling (GBP).

The Company has been advised that for the majority of Shareholders there will be no advantage for them to elect for C Shares. Details of the tax position of Shareholders who are subject to tax in the United Kingdom, Norway and Australia are included in the Circular.

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(No. 5424040)

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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). 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.

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 announcement) 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) represents approximately 84.3 per cent of London Mining's market capitalisation at that date.

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 am on 10 November 2008. The Notice of the General Meeting is set out in Part VII of the Circular.

None of the B Shares or C Shares to be issued in connection with the Return of Cash or the Deferred Shares arising out of 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.

Full details on the impact of the Return of Cash on participants in the London Mining Share Schemes and the warrant holders are included in the Circular.

The Circular, Form of Proxy and DnB NOR Voting Instruction Form will shortly be available to the public for inspection on the Oslo Axess Information Centre's website (www.newsweb.no) and London Mining's website (www.londonmining.co.uk).

Grant of Options

On 17 October 2008, the Company granted an option to Rachel Rhodes (Finance Director) under the terms of the London Mining plc No. 1 Share Option Plan over 500,000 Ordinary Shares at an exercise price of £2.37 per Ordinary Share and a nil-cost option award over 100,000 Ordinary Shares under the terms of the LTIP.

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On 17 October 2008, the Company granted an option to Manoj Dosi (a member of the executive management team) under the terms of the London Mining plc No. 1 Share Option Plan over 400,000 Ordinary Shares at an exercise price of £2.37 per Ordinary Share and a nil-cost option award over 100,000 Ordinary Shares under the terms of the LTIP.

Enquiries

For further information, please contact:

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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 issue of B Shares and C Shares 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 announcement 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 Access 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.

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Definitions

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

"B Share Dividend"	the dividend of 200 pence to be paid on each B Share
"B Shares"	non-voting shares of 0.0001 pence each in the capital of the Company
"C Share Redemption"	the redemption of the C Shares for a redemption amount of 200 pence and cancellation of such C Shares
"C Shares"	non-voting redeemable shares of 200 pence each in the capital of the Company
"Deferred Shares"	the deferred shares of 0.0001 pence each in the capital of the Company
"Directors"	the board of directors of London Mining
"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
"Form of Proxy"	the form of proxy enclosed with the Circular, for use by Shareholders in connection with the General Meeting
"General Meeting"	the General Meeting of the Company to be held at 10am on 10 November 2008 to consider and, if thought fit, approve the resolution to be proposed in connection with the Return of Cash, notice of which will be set out in the Circular
"LTIP"	the London Mining Long-Term Incentive Plan
"Ordinary Shares"	issued ordinary shares of 0.2 pence each in the capital of London Mining
"Registered Shareholder Election Form"	the form (marked Registered Shareholder Election Form) by which a Shareholder may elect for the Share Alternatives
"Return of Cash"	the transaction comprising the Share Alternatives
"Securities Act"	United States Securities Act of 1933 (as amended) and the rules and regulations promulgated thereunder

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"Share Alternatives"	the alternatives of the B Share Dividend or the C Share Redemption which are to be available to Shareholders in connection with the Return of Cash
"Shareholders"	holders of Ordinary Shares and/or B Shares and/or C Shares, and/or Deferred Shares, as the context may require
"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

This announcement does not constitute an invitation to underwrite or subscribe for any securities or investment advice in any jurisdiction.

Nothing in this announcement should be taken as constituting an offer of shares in London Mining.

This document should not be transmitted, distributed or released in or into any jurisdiction in which such an act would constitute a violation of the relevant laws of such jurisdiction. This announcement does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful.

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

None of the B Shares or C Shares have been or will be registered under the Securities Act, as amended or the securities laws of any other United States jurisdiction, and none of them may be offered or sold in the United States unless pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act or unless pursuant to a transaction that has been registered under the Securities Act and the securities laws of any other relevant United States jurisdiction.

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Neither the B Shares, nor the C Shares, nor this announcement have been approved, disapproved or otherwise recommended by the US Securities and Exchange Commission or any United States state securities commission or any non-United States securities commission or regulatory authority nor have such authorities confirmed the accuracy or determined the adequacy of this announcement or the Circular. Any representation to the contrary is a criminal offence in the United States.

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